



February 19, 2013

Shawn M. Sweet, Director  
Cleveland Hub Office of Public Housing  
U.S. Bank Centre  
1350 Euclid Avenue, Suite 500  
Cleveland, Ohio 44115-1815

Dear Ms. Sweet,

Please consider this MPHA's formal reply to your December 18, 2013, letter. As requested, our response is timely in accordance with your February 28, 2013, deadline.

In your letter, HUD recommended that we begin an orderly transition to shut down MPHA and transfer the entire program to the Butler Metropolitan Housing Authority (BMHA). In reply, MPHA asked HUD to extend the date for consideration of the recommendation to allow us time to explore the ramifications of making such a policy change. We also asked for HUD to detail any concerns to our plan to reduce vouchers through attrition along with the specific regulatory provisions that support those concerns so that we could fully evaluate our options. The formal reply received from HUD on February 15, 2013, did not detail any regulatory compliance issues associated with our plan to reduce Section 8 vouchers. You did, however, allude to potential concerns in your December 18, 2012, letter.

In Paragraph 5 of your December 18, 2012, letter you stated:

Moreover, the program must be administered within the parameters of Section 8(r) of the United States Housing Act of 1937 (42 U.S.C. § 1437f). Under Section 8(r), participating families are not required to select a unit within the jurisdiction of the issue public housing agency. Instead, the family may use its voucher in an area where *any* public housing agency is operating an HCV Program. This critical and defining program feature is known as "portability." Portability means that family enjoys primary responsibility for choosing the community where it will reside...

While this paragraph is correct, our proposal to reduce vouchers does not affect portability in any manner. Families are free to move to Middletown under portability and we would accept

them and be obligated to accept them with a valid voucher. No part of our proposal would or could alter that concept under the regulations.

Paragraph 5 continues to state:

The issuing public housing agency's authority is limited to ensuring the family's selection of a safe, decent and sanitary unit. Curbing housing opportunities in certain areas, as the City seems to intend, is wholly inconsistent with this objective.

HUD actively seeks deconcentration of poverty and measures our success in doing so annually during the SEMAP (Section 8 Management Assessment Program) process. As stated in the June 2010, Section 8 Analysis at page 54:

Providing opportunities for very low-income families to obtain rental housing outside areas of poverty or minority concentration is an important goal of the housing choice voucher program.<sup>1</sup> Under SEMAP (Section 8 Management Assessment Program) scoring, bonus points are awarded to jurisdictions that actively promote poverty deconcentration.<sup>2</sup> Many PHA's believe that there are so many areas of concentrated poverty within their jurisdiction that they have little alternative but to encourage portability of new voucher holders away from their jurisdiction.<sup>3</sup>

MPHA does not receive SEMAP bonus points for deconcentration. While the PHA cannot select a unit for a voucher holder, HUD provides strategies such as strong HQS and rent reasonableness policies, local preferences and 90-110% payment standards so that PHA's can actively promote deconcentration of poverty by discouraging voucher holders from selecting units in high poverty, poor quality neighborhoods, and to encourage selection in a low poverty, higher quality neighborhood. The MPHA 2012 Section 8 Analysis provided detailed poverty assessments by census tract, and demonstrated that there are insufficient available rental units to deconcentrate poverty in Middletown with the saturation of existing voucher holders.

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<sup>1</sup> HUD Housing Choice Voucher Guidebook, Chapter 2, Expanding Housing Opportunities and Mobility, at 2-1.

<sup>2</sup> Under SEMAP Indicator 7, points are awarded for encouraging participation by owners of units outside areas of poverty or minority concentration, preparing and distributing maps and information packets showing locations of housing opportunities outside areas of poverty or minority concentration, providing an explanation to voucher holders about how portability works, and for analyzing whether housing choice voucher holders experience difficulties in finding housing outside areas of poverty or minority concentration.

<sup>3</sup> The Uses of Discretionary Authority in the Tenant-Based Section 8 Program; A Baseline Inventory of Issues, Policy and Practice, U.S. Department of Housing and Urban Development Office of Policy Development and Research, Division of Program Monitoring and Research; November 2000 (Emphasis added).

In Paragraph 6, you stated that:

In light of these considerations, we believe it would be in the best interests of all concerned to explore an orderly transfer of the City's program to the Butler Metropolitan Housing Authority ("BMHA"). As you may be aware, responsibility for administering Section 8 Housing Choice Voucher assistance in Ohio has been vested almost exclusively in each county's metropolitan housing authority. The City's program, which runs concurrently in the City with BMHA's, is one of two exceptions in Ohio....

This is an accurate statement but selectively used differently now than in 2010. In 2010, HUD suggested that comparison with Parma PHA, (the other Ohio exception), was inappropriate because Parma was not typical of municipal PHA's. At that time, MPHA was told it was more appropriate to compare us to the "[m]any hundreds of municipal housing agencies [that] are in operation across the nation. Michigan, for example, is one state with predominantly municipal housing agencies, and most vouchers are used within the City's boundaries."<sup>4</sup> If there are hundreds of municipal housing agencies in operation across the country and HUD in 2010 believed MPHA should compare its operation to those hundreds of agencies, we respectfully suggest that it seems contradictory to now narrowly limit discussion of how we operate to the "two exceptions in Ohio."

The City of Middletown has a strong working relationship with the Columbus, Ohio, office of HUD, and we recently completed a Section 108 loan guarantee with the Washington D.C., office. We hope to develop a similar relationship over time with the Cleveland Hub of Public Housing. We are committed to the policies and values of HUD as demonstrated by our compliant use of Community Development Block Grants, HOME, and Neighborhood Stabilization Program funding to improve our City and assist low income residents. The restoration of our city and its neighborhoods, however, requires a balanced approach. It has been and continues to be the City's position that an oversaturation of subsidized housing within the City limits is one of many issues that need to be returned to sustainable, balanced levels to reach success. We believe that a smaller, local, well-operated housing agency best serves the City and its low income residents.

A transfer of our program to the Butler Metropolitan Housing Authority has several immediate negative implications. First, the vouchers in Middletown stay where they are and would be reissued by BMHA upon turnover. The transfer of the program would not solve our saturation, deconcentration problems. Second, a transfer cedes control to BMHA. We have spent the past three years building strong operational controls back into the MPHA program, which would be lost with a transfer to BMHA. The vouchers stay, but we would lose control of the program and the controls we have put into place. Third, BMHA has

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<sup>4</sup> July 16, 2010, letter from Shawn Sweet to City Manager Judy Gilleland.

expressed unofficially that while they might be willing, they do not prefer to take on our program. The City of Middletown does not wish to force another agency to take on our problems, nor do we wish to push our over-saturation of subsidized housing onto the rest of our Butler County neighbors.

With that in mind, we believe that the best course of action for the City of Middletown, its low income residents, and MPHA is to continue to run a smaller, well-operated Middletown Public Housing Agency with strong controls and a strong Family Self Sufficiency program. Our intention is to continue forward on a path that will reduce overall subsidized housing levels within the City over time as stated in the October 2012 Section 8 analysis previously forwarded to HUD. We respectfully decline your recommendation to transfer the MPHA Section 8 program to Butler Metropolitan Housing Authority at this time based on the information now available.

We are open to meeting with HUD officials to thoroughly discuss all options and to receive continued guidance on the matter.

Sincerely,

Judith A. Gilleland, Executive Director  
Middletown Public Housing Agency

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