



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D.C. 20410-0001

THE SECRETARY

March 28, 2014

The Honorable Susan M. Collins
Ranking Member
Subcommittee on Transportation,
Housing and Urban Development,
and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510-6032

Dear Senator Collins:

On behalf of the Department of Housing and Urban Development, I am writing to request your review and approval of the plans for the Office of Multifamily Housing (MFH) Transformation, as sent to you on February 7, 2014, and as amended below.

As you know, the Department is working to achieve short-term and long-term savings by pursuing the transformation of MFH in support of the administration's goal to promote efficient spending, streamline loan processing, improve consistency within MFH, and reduce the Federal Government's real estate assets.

The MFH Transformation Plans presented to Congress on February 7, 2014 (the Transformation Plans), were designed to save MFH an estimated \$560 million in staffing and lease costs over 10 years by moving from 54 offices nationwide with a total of 1,404 employees (1,184 in the field, and 220 in Headquarters), to 12 core offices nationwide, with a total of 1,181 employees (969 in the field, and 212 in Headquarters).

In response to direction from the Appropriations Committees, HUD will accept approval of a modified plan, involving a limited consolidation of its field structure with a correspondingly reduced cost savings to the taxpayer. MFH would proceed with the transformation as described in the Transformation Plans, with the following amendment: Asset Management staff may remain in each of the 54 existing MFH field offices and will retain the option of separation with a buyout, early retirement, or retirement, as applicable. MFH would proceed with centralizing Production and Operations staff into 12 offices. Of the approximately 1,400 MFH positions nationwide, approximately 300 Production and Operations positions would be consolidated. This modified proposal will save an estimated \$175 million over 10 years.

The official revisions to the Transformation Plans will be delivered to you in the near future for your records. Over the coming months, HUD will engage with you and your staff regarding the option of centralizing Asset Management staff at a later date. The Department plans to retain its original proposal as part of the Fiscal Year (FY) 2015 budget process.

If the committee has any questions pertaining to this request, please feel free to contact me at 202-708-0123, or Nita Nigam, HUD's Acting Budget Director, at 202-402-6850.

Sincerely,

A handwritten signature in black ink, appearing to read "Helen Kanovsky", written in a cursive style.

Helen Kanovsky
Acting Deputy Secretary