

James G. Stockard, jr.
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Dear Madam City Manager—

My name is Jim Stockard. I have been asked by the recently replaced members of the board of the New Rochelle Municipal Housing Authority to share my views of the current status of the agency with you. I have considerable experience with public housing and with HUD. I served on the board of the Cambridge Housing Authority for 40 years as it went from a very troubled agency to one of the most outstanding in the nation. I was the Principle Investigator for the Public Housing Operating Cost Study that reworked the funding formula for Public Housing Authorities (PHAs) under contract to HUD and the US Congress. I served as the Special Master for Federal District Judge Stefan Graae in the case of the District of Columbia Department of Public and Assisted Housing (the Washington, DC PHA). I have consulted with dozens of housing authorities across the country on matters of policy, operations and capital improvements. I believe very strongly in the public housing program and I take seriously the responsibility of board members to guide their agency through good policy making and strong goal setting. For a decade I directed a program sponsored by the Commonwealth of Massachusetts to train PHA commissioners.

Let me be clear at the outset that I have not examined the books or files of the NRMHA. I have not visited their offices or properties or

interviewed key staff members. So what I have to share with you is of a general nature, based on my long experience with HUD and with PHAs across the country.

The first thing to say is that in all my years of experience with HUD I have never witnessed or heard of their writing to a chief executive officer of a city and suggesting that the board should be removed. Some judges have done this in Receivership cases, but this is not, in my experience, a standard HUD strategy. In the case of the Washington, DC Housing Authority (DPAH in those days) the agency was on HUD's Troubled Housing Authority list for 17 years without any such action.

Further, there is every indication, even in HUD's own letters, that the Authority is making progress under the leadership of this board – moving out of troubled status and into the “standard performer” category. This is certainly not a condition in which removing the board is a common practice in any field of endeavor.

You should be aware that every housing authority in America struggles with their financing, because the US Congress has woefully underfunded both their operating subsidies and their capital improvement budgets for many, many years. I do not have absolutely current figures, but a couple of years ago, when I did know the numbers in some detail, HUD could provide only 82% of the operating funds that were required by the subsidy formula, because that is all that was appropriated by the Congress. Capital improvement funding (PHAs are not allowed to maintain capital reserves or to borrow against their 100% equity) is running somewhat

short of 10% of certified needs. All of this is to say that a letter alleging many of the things in the HUD missive could be sent to almost any Authority in the nation. It appears from the letters I have seen that the board hired financial professionals that were endorsed by this same office of HUD to deal with any of the financial issues that HUD raised, and that those people let them down.

I am aware that this board has begun the process of a dramatic revitalization of one of its developments. Almost every Authority in the nation should be thinking in these terms about some or all of their properties. With rare exception, any public housing development in America is over 50 years old. In the absence of adequate capital improvement funds over the years (as described above), many will need massive rehabilitation if not demolition and reconstruction. Again, I do not know the Peter Bracey development, but I suspect I know many others that are like it. I understand there are allegations that this quest to remove the board is a reaction to that initiative. If so, it would be the height of irony and maladministration to stop them from moving in this direction. Just when a board is seizing the initiative to turn their agency around and deal with the current condition of one of their properties largely caused by the US Congress' failure to adequately fund the agency (and, frankly, by HUD's failure to fight hard enough for reasonable funding), HUD pulls the rug out from under the agency. This all sounds very much like a strategy that is motivated by a hidden agenda – and one that is not related to the mission of a public housing agency.

As to some of the specific allegations, several of them sound very strange to me. Housing Authorities have strict deadlines for developing annual budgets, and missing that deadline should result in a letter from HUD. That letter is typically addressed to the Chair of the Board of Commissioners. If there really is no operating budget from FY21 on record, then HUD bears a serious responsibility for not notifying the chairman until 18 months after the end of that Fiscal Year. Further, if there is no budget on file, how is it that HUD can comment on an alleged operating loss? Such a loss could only be calculated by comparing operating costs to the approved budget. If there is no approved budget, how does HUD know there is an operating loss.

The alleged “inter-program receivables” are very likely cash exchanges necessary to temporarily deal with the funding shortfalls identified above. Audit flags are, of course, serious matters, with which an Authority must deal. But it is the rare PHA that does not have some of these, and the ones mentioned in the HUD letter are not necessarily serious matters. In many ways, the single most important statement in the HUD letter is the acknowledgement that the NRMHA has lifted itself out of the “Troubled” category and reached “Standard Performer” status under this board. That is very significant progress and is not, under any conditions that I can imagine, a reason to remove an entire Board of Commissioners.

Furthermore, in my conversations with several of the board members, I have formed a very clear impression of serious professionals working hard to create a credible and trustworthy PHA. In our discussions, they have each seemed “ready, willing, able and ethical” (HUD’s words) in

their approach to their roles on the board. As I noted above, I have spent a good deal of time in my professional life training PHA Commissioners. I believe I have a good ability to judge the seriousness and skill with which a Commissioner approaches this work. And these commissioners are ones I would be pleased to serve with.

Many of the HUD assertions are related to the financial workings of the NRMHA. Yet, in its response the board pointed out that they had hired professionals to handle that part of the work, including persons and firms recommended by the city and by HUD. As they correctly point out in their response to HUD, it is the Board's responsibility to make policy, not to run the daily activities of the agency. That they hired people who then failed them is a shame, but it is hardly reason to replace people who are working hard to turn the PHA around.

If, indeed, the reasons behind this very unusual act by HUD and now by your predecessor, are about Peter Bracey and the desire for that land to be turned over to some third party for development purposes, then such action is, in my mind, highly irresponsible. Public Housing has a simple mission that is, nonetheless, difficult to accomplish. It is to create the maximum possible number of quality affordable homes for people of modest means for the longest possible amount of time. Any effort that does not serve that end is misguided. I hope you will reconsider the actions of your predecessor and reinstate this board and allow them to proceed with their revitalization of the NRMHA. At a bare minimum, I would hope you might ask these individuals and the HUD official who wrote this letter to appear in your

office so they can have a serious discussion of the issues raised in the HUD letter. The city of New Rochelle deserves that.

If I can be of any assistance to you or to the Authority in this matter, do not hesitate to call or write.

My very best,

James G. Stockard, Jr.