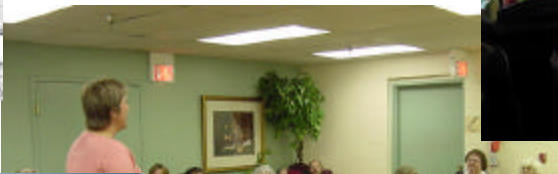


# Empowering Tenants with OTAG-ITAG-VISTA



## Accomplishments and Recommendations Report - 2002



November 26, 2002

Charles "Hank" Williams, Director  
Office of Multifamily Housing Assistance Restructuring

Dear Mr. Williams,

As you requested in a meeting with Outreach and Training Assistance Grant (OTAG) groups on November 13, 2002, the undersigned organizations produced recommendations on the future of the technical assistance program authorized by Section 514 of the Multifamily Assisted Housing Reform and Affordability Act (MAHRAA). The undersigned organizations and tenant leaders from the National Alliance of HUD Tenants have met to develop this proposal to strengthen the program, both for administrative compliance, and for outreach to residents in Mark to Market buildings and other affected properties. The goal of these recommendations is to ensure that the OTAG program is included in the FY 2003 SuperNOFA. In response to concerns raised by the audits of the program, we make specific proposals for increased HUD oversight of grantee activity, compliance monitoring to ensure effective communication between HUD and grantees, and training on appropriate program activities.

In addition, the Section 514 program would be incomplete without renewal of the Volunteers In Service To America (VISTA) program, since these volunteers provide cost-effective staffing for the outreach effort, and meaningful links to tenant communities, as nearly half of the volunteers are residents of HUD assisted housing. We also recommend contractual extension and new Section 514 funding for Intermediary Technical Assistance Grant (ITAG) grantees which have resolved any IG audit findings. Each of these program elements, OTAG, ITAG and VISTA have complementary functions. OTAG organizations and their VISTA volunteers provide primary tenant outreach, training and assistance services. ITAG grants support capacity building activities including formation of resident councils and partnerships for community or nonprofit acquisition of M2M and at-risk properties.

Consistent with your request for this information in our November 13, 2002 meeting, we have divided our recommendations into three parts:

*Part One - Accomplishments and Benefits of the Section 514 Program*

This section shows the ways OTAG grantees have effectively provided services to tenants, PAEs, HUD and other community partners. The technical assistance program has been refined through successive funding rounds to now support work that best assists tenants in HUD subsidized properties. These examples demonstrate how the controls in the prior NOFAs for the ITAG and OTAG programs were effective to foster authentic and appropriate tenant participation in restructuring or other Section 514 eligible properties. We also encourage you to discuss our role in facilitating tenant participation as you meet with community partner organizations such as the PAEs, regional OMHAR offices, preservation owners, and housing finance agencies.

*Part Two - Recommendations for Renewed Section 514 Funding*

This part contains our suggestions for improvements to the current technical assistance program, and includes elements we recommend be retained in a future NOFA. We make suggestions to revise or renew each program element, ITAG, OTAG and VISTA, and include specific proposals to strengthen program compliance in outreach and training activities, to improve grantee reporting, and to ensure prohibited lobbying activities are defined.

*Part Three - Background information*

This part contains background and historical information that may offer additional insight into the ITAG, OTAG, and VISTA programs.

Thank you for considering this proposal. If you have further questions or concerns about the recommendations in this proposal, feel free to contact the staff of National Housing Law Project, (510) 251-9400, Jim Grow (ext. 104, [jgrow@nhlp.org](mailto:jgrow@nhlp.org)) or Craig Castellanet (ext. 106, [ccastellanet@nhlp.org](mailto:ccastellanet@nhlp.org)). These recommendations are submitted on behalf of the following organizations:

California Coalition for Rural Housing  
 Cleveland Tenants Organization  
 Coalition for Economic Survival (Los Angeles)  
 Coalition on Homelessness and Housing in Ohio  
 Community Alliance of Tenants (Oregon)  
 Community Resource Center (Colorado)  
 Crossroads Urban Center (Utah)  
 Delaware Housing Coalition  
 Florida Housing Coalition. Inc.  
 Greater Newark HUD Tenants Coalition  
 Greater Syracuse Tenants Network  
 HOME Line (Minnesota)  
 Homeless and Housing Coalition of Kentucky  
 Housing and Credit Counseling, Inc.  
 Housing Rights Committee of San Francisco  
 Indiana Coalition on Housing and Homeless Issues  
 Iowa Coalition for Housing and the Homeless  
 Legal Aid Society (Bronx, New York)  
 Los Angeles Center for Affordable Tenant Housing  
 Massachusetts Alliance of HUD Tenants  
 National Alliance of HUD Tenants  
 National Housing Law Project  
 National Housing Trust  
 New Mexico Public Interest Education Fund  
 North Carolina Low Income Housing Coalition  
 Pennsylvania Low Income Housing Corporation  
 Philadelphia Regional Alliance of HUD Tenants  
 People to End Homelessness (Rhode Island)  
 The Tenant Union (Washington State)  
 Tenants and Neighbors (New York)  
 Tenants United for Housing (Chicago)  
 Texas Tenants' Union  
 Utah HUD Tenants Association  
 Washington Low Income Housing Network

## Part One - Accomplishments and Benefits of the Section 514 Program

"I can lead those who will follow, I can speak for those who cannot speak because they are fearful, I can try to protect my home as I would protect my children, I can stand up in the face of threat and anger and know that I am standing for hundreds like me, but I cannot lead, speak, protect, or stand alone or I will fail." A tenant leader in Florida.

*Individually, residents spend a great deal of their tenancy responding to the decisions of HUD, owners, managers, and others as they comply with new rules, live in buildings where maintenance and repairs are deferred, and, on occasion, are forced to seek housing elsewhere. However, these individual responses are not adequate to effectively impact the preservation and overall improvement of their affordable housing. This is only accomplished when tenants act together in an organized fashion.*

*When Congress passed the Multifamily Assisted Housing Reform and Affordability Act, it too recognized that tenant input and participation in the processes affecting tenant's housing was value added to the overall renewal and restructuring of the federally assisted housing stock. In that recognition, Congress made true its desire by dedicating resources to the effort in section 514 of the MAHRA act.*

*What follows are brief examples of how recipients of OTAG, ITAG, and VISTA funds have put those dollars to work efficiently, effectively - not only because Congress mandated it, but also out of great respect, admiration, and concern for their neighbors and fellow citizens who must struggle daily not only to provide shelter for themselves and their families but who now must also struggle to keep their housing available, accessible, affordable, habitable and preserved. While the examples describe one agency, it is important to note that OTAGs and ITAGs engage in all of these types of activities.*

### **M2M Outreach - Spokane, WA**

A large rock lies beneath the children's swing at Spokane's Parkview apartments. Old carpets, bathroom mold, broken-down refrigerators, and no air conditioning – these were just some of tenants' concerns. Last fall gunfire impelled one resident to throw her two children in the bathtub for protection. Drug dealing, vandalism, and theft have become too common for the tenants of Parkview. The Washington Low Income Housing Network, an OTAG, conducted extensive outreach to the tenants and arranged a meeting to discuss with them the pending Mark to Market process and how they could participate by recommending changes and improvements for the property. The tenants' wish list prioritized an onsite manager, increased security, and an improved playground. Shortly after that first meeting a small group of dedicated individuals, with technical assistance from the Housing Network, formed the Parkview Tenants Council. The new council has successfully organized meetings and plans to work with city and police officials, in addition to the building's



owner and management. Parkview's Restructuring Plan from the M2M program is the Council's primary focus. Someday there may be sand under the swing. Hopefully, the Parkview Tenant Council will have helped put it there.

### **M2M Difficult restructuring - Bakersfield, CA**

At Sunny Lane Village, a M2M full restructuring in Bakersfield, California, the relationship between the owner and the PAE broke down completely by the end of the restructuring process in 2001. Although the restructuring plan had been completed, and a transfer of physical assets was in the works, the tenants had received little information since the first tenant meeting and a subsequent visit from California Coalition for

Rural Housing, an OTAG, several months later. A second tenant meeting was not likely to occur because the owner had forbidden PAE staff to set foot on her property. Many of the elderly tenants feared eviction, a fear that could only be effectively addressed in a one-on-one setting. CCRH staff went door-to-door, sitting down individually with each tenant to discuss the future of Sunny Lane Village and what tenants could expect and solicit input thus providing the necessary "second meeting" for the PAE whereby tenants could participate in the process.

### ***M2M Outreach and Technical Assistance - Roxbury, MA***

At the 217 unit Blue Mountain/Granite Properties complex in Roxbury, Massachusetts Alliance of HUD Tenants, an OTAG, was contacted by HUD's PAE subcontractor, Housing Partners, in April 2002 regarding the owner's intent to enter into the M2M program. Massachusetts Alliance for HUD Tenants, an OTAG, participated in the PAE's "first meeting" with residents and has since helped tenants reestablish a long-dormant tenant group in the buildings (MAHT's predecessor, the Boston Affordable Housing Coalition, had organized the residents in 1985, winning long-term affordability, major repairs, and state oversight when the buildings were sold by HUD, with a 15 year Section 8 contract, in 1987). Tenants and MAHT at the "first meeting" recalled their success in winning an additional "use restriction" which requires the owner to seek additional Section 8 subsidies for another 15 years--which gives tenants, OMHAR and the PAE substantial leverage in keeping the owner in M2M and negotiating maximum repair commitments. Subsequently, Housing Partners, aided by MAHT, researched the title and confirmed the existence of the Use Restriction, and so informed the owner. MAHT then helped tenants conduct a detailed survey of residents, aided by a ITAG-PEG-funded MAHT architect, which identified additional repair needs. MAHT shared these findings with Housing Partners, which incorporated several tenant suggestions in the draft M2M Plan and helped secure a change in security company at the property, as recommended by tenants. MAHT and its architect then aided the residents in responding to the draft Plan and presenting detailed comments at and after the Second Meeting. Housing Partners has since confirmed additional changes to the Plan, and plans to require testing for air quality in the development and immediate replacement of missing locks in response to tenant and MAHT comments. With MAHT assistance, tenants are now organized and fully prepared to monitor implementation of the Plan, aided by MAHT's ITAG-PEG-funded architect.

### ***M2M& Lite Outreach Process - Ohio***

When notified of a M2M assignment, Coalition on Housing and Homeless in Ohio, an OTAG, implements an aggressive outreach program that begins by contacting the Site manager and informing her/him of the OTAG's activities. In Ohio, the site manager is the tenants' first point of contact for information about HUD programs, so when the tenants receive a letter that they don't understand...they ask their manager. COHHIO found that site managers are often as much "in the dark" as the tenants and they welcome a "real person" to help them understand what is going on. Now and then, site staff are adverse to having "outsiders" on the premises, in those cases COHHIO goes armed with copies of 24 CFR 245. We like to leaflet "Lites" as well as full restructure assignments as Lites in Ohio, can quickly turn into full restructure deals. Also, we have found that tenant comments on Lites can help surface physical condition issues that can push a deal towards a full...or can identify management policy issues that tenants want someone (HUD, S8CAs) to be aware of. One uniform response from tenants and site staff is, "We didn't understand the letter. We're glad you explained it."



### ***M2M and transfer in Pittsburgh, PA***

Pennsylvania Low Income Housing Corporation staff and VISTA volunteers provided intensive outreach, technical assistance and organizing support to residents of three troubled HUD properties in the East Liberty section in the City of Pittsburgh. East Mall Hi-Rise, Penn Circle Towers and Liberty Park Hi-Rise and Townhouse Apartments residents were a mix of elderly, people with physical and behavioral disabilities, and very low-income families. PALIHC, an OTAG, did 'door knocking' and distributed educational flyers on the residents' right to participate in Mark to Market to all 519 households in the three complexes. By assisting the PAE, Credit Vest, in setting times and places for resident meetings that would maximize resident participation we were able to bring over 300 residents to the first tenant meetings. Efforts to organize and strengthen existing resident groups in each building maximized ongoing participation, input and negotiations to obtain the strongest M2M restructuring plans possible. One year into the process, a tenant-endorsed non-profit housing development corporation reached agreement with the residents and the local community development corporation to acquire the properties and then seek support from HUD, the City administration and other stakeholders in the region to carry out a complete rehabilitation and redevelopment of these aging and poorly maintained properties so that all residents would be able to live in quality, affordable and accessible housing on or near the current sites of the FAP properties and the East Liberty commercial area. Through this process the residents were empowered to save their housing and secure a commitment from HUD, the new owners and key, local public and private stakeholders to preserve affordable housing in the community.

### ***M2M - Syracuse, NY***

In an economically depressed area of Syracuse, New York is Syracuse REHAB V, a seven building, scattered site development. 125 of the 180 units in development were affected by the M2M program and suffered from a high vacancy rate. Despite repeated attempts the owner and OMHAR the properties were unable to qualify for a new mortgage without closing one of the buildings. The Greater Syracuse Tenants Network, an ITAG attended all tenants meetings with residents who were angry and frightened. The Tenants Network quickly organized a tenant group and provided technical assistance in drafting responses to the relocation plan for residents who would be displaced. Using their community contacts, the Tenants Network worked with the Syracuse Housing Authority to fast track and admit some tenants into public housing, apply vouchers to others and then provided one-on-one counseling to some tenants to help them find housing. In the end, the owner Longley Jones (John Gianuzzi), OMHAR (Donna Rosen), the Buffalo HUD HUB (Roalinda Lamberty) and the tenants all thanked the Greater Syracuse Tenants Network for their important contribution in helping tenants to participate in the process. The present tenants of Syracuse Rehab V are satisfied because homes have been saved and long overdue repairs are being made to the property.



### ***M2M - NC***

North Carolina Low Income Housing Coalition OTAG staff conducted community outreach and education to successfully bring together tenants and community leaders to address the need for affordable, safe and decent housing in Franklinton, NC. The town manager, chief of police and tenants of the Academy Village Apartments (50 units) met with OTAG staff, property management and the PAE at their first Restructuring Plan Consultation/Tenant meeting in September 2001. With all the major stakeholders present at the meeting, an holistic approach was taken to addressing the

tenants' needs. Tenants presented their concerns regarding the physical facility improvements, crime watch/increased police involvement, and recreational activities and facilities for the children. Tenants requested that city officials provide additional funding to assist with obtaining playground equipment, better lighting for the community and fencing around the property to help control drug activity. The town manager indicated that the town was willing to work with OTAG staff and tenants to do fundraising to assist the tenants in their efforts to improve their community and quality of life.

### ***Organizing VISTA-ITAG - Hawaii***

Tenant organizing in Hawaii required a lot of teamwork from dedicated VISTA organizers. At least once a month two organizers flew from Honolulu on the island of Oahu, to Hilo on the Big Island of Hawaii. Once there they would spend two full days and evenings meeting with tenants from four different at-risk Section 8 housing developments. Since most of the projects do not have meeting rooms they often met outside the building, sometimes running for cover from rain and returning to meet as the showers passed over. Other times they met with tenants in laundry rooms having to yell over the sound of driers. Tenants in all for projects decided to organize. In one development known for drug activity and prostitution the tenants got management to agree to rent an apartment to a policeman as part of their plan. They also instituted a tenant watch. Within a week illicit activity had almost totally disappeared from the property. At the Affordable Housing and Homeless Alliance, the OTAG, four dedicated VISTA volunteers provided public education and organized in 19 at-risk buildings on three islands. Education and training was central to their work. With the help of ITAG funds the Alliance held two statewide Save Our Homes Conferences and two leadership training workshops for tenants. In their four years of organizing we are proud to say that not one at-risk Section 8 building was lost in Hawaii.

### ***Community Stakeholders Red Bluff, CA***

Ellison Apartments, a 94-unit 236 property in the city of Red Bluff, California represents 12% of all affordable housing in the small rural county of Tehama and was one of the major sources of affordable housing in the city. The property was blighted with severe physical deteriorated and significant drug activity on site. Due to mismanagement, the owners defaulted on the mortgage and HUD foreclosed on the property in early 1980. Foreclosure would normally have meant the property would be auctioned off with minimal repairs required and rent levels set at market rate. Because California Coalition for Rural Housing, an OTAG, was able to work with the resident's association, the city and county governments, state housing agencies and other stakeholders,

an alternative plan for foreclosure was developed. CCRH directly facilitated contacts and discussions with key HUD staff at the Sacramento, regional and national offices regarding a 'rescue strategy' that would preserve the deep affordability of the property, ensure its full rehabilitation and clean up drug, crime and other social problems. Because CCRH was able to bring all the stakeholders together into a partnership with HUD, the property was transferred to the ownership of a community-based nonprofit corporation and now is being rehabilitated with a combination of public and private funds.

#### ***Opt-out – MU2M New York City, NY***

French Apartments, a 174 unit building on W. 30<sup>th</sup> Street in Manhattan with a predominately senior and disabled population, received notice that the owners of their building planned to opt-out of their Section 8 contract upon expiration. NYS Tenants and Neighbors, an OTAG, conducted outreach to the residents, held meetings to educate them on the processes and options available, and assisted residents in organizing a tenant association that worked with the owner and HUD to have the contract renewed under the Mark-up-to-Market program. In April 2001, the owner agreed to an unprecedented 20 year renewal of the contract under the MU2M program.

#### ***Opt-out Claremont, CA***

California's Brighton Park, a 200 unit apartment complex in the City of Claremont, may be lost as part of the affordable housing stock there if owners are allowed to skirt state law which requires an 18 month notice to tenants. At one point owners even threatened to not accept enhanced vouchers. Los Angeles Center for Affordable Tenant Housing OTAG staff provided the City of Claremont Redevelopment and Housing Project Manager information on the opt-out requirements. As a result, the city staff decided to recommend that the City Attorney write a letter to HUD and the owners to request that tenants be re-notified and the contract extended for one year. After exerting their legal authority, the City and the residents with the assistance of LACATH won reprieve. On August 13, 2002, the owners decided to sign a stipulation stating that they would renew the contract for another year and are looking to apply for Mark-Up-To Market to preserve the building beyond the one year.

#### ***Opt-out transfer Kent, WA***

The Benson East campaign began in September of 2000 when the Tenants Union, an OTAG, discovered that the owner was not going to renew the Project-based Section 8 contract. Meetings began after TU staff door-knocked at the property and shared this information with members of the community. With organizing and



capacity building help from TU, the Benson East Tenants Association was formed and in meeting with the owner they negotiated a one year contract extension and a Right of First Refusal if the owner pursued a sale of the property. With technical assistance from the Tenants Union, the primarily Russian, Vietnamese, and Romanian residents and translators met weekly to coordinate purchase strategies. After months of negotiating the Benson East Tenants Association formed a partnership with a non-profit housing developer and began purchase negotiations with the owner. A private donor provided purchase equity and the Tenant Association plans to

distribute any net cash flow to other tenant groups working toward tenant ownership of their buildings. The Benson East Tenant Association became the first tenant based owners of a Section 8 property in the Pacific Northwest.

#### ***Opt-out to MU2M, Minneapolis, MN***

Tenants of a townhouse rental complex in a suburb (Brooklyn Center) of Minneapolis received notice that their landlord intended to terminate the Section 8 contract in October 1999. They contacted Home Line, the OTAG, whose staff organizer helped the tenants form an association and informed them about HUD's Mark Up to Market program. The tenant association, with help from the OTAG, notified the owner about MU2M and he applied for the program. The local HUD office initially told the owner he was not eligible for MU2M but the OTAG learned of a waiver HUD could grant that would solve the problem. Through a mix-up, word of the HUD Central Office approval of the waiver did not get communicated to the local office until the OTAG organizer brought it to their attention. In the summer of 2001, the owner entered the Mark Up to Market Program and the 48 three-bedroom units of assisted housing was preserved.

### ***Transfer of Assets, RI***

In Rhode Island the OTAG, People to End Homelessness (PTEH), was able to assist three tenant associations: Olneyville Towers, Spring Villa and Waterview with the sale of their projects to a local non-profit, Omni Development Corporation. The three properties were owned by Bruce Roset. Mr. Roset was under a court decree to sell the properties after he was convicted on federal charges. The OTAG assisted the tenants in promoting the sale of the properties and in meeting with the future new owner. The current owner Omni Development Corporation purchased the three properties and has kept the Project-based Section 8 subsidy in place.

### ***Prepayments requiring HUD approval - MA***

At the 500 unit Fresh Pond Apartments in Cambridge, Massachusetts Alliance of HUD Tenants, an OTAG, helped organize tri-lingual meetings of the residents when the owner failed to fill vacancies among 338 project-based Section 8 units and proposed to “prepay” his HUD subsidized mortgage. MAHT discovered that the owner could not do this without HUD approval, due to the existence of a HUD “flexible subsidy” loan restriction. MAHT trained and assisted residents to survey conditions and formulate their goals, and to work with the City of Cambridge and HUD in complex negotiations with the owner. By spring 2000, in exchange for a Mark Up to Market subsidy increase by HUD, the residents and MAHT helped secure an extension of long-term affordability to 2020, 10 years beyond the original mortgage expiration date; restoration of Section 8 units previously dropped by the owner; and “third party” enforcement status for both tenants and the City of Cambridge in a new “Super Use Agreement.” MAHT also uncovered a serious asbestos problem in the building, and persuaded HUD to require the owner to invest an additional \$800,000 to remove it. Through these tenant-led efforts, Fresh Pond became the national “poster child” for at-risk buildings where HUD has approval power over prepayment, helping HUD Headquarters to develop its protocol for negotiations in these situations.

### ***Clearinghouse – CA***

CCRH, an OTAG, has developed a resource library that houses training materials and model documents for tenants living in HUD-assisted properties. These handbooks have proven to be an effective tool in assisting tenants and other stakeholders to understand these various processes. The materials are available in English, Spanish and Russian and have been used in M2M, Opt-out and Prepayment meetings. These materials have been widely requested by and disseminated to OMHAR, PAEs, HUD staff, local housing authorities, property managers and residents at M2M and other OTAG-eligible properties. Currently, CCRH is in the process of making these materials available on-line. The 16 handbooks, forms and model documents include:

- M2M Full Restructuring
- M2M Lite
- M2M Understanding subsidies: tenant-based vs. project-based assistance
- Resident Guide to Prepayments
- Resident Guide to Section 8 Opt Outs
- Resident Guide to Mortgage Prepayments and Section 8 Opt-outs
- Resident Guide to Preservation Models
- Preservation and Nonprofits
- Resident Association Board of Directors: Roles and Responsibilities
- Organizing a Resident Association
- Meeting Management for Residents
- Repair and Maintenance Advocacy
- Maintenance and Management Survey Form
- Sample by-laws for tenant associations
- Tenant Association Election nomination forms
- Tenant Association Election ballots





### ***M2M Monitoring – TX***

The Texas Tenants' Union has developed a database to assess and monitor outcomes at M2M properties. They added categories to OMHAR's *PAE and Assigned Property Status Report* to track whether tenants submitted written comments; whether (in their view) the plan is okay; whether the tenants were able to influence the plan; amount going into the property per unit for rehab escrow, 1st year repairs and repairs total over 20 year period; REAC score; where significant additions or omissions were, etc. In addition, as TTU meets with tenants at properties that have completed M2M, they are reviewing whether the 1st year work was actually done. Where needed, TTU is assisting tenant groups in arranging follow-up meetings with owners and HUD officials.

### ***ITAG-PEG Training and Technical Assistance – National Housing Law Project***

ITAG-PEG grants funded the National Housing Law Project (NHLP) to conduct substantive training activities on the Mark-to-Market (M2M) process and expiring Section 8 contracts, produce training and education materials, and provide project-specific technical assistance. Training assisted by PEG funds permitted participation in six national events (including two sponsored by OMHAR in 2001) and twelve state-wide meetings, which included participation by tenants, VISTA volunteers, tenant organizers, state and local government officials (sometimes as PAE), and housing developers interested in preservation. Each training provided educational materials specifically covering the purpose of the M2M and renewal programs, how to identify M2M eligible properties, the steps in the restructuring process, and requirements for renewal and opt-outs. Training materials also include analysis of the MAHRAA law and its reauthorization, HUD regulations on tenant participation, as well as rules contained the HUD Section 8 Renewal Guide and M2M OPG. ITAG-PEG funds enabled NHLP to commence production of an 50-page guide about restructuring for tenants and advocates, developed in collaboration with OTAGs. Other ITAG-PEG activities include project-specific technical assistance to dozens of organizations concerning the M2M restructuring process, as well as exploring other preservation options. Since September 2001, the technical assistance funding crisis has stalled most of these activities

### ***OTAG Training - OH***

Tenant training takes two forms at COHHIO. On-site as needed training involves careful explanation of the processes and programs. More formal training takes place at COHHIO's annual conference. At the conference training consists of panels of tenants and stakeholders telling "war stories" of how their groups addressed issues. At the conference, we also bring together tenants and HUD officials for an informal discussion of building specific issues...and HUD policy concerns.



### ***OTAG Training – FL***

Florida Housing Coalition, along with its project specific duties as at OTAG, conducts extensive training and educational events for tenants and other partner-stakeholders interested in the future of affordable housing. Using ITAG funds, the Coalition conducted two separate two day workshops for tenants and non-profit developers around acquisition and preservation strategies using professional trainers from National Housing Trust and National Housing Law Project and others. In addition, many one day workshops have been conducted on a regional or state-wide basis to inform attendees about the future of this housing as it relates to owners options including expirations, renewals, opt-outs, pre-pays, as well as Mark to Market and Mark up to Market. Dozens of clinics for individual communities have been conducted to help local tenants and stakeholders understand the processes that properties are engaged in and to form strategies for the preservation of this important housing stock. For three years in a row, the Coalition has dedicated resources to tenants wishing to build their organization's capacity by attending the National Alliance of HUD Tenants annual conference. There, tenants learned organizing skills, how to build relationships with owners and management, and how to fully participate in the processes affecting the future of their housing. Presently, the Coalition is implementing a complete workshop series consisting of 10 workshop days over a period of several months for tenants organizations in the Jacksonville area who have formed a regional coalition to share experiences and gain knowledge in an effective and efficient manner.

## Part Two - Recommendations for Renewed Section 514 Funding

The following is an outline of recommendations for renewed Section 514 funding to be provided as a seamless transition from 2000 funds which expire in early 2004. The purpose of these recommendations is to relay to OMHAR, HUD, and other interested parties an outline of the criteria that might be used in developing a NOFA for future funding from the point of view of organizations who have been doing this work under the 1998 and 2000 programs. **Items that strengthen the 2000 NOFA are in bold type.**

The outline is divided in much the way a NOFA is constructed. Each section is preceded with a summary that includes specific information or justifications for keeping the program the same or instituting changes. Following each opening paragraph is the outline for that section.

### OTAG

*The section on Program Mission comes without recommendations as it is agreed that the Mission remains the same as defined by the statute.*

#### Program Mission

- Provide Technical Assistance, Outreach, and Training to tenants, tenants organizations, community organizations, and public entities
- For purposes of
  - Playing meaningful and active roll in changes occurring in HUD assisted housing stock
  - Providing input into decisions that affect the future of the HUD assisted housing
  - Preserving HUD assisted housing
  - Building stable organizations to ensure continued role as partners in the future of HUD assisted housing
  - Exercising rights and responsibilities as they pertain to HUD assisted housing including Fair Housing.

*The 2000 NOFA worked very well in identifying and funding organizations that were uniquely qualified to carry out the eligible activities of the program. While the NOFA did not give preference to any of the eligible applicants, **it is recommended that the application provide scoring advantage to resident controlled organizations.** Also recommended is a continuation of requiring two years experience in resident organizing and education as it is clearly demonstrated that in order to be effective, practical experience in interaction with and organizing of tenants is critical. The complexities of the program and the sometimes justifiably wary nature of tenants requires a grantee to be accomplished in understanding the dynamics of both. In the past, many geographic areas not covered by OTAG grantees received assistance to carry out eligible activities through the ITAG and VISTA programs allowing organizations to build capacity and the two years experience required to successfully apply under the OTAG program.*

#### Eligible Applicants

- Resident controlled non-profit organization with a majority of the board consisting of residents of HUD assisted housing – with at least two years experience in resident organizing and education.
- Community based or statewide organization with at least two years experience in resident organizing and education.
- Public Entity such as Community Action Agency, Legal Services, Fair Housing, State and Local governments and intermediaries with at least two years experience in resident organizing and education.

*It is important to acknowledge that the beneficiaries of the work include but are not limited to tenants. This acknowledgement helps to clarify the eligibility of activities.*

#### Eligible Beneficiaries

- Tenants and tenant organizations, community organizations and public entities where beneficiaries reside on eligible properties or where eligible properties are within the jurisdictions of community organizations, public entities, and others who are partners in the future of HUD assisted housing.

*Section 514 of MAHRAA provides a broad definition of eligible projects. It authorizes the HUD Secretary to make grants “for building the capacity of tenant organizations, for technical assistance in furthering any of the purposes of this subtitle (including transfer of developments to new owners) . . . in connection with the preservation of affordable rental housing for low income persons.” The MAHRAA “subtitle” includes not only M2M eligible properties, but also includes Section 524 which governs renewal of all expiring Section 8 contracts. Section 514(f) of MAHRAA authorizes technical assistance for Section 8 projects with all types of underlying financing, including properties whose financing is not typically eligible for M2M, including any program of insurance or subsidy such as HUD Section 202 or RHS Section 515 financing. 1999 amendments to MAHRAA clarified Congressional intent in this regard by further specifying that Section 514 assistance may be used for below market contract renewals. Furthermore, the purposes of the MAHRAA subtitle as recited in Section 511(b) include preservation of project-based assistance - without limitation, specifically covering projects with HUD-insured mortgages, and properties which are “physically and financially troubled.” Because of these broad purposes, all properties with HUD subsidized financing are eligible, including non-insured HUD assisted properties, either at risk prepayment of such financing or at such time as the property becomes troubled, regardless of the status of the Section 8 rental assistance. In addition, tenants are awarded enhanced vouchers after opt-out according to the terms of Section 524(d) of MAHRAA, so these properties are also subsidized pursuant to the “subtitle,” and may likewise be assisted with Section 514 funds. Therefore, OMHAR’s guidance should continue to reflect the broad coverage of Section 514, notwithstanding IG errors on the issue of project eligibility.*

<sup>1</sup> *In 1999 Congress eliminated any doubt about this intent to cover all Section 8 renewals by amending Section 514 to clarifying that these funds may be used for “technical assistance for preservation of low-income housing for which project-based rental assistance is provided at below market rent levels and may not be renewed . . . .” (Pub. L. 106-74, §534, 113 Stat. 1120-21 (Oct. 20, 1999).)*

#### Eligible Properties

- Any HUD assisted property with a project-based Section 8 contract with an expiring contract
- Any HUD assisted property that intends to pre-pay its HUD insured mortgage or has prepaid its HUD insured mortgage **within the last three years**
- Any HUD assisted property that intends to opt-out of its Section 8 contract or where the contract was terminated **within the last three years**
- **Any HUD assisted property held by HUD where the property was, at some time in the past three years, an eligible property as defined above.**
- **Any HUD assisted property with significant repair, crime, drug, fair housing or financial problems that place the property at risk of foreclosure, HUD enforcement action or jeopardize resident health and safety.**

*Successful, compliant program delivery is achieved in an environment that allows grantees to apply strategies that meet the needs of eligible beneficiaries and respond to the desire for tenant and partner participation described in the relevant statutes. Whether the activity is project specific or regional in nature, resources may come from local, state, or nationally based experts or organizations. Successful delivery also depends on a range of delivery tools and strategies. These include outreach, technical assistance, and training that, again, may best be delivered using*

*resources available on a local, state, or national level. The following activities, project specific and regional, reflect the full spectrum of “participation” called for when the program was initiated by congress.*

#### Eligible Activities

- Project Specific Activities for eligible properties
  - Local, state and nationally based** Technical Assistance, Outreach, and Training to tenants, tenant organizations, and related partners for the purposes of
    - Understanding and/or playing a meaningful and active roll in changes occurring in the property’s status as HUD assisted housing
    - Providing input into decisions that affect the operations, management, or future of the property
    - Preserving the property as HUD assisted housing including the transfer of properties to qualified non-profits.
    - Building stable organizations to ensure continued role as partners in the operations, management, or future of the property
    - **Communicating administrative and enforcement issues with HUD, PAEs, and other parties that may impact their housing**
    - Exercising rights and responsibilities including Fair Housing.
  
- Regional Activities
  - Local, state and nationally based** Technical Assistance, Outreach, and Training to tenants, tenant organizations, community organizations, public entities, area wide coalitions, local and state governments and other partners for the purposes of
    - Understanding and/or playing a meaningful and active roll in changes occurring in the HUD assisted housing stock – i.e. eligible properties
    - Providing input into decisions that affect the future of HUD assisted housing
    - **Communicating administrative and enforcement issues with HUD, PAEs, and other parties that may impact their housing**
    - Preserving the HUD assisted housing stock including the transfer of properties to qualified non-profits.
    - Building stable organizations to ensure continued role as partners in the future of HUD assisted housing stock
    - Exercising rights and responsibilities as they relate to the HUD assisted housing stock including Fair Housing.
  
- Administrative Activities
  - Activities required to carry out the grant agreement in a responsible, compliant manner including
    - **Technical Assistance and Training for the proper administration of the grant including but not limited to all OMB circulars and HUD rules and reporting requirements,**
    - **Technical Assistance and Training for effective program delivery**
    - Maintenance of appropriate program records, reports, financial records and related program materials
    - Oversight of program activities and compliance under grant agreement
  
- Audit Activities
  - Activities required to carry out necessary program and financial audits of the grant program including
    - Audits as defined in OMB circulars as required
    - Regular financial audits as conducted by the grantee’s auditor
    - Special audits as required by HUD or any other agency with jurisdiction regarding the grant

*Revisions to Application Kit—The Kit should be revised to clarify that applicants are to submit both one and three year budgets and request the full three year amount on the SF Form 424*

## ITAG - VISTA

*The ITAG and VISTA programs are critical components to the successful implementation of the overall goals of the program. ITAG-PEG grants are used primarily to provide OTAG type services in geographic areas not served by OTAGs as well as to supplement OTAG activities that are eligible but not funded under OTAG for specific grantees. The VISTA program provides important staffing resources to OTAGs and ITAGs who need it to carry out eligible activities. The following are recommendations for the continuation of the ITAG and VISTA programs*

- ITAG Intermediaries
  - **Develop performance standards that include turnaround and processing times for ITAG review and approval of grant applications and invoices**
  - **Develop Intermediary contracts that include enforcement language or mechanisms whereby contracts can be terminated for non- or poor performance.**
  - **Require or make available participation in training and technical assistance on compliance and program management**
- ITAG Public Entity Grants (PEG)
  - Program design was good
  - **Require or make available participation in training and technical assistance on compliance and program management to sub-grantees**
- ITAG Resident Capacity Grants
  - Program is not conducive to Resident organization groups because of its reimbursement only nature. **Consider revamping Resident Capacity Grants to include means by which residents can use the funding with some advance mechanism and/or for training purposes.**
  - **Require or make available participation in training and technical assistance on compliance and program management to sub-grantees**
- Pre-Development Grants
  - **Limit grant availability to locally-based non-profits and or regional/national non-profits who are working with or partnering with local tenants or entities**
  - **Require grant applicants to notify tenants, as well as OTAG-ITAGs working in the jurisdiction of the property, of their intention to apply for funds.**
  - **Require or make available participation in training and technical assistance on compliance and program management**

## VISTA

*This program, too, is vital to the ongoing efficiency and effectiveness of the program for many OTAGs and ITAGs as a source of highly trained and cost effective human resources. While the VISTA program is not part of the NOFA process, it is important to include it here as an integral part of the overall successful operation of the Section 514 programs. The Corporation for National Service supports the continuation of this program, which CNCS matches on a dollar for dollar basis, and recognizes that the extensive and frequent training offered in partnership with the National Alliance for HUD Tenants and HUD prepares VISTA volunteers and OTAG-funded outreach staff to carry out program activities effectively and in a compliant fashion.*

- Continue the program as designed, contracted, and implemented.
- **Increase HUD involvement in CNCS -sponsored training activities including Pre-service training and In-service training where VISTAs receive additional and specific training**
- **Upgrade HUD staff participation in the annual VISTA project Report Back meeting, held with HUD and CNCS leadership concurrently with the June NAHT Conference**

- Continue authorizing VISTA participation in Eyes & Ears meetings as well as other regional activities eligible under Section 514

Outline of recommendations for increasing compliance and effectiveness of program grantees

*The audits indicate that a higher percentage of grantees which had difficulty meeting financial compliance requirements were first time grantees from the 2000 awards. HUD provided only one training opportunity for grantees in the first month of the 1998 cycle. 2000 grantees were offered no compliance or program training. This lack of training also disadvantaged a few 1998 grantees who experienced major changes in staff leadership after the 1998 training, as indicated by audit reports. While all training needs cannot be met in a single opportunity, this example indicates that training is a critical element of a successful program. Similar to the training and coordination efforts expended on PAEs, Section 514 grantees would benefit, thereby delivering contract services effectively and efficiently and in compliance with the rules of the grant program.*

- Training and Technical Assistance
  - **Provide OMHAR-sponsored regular training opportunities to grantees on program and issues using experienced grant recipients, HUD, and other qualified entities to deliver the training**
  - **Provide an OMHAR compliance training for grant awardees BEFORE funds are initially released to the grantee and follow up with the same training every six months or annually for those grantees who have experienced changes in key staff**
  - **Provide grantees with single points of contact for 1. questions on compliance issues and 2. program issues**
  - **Establish written program reporting requirements for Quarterly Narrative reports, Quarterly Financial Reports and Monthly Draw Requests**
  - **Provide written guidance to all grantees when compliance issues are decided (Web based compliance Q&A might work)**
  - **Provide written guidance to all grantees when program changes or issues are decided (Web based program Q&A might work).**

*In the same way that HUD-OMHAR recognizes the need for coordination and sharing of information among PAEs, so too must it recognize the need for coordination among grantees under Section 514. Coordination builds stronger, more effective program delivery and helps in maintaining best practices that assure compliance.*

- Coordination Assistance
  - **Authorize use of grant funds for telephonic and web-based networking opportunities for grantees to share activities, successes and concerns specific to grantees.**
  - **Provide OMHAR-sponsored regular and regional coordination meetings between OTAG-ITAG-PAE-HUD organizations, modeled on the successful OMHAR trainings in June and July, 2001**
  - **Facilitate and support the establishment of a working group made up of representatives of OTAG-ITAG, PAE, HUD, and Tenants to address best practices and effective program delivery (this was agreed to by OMHAR in 2001 but never instituted).**
  - **Require PAEs and relationship managers to contact OTAGs when M2M properties hit snags in the process.**
  - **Remind PAEs and relationship managers about the ability to disqualify bad owners and instruct them to work closely with OTAGs and tenants to determine if new ownership can be identified.**

- Lobbying Issues
  - Use OMB Circular A-122 Attachment B paragraph 25 and other circular guidelines to determine what is allowable and what is not allowable with regard to lobbying activities
  - **Provide grantees clear and written guidance on acceptable communication and other activities not addressed or prohibited by OMB Circular A-122 Attachment B paragraph 25 as it relates to the program grant including, but not limited to, the ability to make administrative contact with HUD and other federal offices; the ability to make contact with elected officials on administrative and enforcement issues; the ability to participate in local, regional, or national conference calls where administrative and enforcement issues may be discussed; the ability to participate in local, regional, or national conferences and/or training opportunities where lobbying may be scheduled as long as the grantee does not use federal funds to pay for the costs associated with lobbying, the ability to organize tenants in area wide coalitions as long as the grantee does not use federal funds to pay for costs associated with any lobbying**
  - **Include lobbying dos and don'ts in compliance training**
  - **Make written requests, on a periodic but regular basis, for analysis or evaluation from the grantees as to the effectiveness of program policy, operations, and regulations . This also can be achieved through regular training and coordination activities where HUD requests such information.**
  
- General recommendations for future funding
  - **Publish a new NOFA in FY03 providing \$12 million over three years for OTAG subject to annual appropriation of funds by Congress, with appropriate language in both the NOFA and Grant Agreements to allow multiple year contract funding consistent with the Anti-Deficiency Act**
  - **Execute a new Interagency Agreement with the Corporation for National and Community Service to provide \$1.2 million annually for three years starting in FY 03 for resumption of the national VISTA Volunteer project in HUD-multifamily housing, in partnership with the National Alliance of HUD Tenants**
  - **Provide new funding awards and contract extensions to ITAGs with no or cleared audit findings to allow a resumption of new sub-grant awards as soon as possible**
  - **Avoid gap in program delivery (current contracts expire between late 2003 and early 2004)**
  - **Establish protocol for coordination of recently funded grantees (\$1.5 million through HUD Single Family) and current/future grantees of OTAG-ITAG funds.**
  - **Expedite audit resolutions so that eligible applicants may continue their essential work assisting HUD residents and apply for new funding**
  - **Establish communications line (web based and interactive if possible) to relay information on the status of the program and preparations for NOFA or other funding stream**

## Part Three – Background & History of HUD’s Outreach and Training Programs

**Resources needed for tenants to participate in MAHRAA.** When Congress passed Section 514 of MAHRAA and its predecessor technical assistance programs in the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) in 1990, it recognized both the value of resident participation in decisions regarding their homes, and that special resources were required to make this possible. Owners, managers, lenders, state agencies and other “industry stakeholders”, which receive some \$9 billion annually in project-based Section 8 subsidies, have well-established institutions long accustomed to making their interests known at HUD; until recently, tenants had none. Yet the people who live in HUD housing have the most at stake in seeing buildings well-managed and repaired, and HUD’s subsidies well-spent. Tenants also have knowledge and information of how buildings are run “on the ground” which, if made available in an organized fashion, can help HUD with its oversight mission by enlisting tenants as the unpaid “eyes and ears” of HUD. After some false starts<sup>1</sup>, in 1994 HUD created the OTAG grant program and funded a national VISTA Volunteer program, matched by the Corporation for National Service (CNCS), to provide resources to carry out this Congressional mandate through locally-based nonprofit providers and help “level the playing field” for tenants.

**HUD’s design of OTAGs is well-suited to help tenants organize.** In designing the OTAG/ITAG/VISTA system, HUD recognized that the greatest challenge facing HUD tenants is that most remain completely unorganized and unaware of their rights, risks and opportunities in HUD housing. Today, no more than 20% of HUD housing residents are organized into tenant associations even in states, like Massachusetts or New York, with the longest history and most resources devoted to this mission. In large parts of the South and West, more than 95% of residents remain unorganized. Experience has shown that tenants rarely organize associations spontaneously without some form of outside assistance and on-going support in part due to a pervasive fear they will be harassed or evicted by management or owners if they do.

The challenge of “organizing the unorganized” HUD tenants is by necessity a labor intensive, long-term process which requires sustained “outside” staff support by experienced, locally-based, paid organizers able to build long-term relationships with emergent leaders and groups. This type of “Outreach and Training” involves intensive door-knocking, frequent evening meetings, leadership and organizational development, overcoming the fear or reality of management harassment, organizing workshops and presentations for residents in their buildings in appropriate languages, and the like. This kind of assistance cannot be provided effectively through one-time meetings or workshops organized by government agencies or PAE’s or “national” organizations/intermediaries, or by “one-on-one” social service counselors not trained in community organization, and certainly not by management or owner representatives, including potential owners, no matter how well-intentioned. To establish trust and credibility, it is critical that organizers are accountable to resident-run, peer-based tenant coalitions where they exist, or at least are based in organizing projects with experience in this area and that do not seek an ownership position in the building.

In short, the type of tenant organization-building which the OTAG, ITAG and VISTA programs were designed to facilitate, is a *sui generis* activity which is best performed by organizations of a particular type, which the 1994, 1998 and 2000 OTAG criteria were designed to elicit and prioritize for HUD grants. Although the IG audits have identified financial management weaknesses for some grantees, the fact that each of these OTAG funding cycles by and large attracted the organizations best qualified to perform these “Outreach and Training” tasks in their states is a testament that HUD “got it right” in its basic design of the OTAG program.

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<sup>1</sup>In 1991, HUD spent \$1.5 million on a “national training” contract with the Tonya Corporation for tenants and communities, held in downtown luxury hotels in six cities. Subsequent investigation revealed that *not one tenant* participated in any of these “trainings,” only local officials and agency staff. An earlier version of the ITAG mini-grant program for resident organizations and related HOPE II Planning Grants left more than \$35 million available but unapplied for, since resident groups with capacity to apply simply did not exist, in the absence of “early-stage” organizing assistance which OTAGs and VISTAs were later able to provide. A “Preservation Activity Grant” NOFA advertised by HUD in 1994 for \$3 million drew 60 applicants, but was cancelled by HUD due to a poor program design which confused applicants and HUD staff alike.



**First OTAG/VISTA cycle: 1994-1997.** As part of the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) of 1990, Congress provided \$25 million annually for technical assistance to facilitate tenant and community participation in the Title VI Preservation Program before the program was phased out after FY 94. After some false starts, HUD designed the Outreach and Training Grant (OTAG) program in 1994 to facilitate “early stage” organizing of “unorganized” HUD tenants so that they could better participate in decisions affecting their homes, and hopefully take advantage of project-specific ITAG planning and training grants once new groups were organized to apply through OTAG organizing efforts.

The first cycle of OTAG grants in 1994 provided \$3.6 million in three-year grants to 10 grantees, nine of which were already established area wide tenant coalitions or organizing projects which had emerged in the 1980's and early 1990's through local efforts. These included most of the oldest and most experienced tenant outreach projects in the country that existed at the time--in Massachusetts, Texas, New York, Los Angeles, Newark, Sacramento, Chicago and San Francisco.

In 1995, HUD also funded a national VISTA Volunteer project in HUD multifamily housing through an Interagency Agreement with CNCS. Under the CNCS Agreement, HUD funded minimal stipends (about \$9,000 per year) for VISTA Volunteers, who donate a full-time year of service to their community; CNCS matched HUD's commitment with an educational award and training resources from CNCS' budget, valued at \$9,000 per VISTA per year. Recruitment and supervision of local Volunteers is left up to a locally-based agency, which executes a contract with their State VISTA Office. NAHT was invited to identify qualified local agencies for CNCS to contract with locally. For the first year, the CNCS/NAHT project allocated 40 Volunteer positions to 17 local organizations, including the nine OTAG grantees; 40% of Volunteers were themselves HUD tenants. These cost-effective resources both augmented local OTAG staff and enabled fledgling organizing projects to be identified and build up experience in eight new states.

**Congress adopts Section 514: 1998 OTAGs and VISTA under MAHRAA.** In passing MAHRAA in 1997, Congress was aware of the effectiveness of these early OTAG and VISTA efforts to involve tenants, and provided up to \$10 million annually in Section 514 to continue them. HUD responded with a second OTAG cycle in 1998, for \$6 million, though targeted initially to buildings eligible for Mark to Market. (In 1999, Congress clarified that below-market Section 8 buildings were eligible for assistance; in December 1999, OMHAR issued a letter to grantees extending eligible projects.) HUD also executed a new Interagency Agreement with CNCS for \$1 million, later extended to \$3 million (only \$2.4 million was actually provided before the “freeze” in 2001), to allow a major expansion of the NAHT VISTA project to 116 VISTA positions awarded to 30 organizations in 26 states by 2001.

The 1998 OTAG cycle awarded new three year grants to seven of the original 1994 grantees, plus a group in Chicago (TUFH) consisting of the same personnel who conducted the successful program in Chicago in 1994. In addition, ten State Housing Coalitions received OTAG funds for the first time (FL; OH; IN; WA; KY; NC; KS; OR; IA; and MO), as did legal service programs in MD, HI, VA and the Bronx, and new grantees in PA, UT, and San Francisco. These awards allowed for a rapid expansion of the OTAG/VISTA network.<sup>2</sup>

It is important to note that most of these “new” grantees were able to qualify for the key HUD NOFA criteria of a “two year track record” in organizing “unorganized” residents in their areas because of their participation in the CNCS/NAHT VISTA project between 1996-1998, as well as their earlier participation in the HUD/ICF workshop outreach program coordinated by NAHT in 1995-96.<sup>3</sup> The VISTA project has thus

<sup>2</sup> In “rust belt” states with large numbers of M2M properties (such as OH, PA, IN, KY, IL), intensive “tenant organization” work in some buildings was supplemented with more extensive “outreach” strategies targeting a large number of buildings with more limited tenant contact, due to a lack of resources. In addition, in states where no locally-based qualified “organizing project” existed to apply for OTAG funds, the National Housing Trust was awarded a number of small OTAG grants to help conduct “first and second” meeting field visits to at least help tenants in these states participate in M2M restructuring meetings.

<sup>3</sup> From 1995-96, NAHT also secured a subcontract from a HUD-funded training consortium, led by ICF, which provided training workshops for tenants and communities on the Title VI/Preservation program in 23 cities. NAHT's subcontract was to identify and bring residents to the weekend workshops in each state or region. NAHT hired field organizers and provided mini “procurement orders” to newly identified organizations--typically state housing coalitions

served as a cost-effective way to identify and interest appropriate locally-based organizations to conduct tenant outreach, build up experience, and prove their effectiveness in order to qualify for OTAG funds.

**PEG Grants: Mini-OTAG's for new areas.** In the 1998 SuperNOFA, HUD also created the "Public Entity Grant" (PEG) sub-grant program as a component of the Intermediary Technical Assistance Grant (ITAG) program. This program allowed up to \$20,000 in "mini-grants" to nonprofit groups or public agencies to conduct tenant outreach and technical assistance on an area wide basis. Several "new" VISTA sites, particularly in small states or areas without OTAG resources, developed a model PEG application to serve as a "mini-OTAG" grant for small or start-up organizing projects. The VISTA/PEG combination proved to be a very effective resource to develop organizing capacity in new areas.

**Year 2000 OTAG cycle.** The 2000 OTAG cycle provided new three-year grants to 21 of the 1998 grantees, including six of the original 1994 grantees. In addition, a total of nine new grants were awarded to first-time grantees, primarily in smaller states: NM; HI; DE; RI; MN; CO; AZ; San Diego and Philadelphia. All but one of these were sites which could qualify on the "two year track record" criteria due to their participation in the national VISTA project and, in several cases, receipt of PEG grants for start-up funds.

### OTAG/VISTA/ITAG Performance Since 1998

In our recent meeting, you raised questions about the performance of OTAG grantees in light of the significant number which have received negative audit findings by HUD's Inspector General (IG). While the IG audits have identified financial management and OMB compliance issues for a number of grantees, it is important to note that the IG's mandate did not include any review of grantee performance.

**No pattern of impermissible "lobbying" with Section 514 funds.** Despite an unusually exhaustive investigation, the recent Inspector General (IG) audits uncovered no pattern of impermissible "lobbying" using Section 514 grant funds. The IG found no evidence of federal funds used for lobbying whatsoever in the CNCS VISTA project, ITAG grantees, or 24 of the OTAG grantees. Only six currently-active OTAGs have been cited for any potentially impermissible "lobbying", and the remaining unsubstantial allegations--totaling less than 0.2% of Section 514 spending--are disputed by grantees. (Three of these six are in Region III and IV, where the audit findings appear to be based on an erroneous reading of OMB Circular A-122 by the IG.) It is unlikely that most of these remaining findings will survive the normal audit resolution process or any standard of "materiality."

**New grantees jeopardized by lack of financial training by OMHAR.** We acknowledge that the IG audits have identified financial management weaknesses in a number of grantees, although we believe that many of these are due to IG error and will be easily cleared up when the normal audit resolution process begins. However, we should also note that the unfounded ADA allegations also distracted OMHAR from holding a promised Grantee Training for 2000 OTAG grantees. Along with the sporadic availability of funding, this has left first-time grantees in the 2000 OTAG cycles--mostly very small, less sophisticated nonprofit housing advocacy groups--without any HUD training or support on financial management or compliance with OMB Circulars, which the 1998 first-time OTAG grantees did receive from OMHAR. A review of IG audits issued to date on OTAG grantees shows that a higher percentage of first-time grantees in 2000 were cited for financial management and OMB compliance weaknesses as a result. This was also a problem for some 1998 grantees (NC, MO) who had experienced a major change in staff since 1998, with new managers who likewise did not have the benefit of HUD grant compliance training.

Elsewhere, we recommend specific steps which OMHAR can take to improve grantee financial management training and compliance to strengthen the OTAG system.<sup>4</sup> Meanwhile, we hope that HUD will

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and legal service programs --to conduct outreach in their areas. This enabled NAHT to both interest potential organizing projects and to test out their effectiveness. NAHT later offered to assign VISTA Volunteer positions to effective, interested participants to engage them in the national tenant outreach effort.

<sup>4</sup>This will also help grantees comply with OMB requirements for a Cost Allocation Plan, which OMHAR first requested and established a procedure to accept on August 28, 2002. Several grantees received IG audit findings for not having a plan on file with OMHAR at the time of the audits; other IG offices reviewed CAP plans or methods used by grantees and determined their acceptability, despite not having one on file with HUD. The experience of the IG audits provided OTAG grantees with the financial management and compliance training not received since 1998.

recognize the value of the unique OTAG/VISTA/ITAG technical assistance system which we have built up, with HUD support, over the past eight years. We urge HUD to work with us to improve and build on this system..

**Performance outstanding despite interruptions since 2001.** OMHAR may not be aware that the 2000 OTAG grants, which began in January 2001, have in fact been “frozen” for 12 out of the past 22 months due to unrelated Anti-Deficiency Act allegations against OMHAR and delays in starting up new grants between January and April 2001. The ADA freeze forced the layoff of the almost entire OTAG-funded network from August 2001 through April 2002. In addition, some 14 currently active groups have had their funds frozen again since September 2002 due to unresolved IG audit findings. In addition, the VISTA project has been phased out and new ITAG sub-grants remain frozen. The Organizers In-Service Training Institute was cancelled in 2002 and cannot now be scheduled for 2003 unless the VISTA project is resumed immediately.

### **National Training and Field Support System**

OTAGs act autonomously and not all OTAG-ITAG grantees choose to use national training and field support systems as well as the VISTA program. However, concurrent with the expansion of the OTAG/VISTA system since 1994 has been the evolution of a complex and highly effective national system of training and field support available to local OTAG and VISTA organizers and the resident leaders who work with them. Below are examples of those training and support systems

**Technical Assistance and Training:** The National Housing Law Project has received five inter-state PEG grants to enable NHLP staff to provide similar support to OTAGs in the field, emphasizing the legal and policy aspects of Section 8 renewal programs. NHLP staff have participated in numerous regional and statewide training conferences, provided on-call technical assistance to local OTAG/VISTA projects and legal service programs, and acted as a resource to other national providers. Similarly, the National Housing Trust (NHT), which receives several small OTAG grants for underserved states, has conducted national training conferences on how tenants and nonprofit organizations can preserve at-risk housing through transfers to new nonprofit ownership, and provided on-call and field training assistance on the financial and development aspects of Section 8 contract renewals and refinancing.

**National Organizers’ Pre-Service and In-Service Training Institutes.** Since 1996, CNCS, NAHT, and HUD have sponsored “Pre-Service Orientation” (PSO) Training Conferences for starting VISTA Volunteers. And in subsequent years, CNCS and NAHT co-sponsored three-day national PSO’s each spring, usually with HUD staff participation that included peer-based role-plays and other “adult learning” models, and utilized outside consultants from the CNCS roster of national trainers and the National Housing Law Project (NHLP) as well as veteran tenant leaders from the NAHT Board. By 2001, the program had evolved into an *Advanced Organizers In-Service Training Institute* for organizers and VISTAs in place for at least three months, and a special *Management Training Institute* for VISTA supervisors to grapple with organizational management training needs.

**NAHT Training Conference.** The annual NAHT Conference held in June in the Washington D.C. area has provided 24 Training Workshops organized into Issues and Skills categories, including three “tracks” on Mark to Market, Below Market Section 8, and Troubled Housing for organizing staff and tenants. Workshop panelists include experienced resident leaders sharing “best practice” stories, OTAG and VISTA organizers, and national experts such as NHLP staff. HUD’s Assistant Secretary and/or Deputy Assistant Secretary for Housing and their staff have participated in these conferences each year. In addition, VISTA participants held an annual “Report Back” session with OMHAR and VISTA officials to discuss accomplishments and problems of the HUD-sponsored VISTA project. The Conference has grown from 170 participants in 1995 to 540 in 2001 and 425 in 2002, and has emerged as the principal national training opportunity for tenants and support staff in HUD housing. Tenants who attend consistently rate the NAHT Conference as the single most relevant and “empowering” training event in the country.

**Field support to OTAG/VISTA network.** To support VISTAs and their Supervisors in the field, between 1997 and January 2002 CNCS subcontracted with NAHT to pay for a national VISTA Project Coordinator, some VISTA training costs, and field travel costs to allow one visit per year at each VISTA site by NAHT training staff. This resource has also helped NAHT sponsor its two national training conferences and participation in the quarterly PSOs for new VISTAs as well develop an informative web-site. In

particular, NAHT has provided expert field assistance on tenant organizing and training matters of concern to local OTAG groups.

Some OTAG groups, also sponsors bi-weekly conference calls, with facilitation provided by NHLP in coordination with NAHT's Mark to Market sub-committee, which consist primarily of state-of-the-art policy updates and reports from eight issue-based Task Forces. These Task Forces also meet by conference call to discuss more detailed enforcement and policy problems in the field, for example the Mark to Market (M2M) Task Force which has met monthly since the program began in 1998.

Altogether, these three national technical assistance providers--NAHT, NHLP, and NHT--since 1994 have developed complementary systems of field training and on-call technical assistance which can flexibly meet the needs of locally-based OTAG and VISTA providers.

***OMHAR-sponsored trainings.*** In response to a proposal from NAHT's M2M Task Force, OMHAR convened two national Trainings in June and July, 2001, which brought together OTAGs, PAE's, and OMHAR staff to share "best practices" and improve communication and coordination between OTAGs and PAE's on the ground. Tenants and organizers reported a vast improvement in PAE compliance with OMHAR policies on tenant notice, access to information and meeting protocols following these trainings. Should the OTAG/VISTA system be revived, OMHAR will hopefully build on this success and sponsor more of these events.

***Local trainings and "Eyes and Ears" meetings.*** Finally, the OTAG and VISTA resources have enabled numerous local organizations to form area wide tenant coalitions in more than 20 cities, and to sponsor regionally-based trainings for tenants and/or organizers to supplement national training resources. Virtually all OTAG groups have sponsored at least one statewide training per year, often inviting in national trainers from NHLP, NHT, NAHT and HUD. Although their frequency has diminished in recent years, these resources also have enabled OTAGs in New York/New Jersey, New England, California, Texas, Philadelphia, and the Pacific Northwest to organize regional "Eyes and Ears" meetings where organized tenant groups can present unresolved enforcement or policy concerns to Washington and local HUD officials.

In sum, HUD's support for OTAGs, ITAGs and VISTA Volunteers has resulted in a vast body of experience rooted in local nonprofit organizations, supported by a sophisticated and organically developed training and field support system, from the building to the national levels. The entire national support network is based on peer-based training and information sharing, and is intertwined with democratically-elected, experienced HUD tenant leaders at the building, area wide and national levels. HUD should be proud of its role in the development of this unique and creative system.