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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5627-N-01]

Notice of Reclassification of Five Regional Offices to Investigative Field Offices: Seattle, Washington; New Orleans, Louisiana; Baltimore, Maryland; Tampa, Florida; and Detroit, Michigan; closure of two Investigative Field Offices: Louisville, Kentucky and Jacksonville, Florida; and closure of two sub-field offices: Long Island, New York; and Central Islip, New York

AGENCY: Office of Inspector General, United States Department of Housing and Urban Development (HUD/OIG).

ACTION: Notice of reorganization: the reclassification of the Seattle, Washington; New Orleans, Louisiana; Baltimore, Maryland; Tampa, Florida; and Detroit, Michigan regional offices as field offices of investigation and the closing of the Louisville, Kentucky and Jacksonville, Florida, offices of investigations, the Long Island, New York, sub-filed office of investigations and the Central Islip, New York, sub-field office of investigations.

SUMMARY: This notice advises the public that the HUD/OIG Office of Investigation plans to reclassify its Seattle, Washington; New Orleans, Louisiana; Baltimore, Maryland; Tampa, Florida; and Detroit, Michigan regional offices as field offices of investigation. Additionally, the following field offices will be closed: Louisville, Kentucky and Jacksonville, Florida; Long Island, New York (sub-filed office); and Central Islip, New York (sub-field office). The planned reorganization is intended to:

1. Improve the alignment of limited investigative resources, to promote more efficient responses to HUD or Congressional requests involving critical program issues;
2. Improve management control and effectiveness while improving the overall management structure;

3. Redeploy resources to prevent and detect fraud in new program delivery of CPD, FHA and other HUD programs;
4. Return to a more traditional regional alignment of HUD OIG regional offices and HUD regional offices.

The HUD/OIG Office of Audit, to the extent that it maintains offices in these locations, has determined that, based upon the different nature of its responsibilities, it does not need to reorganize. This notice also includes a cost-benefit analysis supporting the reclassification of the four regional offices.

FOR FURTHER INFORMATION CONTACT: John McCarty, Assistant Inspector General for Investigations, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 8274, Washington DC, 20410-4500, telephone 202-708-0390 (This is not a toll free number.) A telecommunication device for hearing and speech-impaired persons (TTY) is available at 800-877-8339 (Federal Relay Services). (This is a toll free number).

SUPPLEMENTARY INFORMATION: Section 7(p) of the Department of Housing and Urban Development Act (42 U.S.C. § 3535(p)) provides that:

> A plan for reorganization, of any regional, area, insuring, or other field office of the Department of Housing and Urban Development may take effect only upon the expiration of 90 days after the publication in the Federal Register of a cost-benefit analysis of the effect of the plan on the office involved.

The required cost-benefit analysis must include: (1) an estimate of cost savings anticipated; (2) an estimate of the additional cost which will result from the reorganization; (3) a discussion of the impact on the local economy; and (4) an estimate of the effect of the reorganization on the availability, accessibility, and quality of services provided for recipients of those services.

Legislative history pertaining to section 7(p) indicates that not all reorganizations are subject to the requirements of section 7(p). Congress stated that "[t]his amendment is not intended to [apply] to or restrict the internal operations or organization of the Department (such as the establishment of new or combination of existing organization units within a field office, the duty stationing of employees in various locations to provide on-site service, or the establishment or closing, based on workload, of small, informal offices such as valuation stations)." (See House Conference Report No. 95-1792, October 14, 1978 at 58.) Although HUD/OIG believes that the legislative history of section 7(p) strongly suggests that the legislation is inapplicable to a reclassification of four field offices that will in no way reduce the level of services provided to areas served by such offices, HUD/OIG nonetheless voluntarily publishes the following the cost-benefit analysis of its plan.

COST-BENEFIT ANALYSIS:

A. Background

Since 2002, HUD/OIG staffing has declined from an average high of 730 full time equivalents (FTEs) to a current level of 650 FTEs. HUD/OIG has a target FTE level of 620 for the beginning of FY 2013. Simultaneous with this constriction of staff resources, HUD/OIG is contending with the onslaught of mortgage fraud issues and foreclosure issues associated with the collapse of the mortgage industry and the sub-prime market, the crippled economy and the impact that the economy has had on the foreclosure of HUD FHA insured loans. The staff reductions and unforeseen additional responsibilities have conspired to cause HUD/OIG Office of Investigation to struggle to continue to address baseline fraud, waste and abuse in HUD programs. To more efficiently and effectively address HUD/OIG's core mission and at the same time become better prepared to respond to inevitable but unpredictable events, HUD/OIG plans to reclassify five regional offices to field offices and close three field offices, 90 days following the publication of this notice.

B. Description of Proposed Changes

90 days following the publication of this notice, the HUD/OIG Office of Investigation will reclassify its Seattle, Washington; New Orleans, Louisiana; Baltimore, Maryland; Tampa, Florida; and Detroit, Michigan regional offices as field offices. The Seattle, Washington, field office will be aligned under the newly reformed Denver, Colorado, regional office (Region 8). The New Orleans, Louisiana, field office and its former field offices will be aligned under the Fort Worth, Texas, regional office (Region 6) or the Atlanta, Georgia regional office (Region 4). The Baltimore, Maryland, field office and its former field offices will be aligned under the Philadelphia, Pennsylvania regional office (Region 3). The Tampa, Florida, field office and its former field offices will be aligned under the Atlanta, Georgia, regional office (Region 4). Additionally, as part of this reorganization the New York, New York, Regional Office (Region 2) will redistribute workload and personnel to address concerns in Long Island, New York and Central Islip, New York and will close two sub-field offices in New York. Region 4 will redistribute workload to address concerns in Jacksonville, Florida and Louisville, Kentucky where the offices are being closed. All other existing regional and field office jurisdictional boundaries will be unchanged, and the HUD/OIG Office of Audit will not participate in this reorganization. Additionally, the Office of Investigation's headquarters organization will not be affected by this realignment**.**

Like all HUD/OIG Office of Investigation regional offices, each of the five identified regional offices is currently managed by a GS-15 1811 Special Agent-in-Charge (SAC). These SACs will be assigned as Deputy SACs (with no reduction in grade) to the appropriate regional office. Of note, there will be some attrition in this realignment and some positions will therefore be eliminated. The realignment ultimately will result in a net reduction of 6 FTEs.

C. Costs Versus Benefits

1. One-time costs:

(a) *Personnel relocation cost ($0).* It is not anticipated that there will be any personnel relocation costs associated with this reorganization.

(b) *Severance or unemployment compensation costs ($0).* No severance costs are associated with this initiative as it does not contemplate the termination of any staff.

(c) *Purchase/movement of furniture and equipment ($0).* Each of the field offices that are being evaluated for reclassification to regional office status already exist and are fully equipped. Additionally, the proposal does not contemplate the creation of new field offices or an increase in overall FTEs. Thus, no purchase or movement of furniture or equipment is involved.

(d) *Space alteration costs (de minimus).* Some offices may require space alterations and telephone changes to accommodate any future changes of assigned staff. However, HUD/OIG estimates that any space alteration costs that result will be minimal because HUD/OIG has implemented and encourages teleworking. Further, hoteling is an option available to HUD/OIG.

No additional or supplemental funding is expected to the current appropriated budget. All costs will be maintained within the current budget.

2. Permanent increases in operating costs:

The realignment will not result in any increase in operating costs.

No additional or supplemental funding is expected.

3. Dollar savings resulting from realignment of offices:

Personnel Cost Savings. The realignment will ultimately result in a net reduction of 6 FTEs resulting in significant savings of well over $600,000.00 for personnel costs.

Operating Costs Savings. The closure of the Louisville, Kentucky office will obviate the need to build out space for two agents. The agents are presently in loaned space from another agency. The planned lease of office space and tenant finish and equipping that space is being avoided by closing the office in Louisville. Approximate savings will be $125,000.00-150,000.00 the first year and $12,000.00 per year thereafter.

D. Impact on Local Economies

The planned reclassification of five regional offices is not expected to have any impact on the local economies of Seattle, Washington; New Orleans, Louisiana; Baltimore, Maryland; Tampa, Florida; or Detroit, Michigan, nor will there be any significant impact on Long Island, New York, Central Islip, New York or Jacksonville, Florida. For the realignment from regional to field offices, the plan does not involve terminating existing real estate leases prior to their expiration date, nor does it involve leasing addition real estate. Moreover, the plan does not contemplate appreciable relocation of staff to these large metropolitan areas. With regard to the offices that will be closed, these offices have been downsizing to allow management greater flexibility in positioning resources. The plan does involve terminating some existing real estate leases prior to their expiration date, with minimal costs associated with exercising early termination clauses which will be more than offset by future savings. Thus, any impact on the local economies in terms of housing, schools, public services, taxes, employment, and traffic congestion will be non-existent or insignificant at most.

E. Effect of the Reclassifications on the Availability, Accessibility, and Quality of Services

Provided for Recipients of Those Services.

The plan was designed to improve the quality and level of service provided to stakeholders and affected clients nationwide. The regions will receive greater management emphasis than prior to the reclassification. Management will be enabled to interact with HUD management and clients and law enforcement partners more frequently and in greater scope than is now possible. More interaction and attention translates into more availability and accessibility of higher quality services.

Date March 13, 2012

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David A. Montoya, Inspector General

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