

7/12/2023

UNDERSTANDING PUBLIC HOUSING OCCUPANCY

Putting It All Together

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Introduction & Learning Objectives

2

- HUD TA providers
 - IEM (Innovative Emergency Management), Crista Concurso
 - Sieglinde Chambliss
- Interactive training
Please participate in polls and ask questions
- Learning Objectives
 - Participants will understand how Occupancy Information in the Public and Indian Housing Information Center (PIC) impacts an authority.
 - Participants will learn practical strategies on how to use the Physical Needs Assessment (PNA) to support optimal occupancy.
 - Participants will recognize how to maintain optimal occupancy and streamline unit turn



Housekeeping

- Remain muted during the webinar unless invited to unmute.
- Questions can be entered in the **Q&A section** throughout the presentation. They will be addressed at intervals during the webinar or at the end.
- This webinar is being recorded and will be posted on the **HUD Exchange** website at a later date.



Occupancy Impact on Public Housing Authorities PHAs

Importance of the Inventory Management System (IMS/PIC)

5



IMS/PIC maintains and gathers data about all the inventories of housing agencies (HAs), developments, buildings, units, HA Officials, HUD Offices and Field Staff, and IMS/PIC Users for the Office of Public and Indian Housing (PIH)



PIH uses IMS/PIC for timely and accurate exchanges of data between HAs and Local HUD offices



It reduces data entry

- PIC stores all data by Asset Management Project (AMP), and all anomalies are corrected in PIC
 - Detail on development
 - Building (structure type, construction date)
 - Units (bedroom count, unit door or floor number)
 - Type of units, unit designation, and unit size
- PIC should be updated when tenant information changes
- PIC is used to calculate your occupancy percent
- PIC is used to produce the HUD dashboard
- PIC is used to create the annual operating subsidy HUD form 52723
- PIC is used to certify your inventory for capital fund calculation

Note: Items that must go to super users should be sent first to the local FO for concurrence. [PH System - PIC](#)



PIH Notice 2021-35

Unit Status

8

- Types of Categories:

Occupied	Vacant	Vacant HUD Approved	Non-Dwelling
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- Types of Sub-Categories:

Assisted Tenant	Vacant	Special Use: Anti-Drug/Crime
Employee	Undergoing Modernization	Special Use: Self-Sufficiency Activities
Non-Assisted Tenant Over Income	Court Litigation	Special Use: Other Resident Activities
Police Officer	Natural Disaster	MTW Neighborhood Services
MTW Neighborhood Services	Casualty Loss	Administrative Uses
	Market Conditions	Resident Amenities

Reminder on PIH Notice 2021-35

9



- Special Instructions related to Unit Status
- Meet the HUD requirements and the period of the Sub-Category
- Every Sub-Category corresponds to one of the four main categories
- Approval process
- 50058 submissions
- Special instructions for units in Demo-Dispo status



HUD Scoring

**Physical Inspection Assessment Subsystem (PASS)
Management Assessment Subsystem (MASS)
Capital Fund Program (CFP)**

HUD Scoring - PASS

- The purpose of the Physical Inspection Assessment Subsystem (PASS) is to determine whether public housing units are decent, safe, sanitary, and in good repair, and to determine the level to which the PHA's public housing is in accordance with the Uniform Physical Condition Standards (UPCS).
- The U.S. Department of Housing and Urban Development (HUD) conducts independent inspection in accordance with HUD's Uniform Physical Conditions Standards (USPC). Each property is scored for each AMP. A sample of the units in the AMP is selected, and project scores roll up to a composite PHA score.
- Five areas are scored



- **Sites and Common Areas**
- **Building Systems and Building Exteriors**
- **Unit** as applicable

HUD Scoring - PASS and REAC Inspection

12



REAC inspector records deficiencies electronically at the time of the inspection

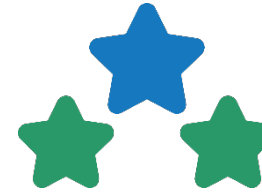


Physical condition is an influential factor in the Public Housing Assessment System (PHAS) score



UPCS Inspections follow a schedule set by PHAS designations:

- **High Performer:** every three years
- **Between 80 and 90:** every two years
- **Troubled:** Annually



The physical condition indicator score has a maximum of **40** points. To pass, a project must achieve at least **24** points (or **60** percent)

Maximizing Your PASS Score

13

Review your previous inspection report

Site, Building Exterior, and Common Area are worth 15 points each; building systems are worth 20, and units have the highest value: 35 points

Be aware of the critical levels of deficiencies for severe, major, and minor.

Health and Safety uses A, B, and C to differentiate. A = no Health and Safety; B = Non-Life Threatening; C = Life Threatening

What are the categories and items for Health and Safety?

- Exigent – Air quality issues from Propane/natural gas and methane gas, Electrical Hazards, Hot Water Heater/HVAC
- Fire Safety – emergency equipment/fire, exists/fire escapes, smoke detectors
- Non-life Threatening – Elevator Hazards, infestation, garbage and debris, air quality from sewer odor



- ★ Have a well-designed routine **inspection plan** for your site – refer to the 5 physical inspection areas
- ★ Have maintenance staff at least **once a year** assess the unit
- ★ **Walk** your property, **record** work orders immediately & **repair** easy fixes on the spot
- ★ Have your **contractors** tell you about unit issues (pest control, landscaper, HVAC service, etc.)
- ★ **Know** your health and safety issues and **remove** them as those are your **largest point deductions**
- ★ Prioritize work based on **point loss** for defects
- ★ Create a binder (does not have to be paper can be virtual) and **document** pertinent REAC documents

HUD Scoring - MASS

- Occupancy is calculated as the percentage of Public Housing units that are occupied at the end of a fiscal year, based on the Management Assessment Subsystem (MASS) in PHAS
- Incorrect data impact the Capital Fund Certification; the Operating Subsidy Calculation; and the MASS Occupancy Rate
- The MASS Occupancy Rate is based on all units under the Annual Contribution Contract (ACC) and the following equation:

$$\frac{\text{Units Leased}}{\text{Units Available}} \quad (-) \quad \text{Uninhabitable} + \text{Special Use} + \text{Demo}$$

minus

- A score of **98%** or more requires no action; **8 to 12** points requires improvement, and **4 or fewer points** is problematic for HUD and the PHA

Breakdown of MASS Scoring

Occupancy Rate



16 points

Tenant Accounts
Receivable (TAR)



5 points

Accounts Payable (AP)



4 points



The MASS score has **25** points,
with a threshold of **15** points
(or **60** percent)

HUD Scoring – The Capital Fund Program (CFP) Metric

17

- Meeting the required milestones earns you a maximum score of **10** points
- Maximum of **5** points for timely obligation
 - Meeting 90% or higher obligation by the obligation end date
 - Reminder, you have two years for obligation and an additional two years for expenditures. Funds for operations 1406 and administration 1410 are obligated when drawn from the Line of Credit Control System (LOCCS)
- Maximum of **5** points for occupancy rate



- Greater than 96% = **5 points**
- Between 96% and 93% = **2 points**
- Less than 93% = **0 points**
- Formula: Total occupied assisted, special use, and non-assisted units / Total ACC units minus Total un-inhabitable units as reflected in IMS/PIC

Maximizing Your MASS and CFP Score for Occupancy

18

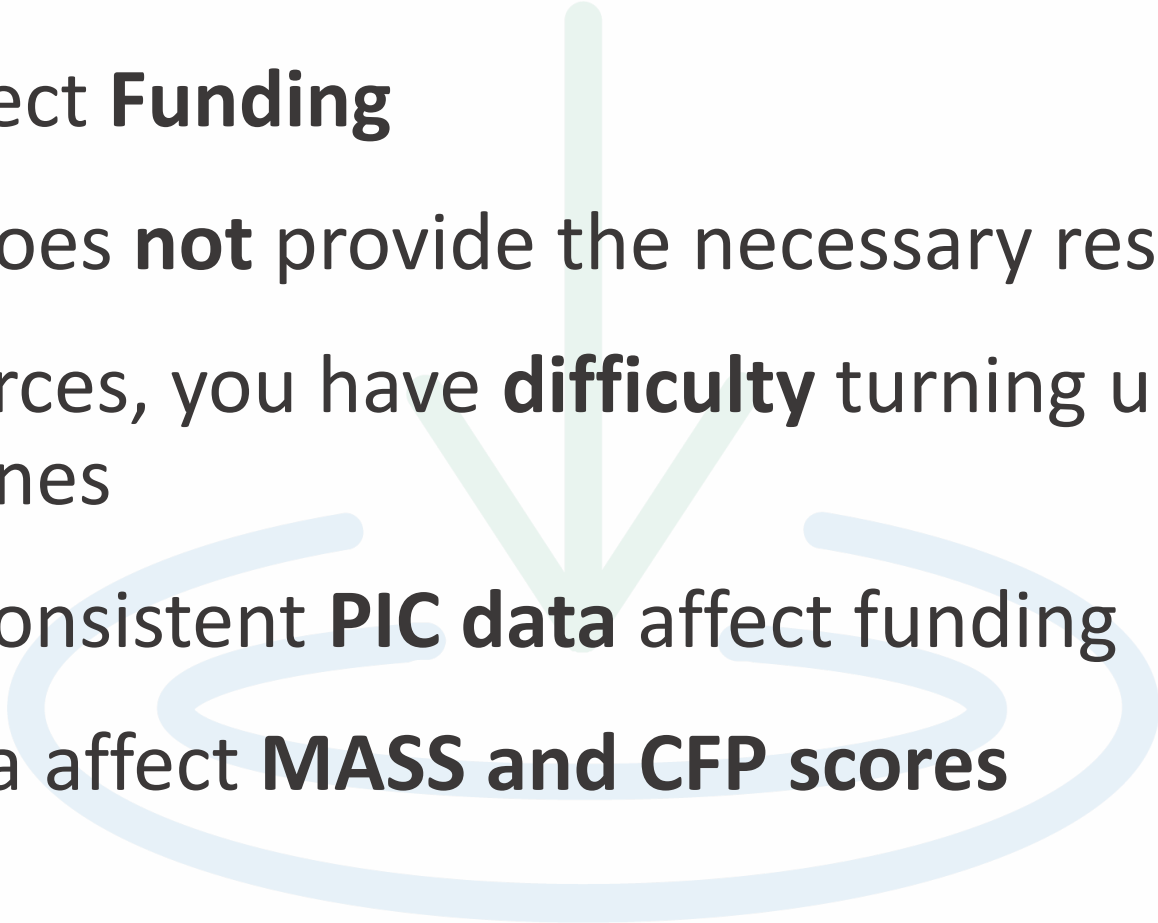


- **Report** accurately in **IMS-PIC**
- **Review** and timely **correct** all PIC errors
- Ensure **accuracy** of unit subcategories
(*Notice PIH-2021-35*)
- Turn vacant units **quickly**
- **Monitor** your vacant unit turnaround, including vacancy loss, local market conditions, resident satisfaction, lease up time
- **Maintain** updated waitlist
- **Identify** root issues



Impact to PHAs

Occupancy Impacts to PHAs

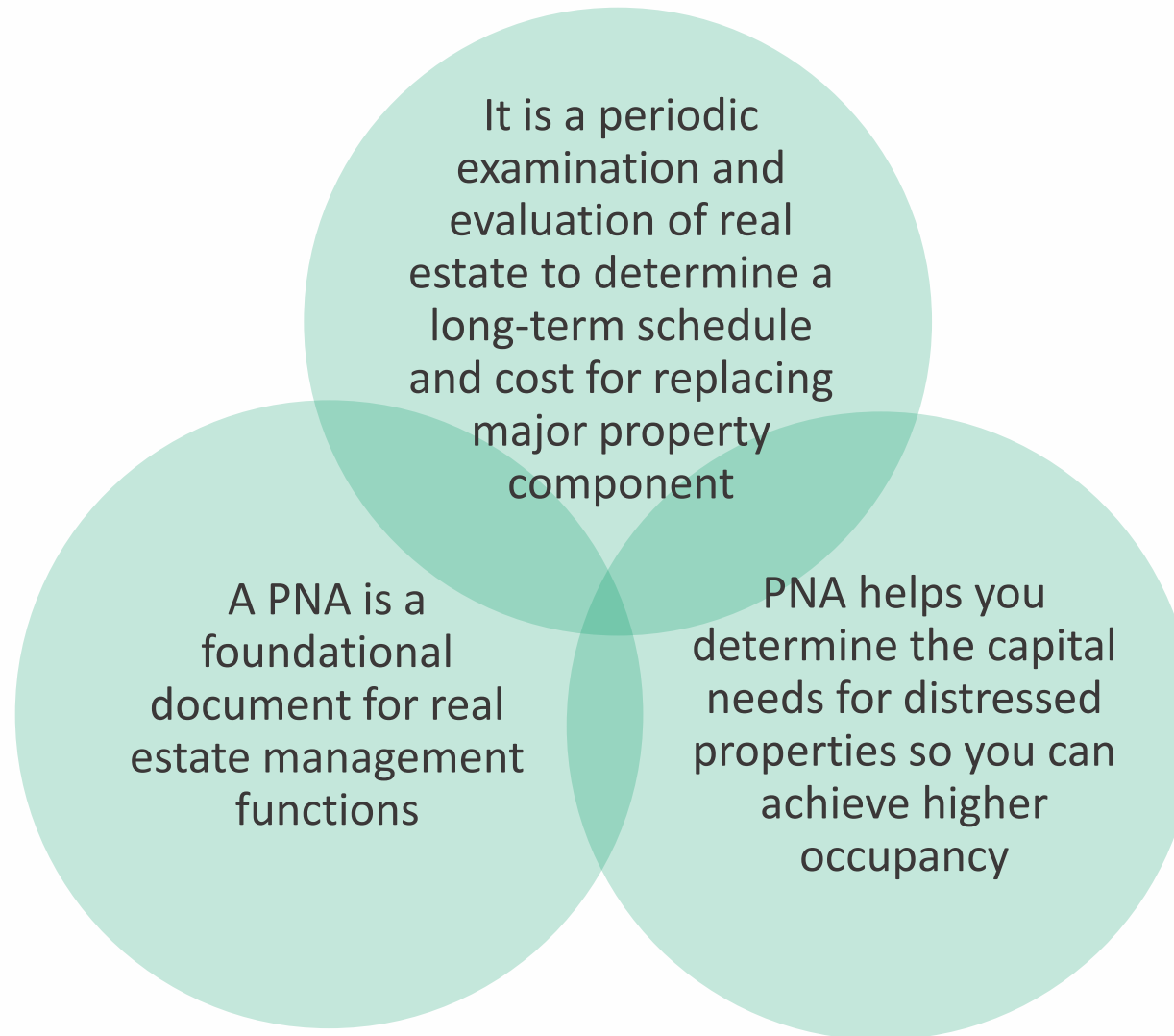
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- Low Scores affect **Funding**
 - Low Funding does **not** provide the necessary resources
 - Without resources, you have **difficulty** turning units and meeting timelines
 - Wrong and inconsistent **PIC data** affect funding
 - Wrong PIC data affect **MASS and CFP scores**



Best Practices to Optimize Occupancy

Physical Needs Assessment - PNA

22



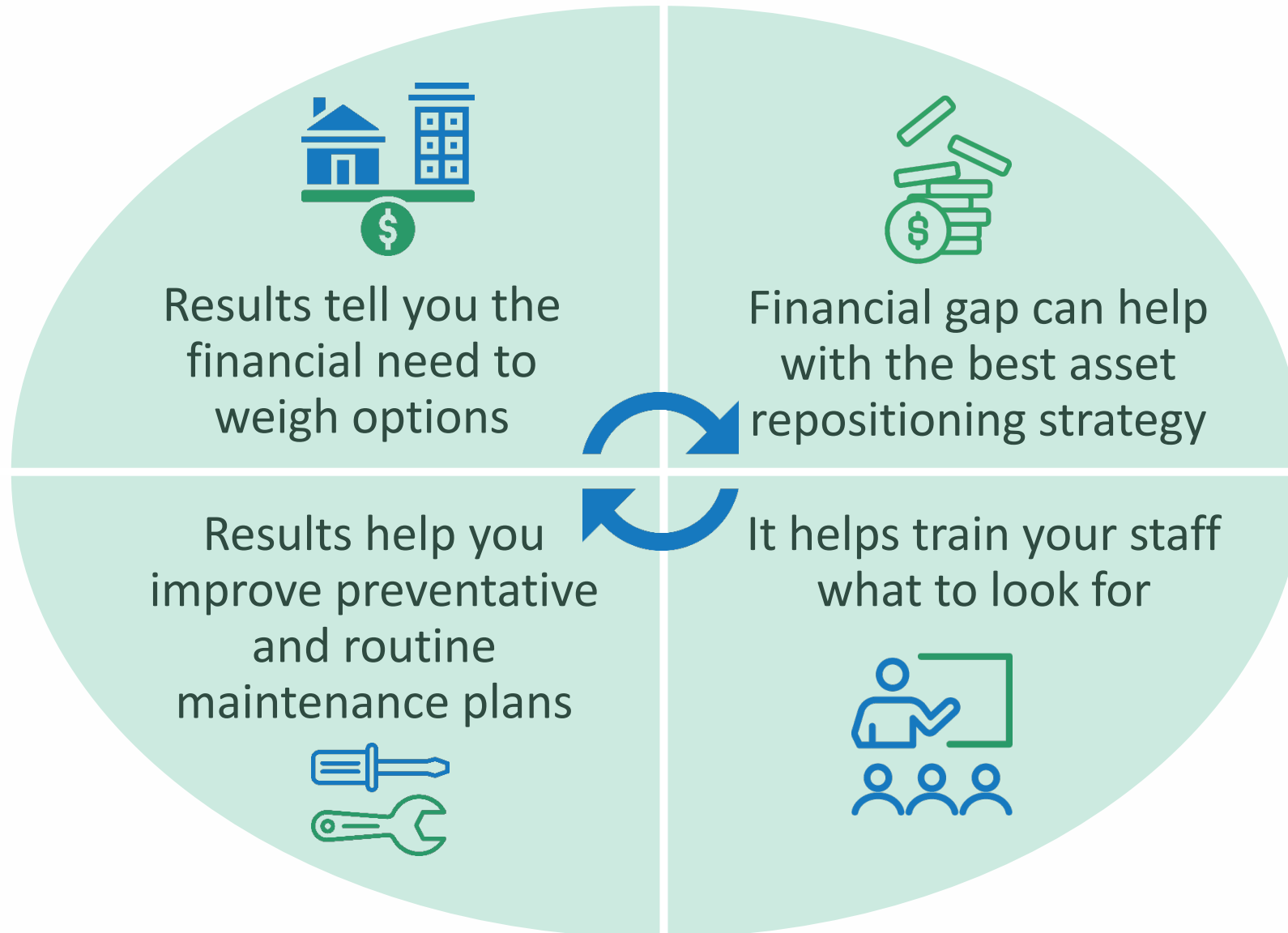
When Is a PNA Required?

- HUD for Rental Assistance Demonstration (RAD) Conversion
- HUD/FHA multifamily loans including:
 - Non-Recourse, Ground-Up Development and Substantial Rehabilitation Multifamily Financing HUD 221(d)(4),
 - Refinance or Purchase Apartment Building HUD 223(f)
 - Loan to exclusively refinance existing debt on multifamily properties HUD 223 (a)(7)



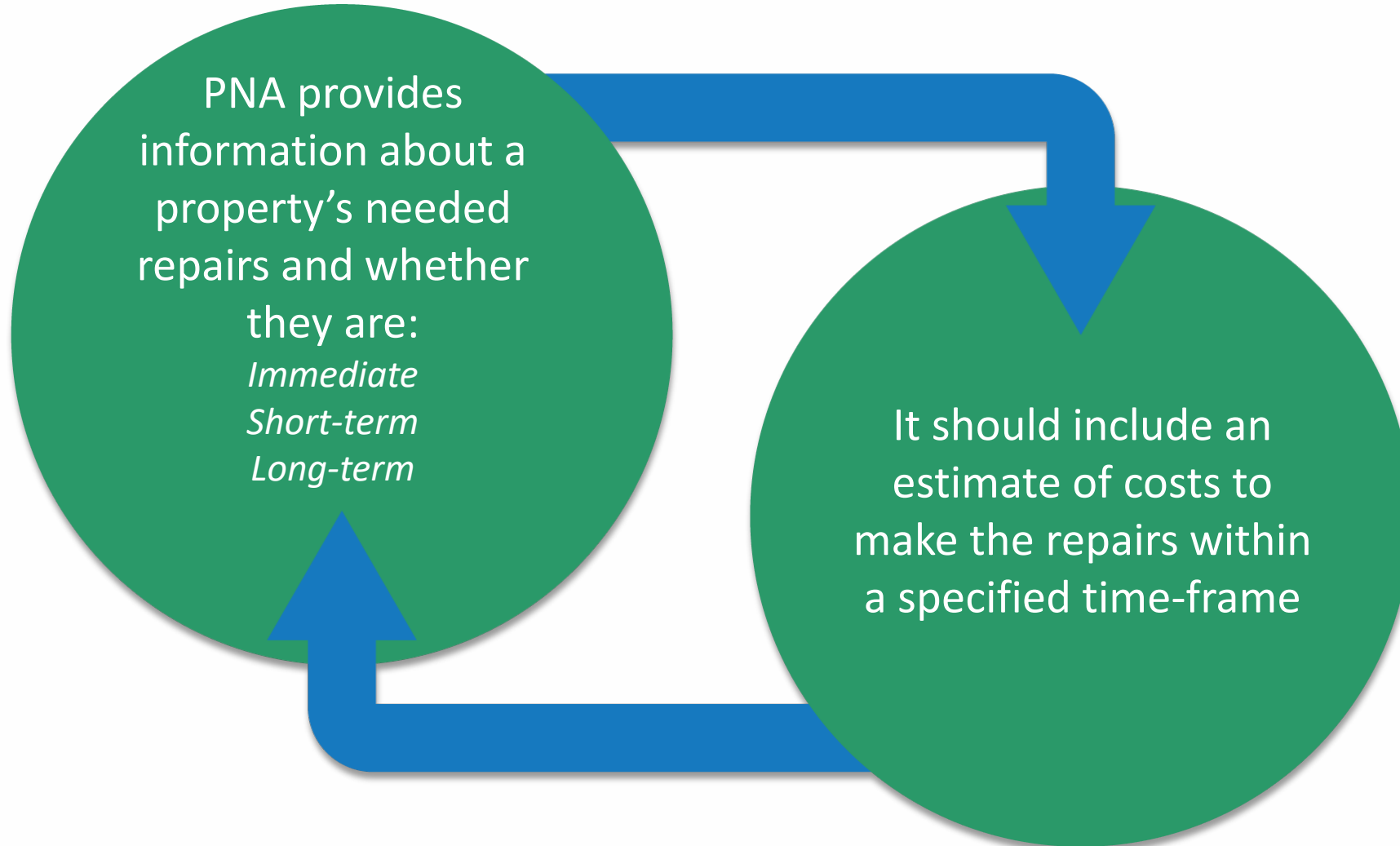
PNA and Asset Repositioning

24



How Is the PNA Used?

25

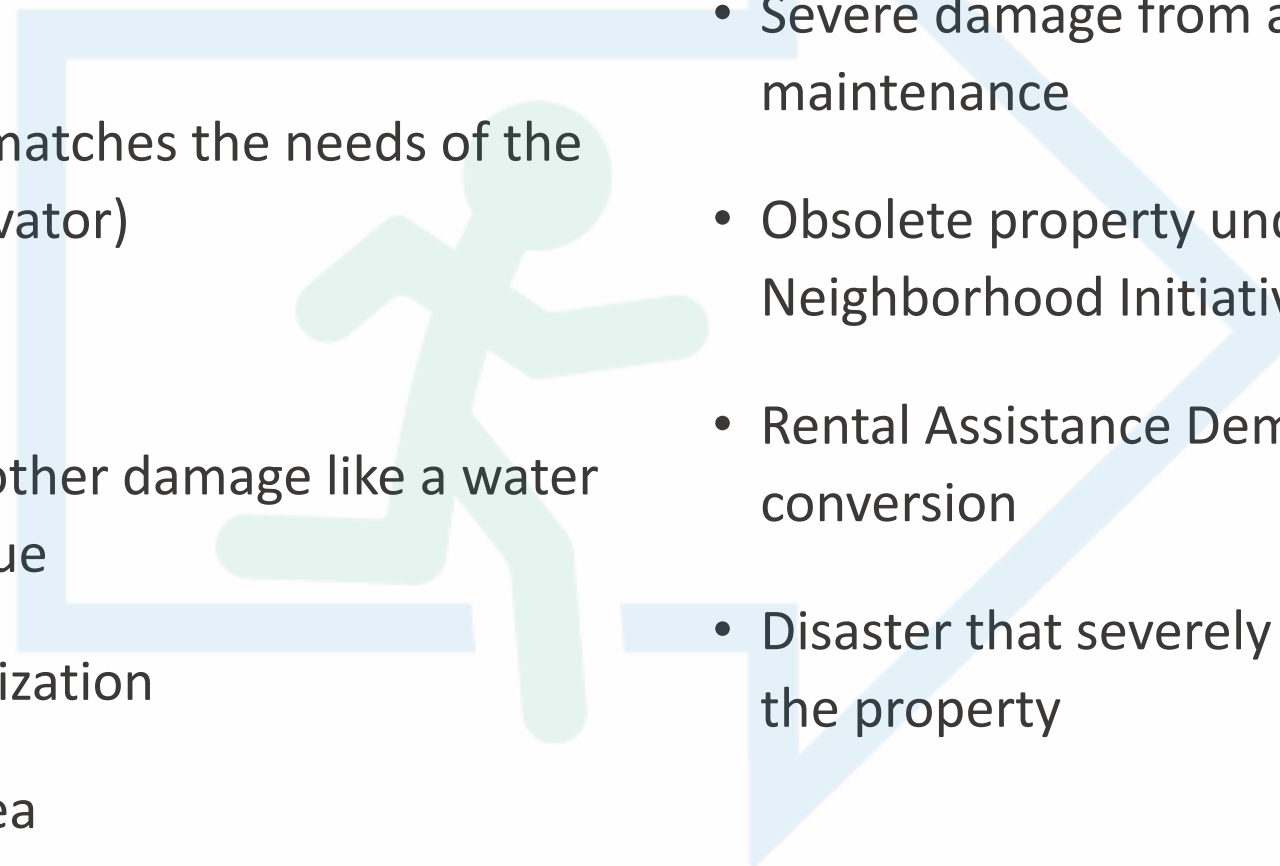




Optimized Occupancy

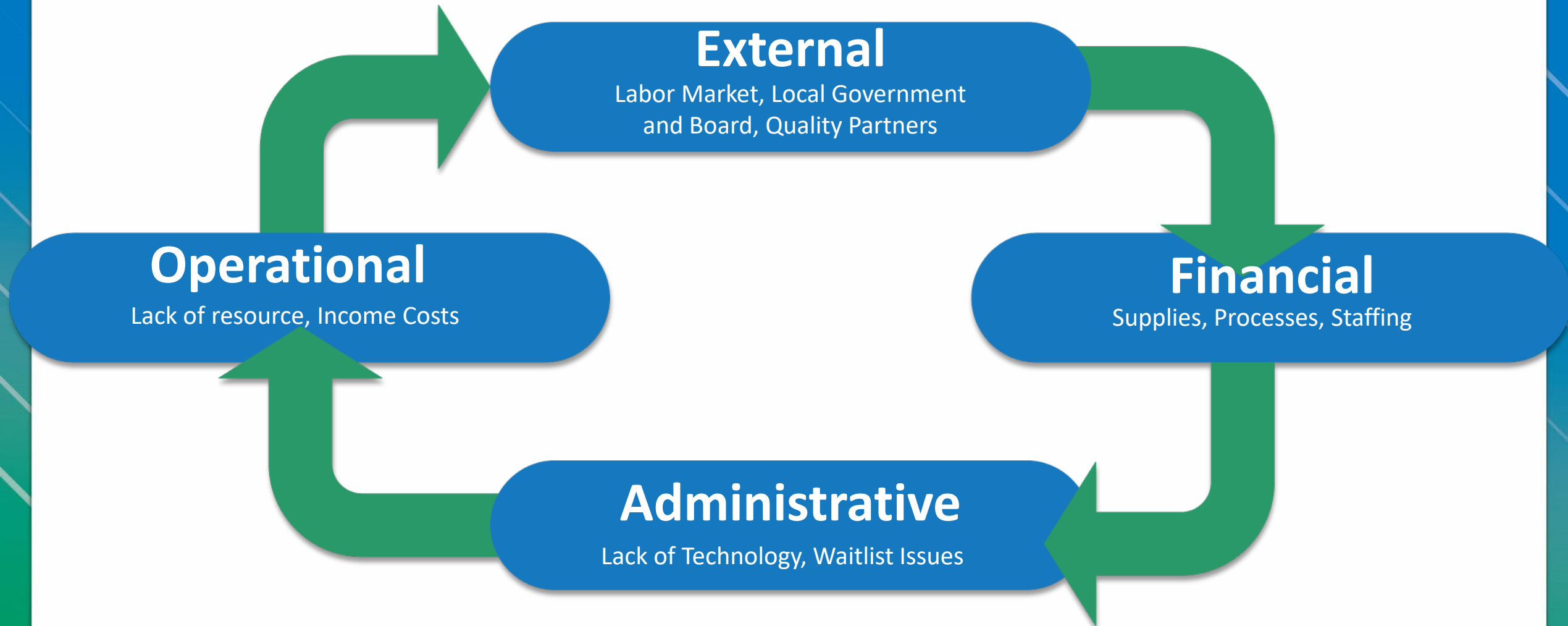
Causes for Vacancy

27

- 
- Routine unit turn – tenant vacates
 - Tenants no longer desire to stay in this community
 - Property no longer matches the needs of the tenants (e.g., no elevator)
 - Aged property
 - Major repairs from other damage like a water leak or plumbing issue
 - Undergoing modernization
 - Loss of job in the area
 - Location of housing in relation to desired jobs
 - Severe damage from abuse or deferred maintenance
 - Obsolete property undergoing Choice Neighborhood Initiative (CNI) conversion
 - Rental Assistance Demonstration (RAD) conversion
 - Disaster that severely damages or destroys the property

Challenges at PHA level

28



Rural Areas of Opportunity (RAO)

- **Definition:**

Rural communities or a region that has been adversely affected by extraordinary economic events

- RAOs

- Lack housing due to **natural disaster**
- Lack **affordable** housing
- Experience **lower income** levels
- Experience loss of **high-paying** jobs
- Lack access to **credit**



RAO – Challenges

30



**Industry scales back or
departs due to
economic opportunity**



**Schools close because
of a lack of children**



**Reliable transportation
is scarce or absent**



**Job opportunities are
scarce or limited**



**Authorities lack access
to vendors and much-
needed materials**



**Area is not deemed an
opportunity zone**



**Area is not a priority for Rural
and Economic Development
Initiative (REDI)**



**Area stricken or more
prone to disasters**

Best Practices for Local Markets and PHA Challenges

31

- When stricken by disaster, rebuilding units is most critical. You are likely to need at least the following partners and funding:
 - FEMA
 - City/state/county
 - Insurance proceeds
 - Disaster and mitigation funds for hardening
- Work with nonprofits, banks, and local partners that can assist your very low to low-income tenants with valuable support like credit repair and budget planning
- Apply for grants for fiber and Internet connectivity to help support remote learning
- Work with your city to establish transportation pools to desirable higher-paying jobs or to connect with one-stop shops and career centers
- Focus on career growth opportunities with online schools/universities



Asset Repositioning

Goal or Why Consider Asset Repositioning

33



Preserve Affordable Housing and ongoing public stewardship

Replace current obsolete Housing and remove blight

Relief from public housing regulations, including HUD scoring and rules that limit how to use assets and personnel

Streamlined operations

Stable funding platform with annual increases

Expanding HCV Program

Self Manage and control the assets

Makes the property attractive to investors in low-income housing tax credits (LIHTCs)

Impact of Asset Repositioning

34

- ✓ Migrating portfolio to the Section 8 Program
- ✓ Not having enough participating landlords
- ✓ Lacking access to a qualified management arm
- ✓ Losing fee income to cover overhead
- ✓ Contributing to job loss in the area
- ✓ Increasing efficiency and streamlining operations



Tools - What Questions to Ask

- Am I ready to **self manage** or do I **outsource**?
- What **training** does my staff need?
- What does the market offer in **wages and benefits** to attract the necessary talent?
- What does **maintenance** look like?
- What are my compliance **requirements**?
- What **certifications** must I maintain?
- What does the investor/lender/partnership **require**?
- Do I need new **forms** and **policies** and **procedures**?
- What is my **timeline**?





Benefits of close out and asset repositioning:

- Property stabilization
- Stable financial platform
- Reliable income stream for operations
- Leveraging opportunities
- Preserves PHA resources (equipment, fixtures, etc.)
- Preserves potential future Demolition and Disposition Transitional Funding (DDTF) and Asset Repositioning Fee (ARF)
- Can transfer assets/liabilities to newly created PHA (PIH notice 2014-24)
- Local control and flexibility to meet local needs
- Administrative relief

Action Plan

37

Develop
Strategy

Annual Plan

Admin Plan

Communication

Board
Conversation

Tenant
Communication

Partner

Partners

Local HUD – start
conversation and
discuss options

Developers

RAD Resource
Team

Evaluate all
information

Funding

To pay for
RAD
conversion

Rehabilitation

Maintain Optimal Occupancy

A family consisting of a man, a woman, and a young child are shown in the process of moving into a new home. The man is carrying a large cardboard box, the woman is also carrying a box, and the child is walking between them. They are standing on a green lawn in front of a modern house with large windows and a balcony. The entire image is overlaid with a blue and green gradient and diagonal lines.

Best Practices for Optimal Occupancy

39

- Consider **yourself** a landlord
- Work on **curb appeal**
- Become familiar with federal, state, and local **requirements**
- **Schedule** efficient move-outs and move-ins
- Take **online** payments
- Take **online** work orders
- Handle maintenance requests **promptly**
- Establish open **communication** with tenants
- Develop and maintain a robust **tenant portal**
- Create reports to help **monitor** property management performance



Best Practices for Optimal Occupancy – Cont'd

40

- Track the **right** data
- Take advantage of **new and emerging technology** / software
- Consider peer performance for **benchmarking purposes**
- If financially feasible, pay **incentives** to staff to meet benchmarks
- Plan proactively with **demand forecasting**
- Turn data-driven knowledge into informed actions and **repeat**
- Seek out peers that **consistently maintain** high occupancy (HUD Dashboard)
- Consider **streamlined conversion or asset repositioning**, if needed



Call to Action

A family consisting of a man, a woman, and a young child are shown in the process of moving into a new home. The man is carrying a large cardboard box, the woman is also carrying a box, and the child is walking towards them. They are in a room with a wooden floor and a white wall. The image is overlaid with a blue and green gradient and diagonal lines.

Challenges for Cities That Lack Affordable Housing

42

- **Disinvestment** from businesses or tax income
 - Businesses can't find workers, such as teachers, firefighters, service workers)
- Stops local growth and causes migration due to **absence of stable housing**
- Stable housing can **decrease** the number of evictions
- Lack of affordable housing contributes to:
 - inability to house vulnerable populations safely
 - challenges to stabilizing families
 - increased depression and traumatic experiences for families that lack the basics including housing
 - increased medical costs
 - increased pressure on city/county/state financial resources



Wraparound Support for Success

43

Engage
with local
HUD



Engage
with your
community
leaders and
board



Weigh
your
options



Engage
with your
tenants –
what do
they need?



Create the
narrative



Partner
with your
local non-
profits



What Can Be Done to Increase Affordable Housing?

44



- Focus on **education** and **remove** stereotypes
- Work collaboratively with **developers** that have affordable housing **experience**
- Have **developers** make meaningful **contributions** to the community or municipality
- **Streamline** the affordable housing process
- Remove potential **zoning** challenges
- Create **partnerships** with Housing Authorities and consider project basing units
- Require **mixed use** development (% based on total units built)
- Pay **livable** wages

Resources

A photograph of a family moving into a new home, overlaid with a blue and green gradient and diagonal lines. A man is carrying a large cardboard box, a young girl is walking in the center, and a woman is sitting on the floor with another box. They are in a room with a wooden railing and a window in the background.

- Notice PIH-2021-35: Guidance on Inventory Management System/PIH Information Center (IMS-PIC) Sub-Module Reporting and Validation: PIH2021-35
- MASS Training: MASS-TRAINING
- Sub-Indicator #1: Vacant Unit Turnaround Time (hud.gov)
- Special Application Center (SAC): [SAC Link](#)
- Submitting Unit Tenant Status Changes in IMS/PIC: [Unit Tenant Status Changes-PHA Instructions](#)
- How to Get a Good REAC Score: [How-to-REAC-Getting-Your-Best-Score-on-HUD](#)
- HUD Exchange: [PHA-Lead-the-Way-Understanding-PHAS](#)
- A Guide to Public Housing Repositioning: [Guide Repositioning Very Small PHAs](#)
- RAD Resource Desk: [Link to RAD Resource Desk](#)
- HUD Dedicated RAD Page: [HUD Dedicated RAD Page Link](#)
- Rental Assistance Demonstration – Final Implementation, Revision 4 : [PIH-2019-23](#)
- Asset Repositioning for Small PHAs with Closed Captions on You Tube: [YouTube link](#)

Webinar Series
available in class
site on HUD
Exchange:



<https://www.hudexchange.info/news/pha-occupancy-webinar-series/>

A wooden house frame is shown on a light-colored surface. Inside the house, there are four stacks of coins of increasing height from left to right. The first stack is small and green, the second is slightly taller and green, the third is medium and silver, and the fourth is the tallest and silver. The background is a light gray wall. The image is framed by blue and green diagonal stripes on the left and right sides.

Question and Answer

Additional Questions?

- Send TA service requests to hudcc.trainings@iem.com
- Subject line:
PHA OCCUPANCY TA Post-training Follow-up Question
- Include in body of email:
 - Requester name
 - Requester PHA
 - Training topic (training attended)
 - Specific issue and/or question (be brief)
 - Email and phone number



THANK YOU!