

**PHAS Module V: Capital Fund Program (CFP)
Assessment, Appeals, Waivers**

Transcript

0:00:00.0 Dennis Morgan: Good afternoon. My name is Dennis Morgan, and we're here to go ahead and discuss today the Real Estate Assessment Center, better known as REAC, but focusing on the world of the Public Housing Assessment System, better known as PHAS. And what we're gonna be doing today is going over the variables. We've already covered in a different module... We already covered the intro side. Another module, we covered the physical side, which is better known as PASS. Another module, we covered the management side, better known as MASS. In another module... The module four, then we covered the financial better known as the FASS.

0:00:45.4 DM: And in this module, we're gonna be covering the Cap Fund Program, CFP. We're also gonna be talking about the assessments and appeals and waivers and doing a post-test exam as well just to see how we did in the modules and see if we've also learned anything along the way in terms of this process and program. We're also gonna supply... We've also supplied some additional tools. It's not just a matter of understanding and knowing PHAS, but it's a matter of managing those PHAS variables as well.

0:01:17.0 DM: My background comes from housing authorities. In the first 30 plus years, I was running housing authorities but... And I've been in the business for 50 years, so in the other 20, I've been providing technical assistance to both housing authorities and the Department of Housing and Urban Development. This whole program and protocol is brought to you via FirstPic and the Department of Housing and Urban Development as well, that is a helpful entity in terms of getting us to the point of not just understanding PHAS, but also how to improve our overall PHAS scores as well. So let's get into now the Capital Fund side of the program, and then talk about the appeals and waivers and look at other instruments that kind of help us along the way as well.

0:02:04.8 DM: Hopefully, you've had the opportunity of looking at module one, module two, which is a physical, module three which is a management, module four which is a financial. And we're gonna go back into that sample housing authority that we did before in looking at the scoring system and look to see how the scores are created for that PHA. But we're gonna look at it now from the Capital Fund and the overall assessment areas as well. So the Capital Fund... And we know from the earlier modules as well that the Capital Fund is worth 10 points. And we're under the system called the Interim PHAS Rule under the Capital Fund program. Unlike the other AMPs or unlike the other indicators that was based upon what's called the weighted average of the AMP, the Cap Fund indicator is looking at the agency as a whole in terms of how it's managing the capital funds.

0:03:01.9 DM: So the Capital Fund though has two sub-indicators. The first indicator is relating to the management of the Capital Funds, and it's looking at the obligation of those funds. And the requirement is 90% of the funds are obligated within a two-year period of time, when I receive then the ability then of obligating those funds. So two years... Two years obligated. In addition to that, you also would have no sanctions. So in other words, all of my wage surveys, all the other information, there's no also... Or are there any other findings in the Capital Fund program as well. That is worth then five points. The additional sub-indicator that's a part of the Cap Fund program relates to occupancy. But it's not a running total like the MASS indicator looking month to month, to month, to month.

0:03:55.1 DM: That, that indicator is based upon a point in time. And it's based upon the last day of your fiscal year. And it's looking at the occupancy levels on the last day. It also uses a different

threshold in terms of performance, because management uses 98% occupancy as a threshold of achieving the maximum points, 16 points. But for the Capital Fund indicator, it's looking at a 96% occupancy as of a snapshot as of the end of the fiscal year.

0:04:30.9 DM: And housing authorities also have a responsibility of reporting this information accurately in terms of the scoring system as well. So in terms of Cap Fund, you wanna make sure that you're obligating 90% or more funds and as quickly as possible, but no later than two years after the funds become available. Because it goes to the heart of this performance measure. Two years obligated, four years to expend, is the HUD, I think, kinda looks at it. But in the obligation as well, 90%.

0:05:06.5 DM: You also have the ability of moving around funds from one program activity to the other within my five-year plan, unless I've been labeled as a troubled Cap Agency and I've gotta... I have to go to HUD for approval as well. So you have internal flexibility in case some item is slowing down, or I... Something is getting delayed in terms of getting that capitalization process under way.

0:05:34.4 DM: Don't forget to use all the tools and all the flexibility that HUD gives you in this design as well. You're managing the process, you're managing the program. To modernize and develop then your ACC units and to improve the overall occupancy and conditions of the units. How am I then also putting these capital funds into my process and program, that is also improving the overall performance of the agency? How is it then also helping me achieve that 98% occupancy? How is it helping me to achieve...

0:06:06.1 DM: Reducing the deficiencies on my physical inspection as well. So when we're looking at Cap Funds, we're looking at how it's also gonna be improving the overall operation. How can I use these funds that will also help me improve my overall performance measures in terms of the programs as well. So the Cap Fund indicator worth a full 10 points, then if five of those points are related to the timeliness of the fund obligation, and looking at that two years then to obligate. For occupancy, occupancy is in looking at then the occupancy rate, which also does not allow for additional adjusting variables, except that if I have a approved demolition disposition action by the world of SAC, by the world of HUD, then those units are not counted in the numerator or denominator.

0:07:05.8 DM: However... However, anything else that is vacant, for whatever reason, whether it's fire and extended coverage, or fire extended damage or other reasons as well, that those units are gonna count against you. That's why HUD uses a slightly... A different method in terms of that calculation, 'cause it's a snapshot in time, and they also use a different threshold requirement, which is 96%. An agency that receives less than 50% or five points under the Cap Fund indicator is gonna be designated as a Cap Fund troubled performer.

0:07:41.5 DM: Now, how do I do that? Well, by not obligating your funds in a timely basis within that two-year threshold as well. Because if I don't do that, then they don't even look at the occupancy levels for the agency as well. So I'm automatically gonna score zero. Scoring zero under Cap Fund, I'm gonna be then a Cap troubled agency. And I'm HUD, I'm gonna be helping you through what's called "technical assistance" as well, and looking at the reasons why we're having problems in obligating those funds or getting those funds back into the systems as well. So Cap trouble can also impact timing of your AMP inspections as well.

0:08:20.4 DM: So for example, originally I was scoring 90 on my property, but now I get labeled Cap trouble. Well, originally, I was gonna be at every three years, but because I'm labeled Cap trouble, the next thing I know is I'm gonna be looking at that property every year until I come off the Cap trouble status as well. It can also impact future funding but if you're not using those funds and not programming those funds eventually, then HUD can re-shift those funds from that agency as well. It is allowable. And they can also... You saw in the first slides as well... In the first part of the process of the program, we talked about HUD sanctioning and HUD's ability to also do other instruments as well, if you get labeled troubled or Cap troubled.

0:09:10.5 DM: So what you're looking at is that timeliness obligation. And this is an all-or-none variable. I have greater than 90% of the fund obligations and I had no sanctions, I'm gonna get my full five points. I have less than 90% obligated or I have sanctions, I'm gonna get zero. So it's an all or a none. All or none. I either get five or I get zero. And in order to evaluate you under the occupancy, I have to get these first five points in terms of the timeliness of the fund obligation as well.

0:09:49.9 DM: Looking at the period of time in which you are then obligating those funds, not only looking at what you're saying, but also looking at how you're reporting as well. 'Cause I'm reporting it under the eLOCCS. I'm using then these electronic modules to the world of HUD... This reporting then this data to the world of HUD in terms of my obligations as well as my expenditures as well.

0:10:13.8 DM: My occupancy rate is not a running total, but it's a snapshot. And so when I'm also thinking about this snapshot and performing well. If I was gonna be doing a modernization activity that also required residents to be relocated, I would probably start that activity after the beginning of my fiscal year, and not just prior to the end of my fiscal year. Because if that was done then just prior to the end of your fiscal year and you started vacating your units, it's gonna count against you in terms of this occupancy variable.

0:10:51.3 DM: Information is also important that I'm maintaining that information into the IMS system. So if I have an approved demolition disposition, I'm going into the IMS system and indicating that now I've got an approval for these units to now start pulling them offline and getting rid of these units as well. Occupancy rate is only gonna be scored if I get my first five points for the funding obligation, and then you're looking at an occupancy rate of 96% or higher... 96% or higher, and I'm gonna get five points. That'll give me my full 10 points. Five points for obligation, five points for occupancy. So I've got my 10 points.

0:11:36.2 DM: If I'm running between 93% and 96%, 95.999, then I'm gonna get two points. If I fall below 93%, I'm gonna get zero. I'm still gonna get my five points under the obligation of funds if I've obligated those funds within that two-year period of time, but for the occupancy rate I will then score zero. So I won't be a Cap troubled agency, but I didn't get those other five points because my occupancy levels were low at the end of your fiscal year as well.

0:12:09.6 DM: Now, how this calculation works for occupancy, I'll take the total occupied assisted special use, non-assisted units... So whatever the status is of that unit... Occupied unit against the total ACCs, minus the total uninhabitable units. And HUD says total uninhabitable units is only for an approved demolition disposition. So you really take your total occupied and any special uses out there as well and divide that by your total ACC. That is gonna be drawn from PIC, that is gonna be

drawn from the end of your fiscal year as well as of that fiscal year date.

0:13:00.4 DM: The numerator, total number of units occupied... It doesn't matter whether it's a tenant, a lease officer, employee over income tenant... I'm gonna using that for some other purpose, and I've got approval on that other purpose that it is considered to be an occupied unit... Divided by the total ACC. And then the exception is gonna be an approved demolition disposition that I can now take off that ACC. But if it's not an approved, it's only in process, it's gonna then count because it's part of your ACC. This chart shows it best.

0:13:40.5 DM: So here, I got my CAP fund indicator. The first part of the indicator is the timeliness of the fund obligation. If I've got 90% of the funds obligated, then it says I'm gonna be looking at occupancy. If I don't have 90% of the funds obligated within that two-year period of time, no. Then I'm gonna score zero under that portion of the indicator... They don't even look at occupancy, and I'm gonna be labeled CAP troubled. CAP troubled.

0:14:09.1 DM: If I am obligating 90% of the funds within a two-year period of time, then it says I'll look at occupancy. And if I'm now running 96% occupancy or higher, then I'm gonna get my five points there. That's gonna give me my full 10 points. If I then run between 93 and 96%, then I'm gonna get two points, so that'll give me a total of 10 points for the CAP Fund indicator. If I'm running less than 93%, then I'm gonna score zero under occupancy, but I'm not classified as a CAP troubled agency, but I'm gonna get still my five points for the obligation of the funds.

0:14:54.4 DM: In terms of the two variables, the MASS variable and the capital fund variable, both look at occupancy. The total for occupancy is 21 points. Sixteen of those points for management on a running total, which can be further adjusted based upon approved units that I pulled offline for occupancy, for capitalization, for fire and extended damages, for other reasons... Litigation... For other reasons, throughout the year, month by month by month. The CAP Fund indicator though, is looking at then a snapshot. It's measured differently. And it's looking at the end of the fiscal year, and the only thing that I can exclude from that is an approved demolition disposition. Everything else was gonna count against me. The Capital Fund units I pulled offline, fire units and extended coverage units that I pulled offline. So anything that is offline is considered vacant, and it's gonna then also count against me including any vacancies that I'm in the process of turning as well.

0:16:10.4 DM: Now, how do you improve capital funds? Manage that piece of the program. Maintain the 90% occupancy. If I need to move money from one work item to another work item and in one fiscal period to another fiscal period, I can do that. I can do that. That gives me that flexibility to moving those budgets around and moving that... Moving those funds around based upon the budgets and the budgets allocations as well, and the work items as well. So if I got one thing that's moving along very rapidly, and let's say it's in a current period, I have the ability of shifting that to a prior period and it's still an allowable function as well.

0:16:51.7 DM: Monitor your eLOCCS, monitor your budgets, closely... Close out these old capital funding programs as well, you know, timely... Timely. In other words, like when I was running a Housing Authority and they had... When I first got there, they had all these open capital budgets, and I'm saying, "Why?" Well, they weren't then using the flexibility that was given to them to close out these capital budgets so that I didn't have all these open capitals. I then moved items from one to another to close off these earlier properties and increase the performance of the agency as well. Simply by managing... Simply by managing that piece of the portfolio. Complete your wage

surveys timely and accurately. Make sure that you have proper procurements and proper bidding processes as well, and that you're following the contracting regulations in terms of the notices and the other changes as well.

0:17:49.2 DM: Don't create vacancies just prior to the end of your fiscal year. Don't have a lot of activity just prior to the fiscal year end as well, because if it's creating a vacancy, the next thing you know it's gonna count against you under this indicator as well. Get those fire units turned around and get those fire units turned around quickly and get them re-occupied as well. Always be out here managing and monitoring your occupancy levels. So the Cap Fund 10 points, five points for obligation, five points for the occupancy rate as well. So, in terms of the overall scoring, a high performer has a PHAS score of 90 or higher with no sub-area under the PASS, MASS, or FASS that falls below 60% of the potential points available. In other words, I score less than 24 under the physical, I score under 15 on the management, I score under 15 under the FASS, or I don't get my 50% of the points under the Cap Fund. A standard performers says I got a score of at least 60. And also, I don't have a subscore on my physical, or less than 60% for physical, management, or financial, and I'm getting at least 50% of the points under the cap fund.

0:19:20.1 DM: Substandard performer, saying I got a score of at least 60, but I have a subarea. One or more of the subareas that has then a score of less than 60%. So, I scored less than 24 under the PASS, I scored less than 15 under the FASS, I scored less than 15 under the MASS. And then you'll be called a "substandard PASS performer" or a "substandard FASS performer" or a "substandard MASS performer", and I'll have then a workout plan for those areas that I'm not performing well under as well.

0:19:55.6 DM: Troubled PHA, I have an overall score of less than 60, and then like we talked about in module number one, these are activities that HUD then can do in terms of addressing a troubled PHA. In other words, trying to move that agency forward. But HUD can take further actions against the PHA, in accordance with the PHAS scoring systems and the PHAS performance measures as well. Cap fund program, I have less than 50% under the cap fund, how do I get there? By not obligating my funds within that two-year period of time or have other sanctioning areas in terms of my cap fund program as well.

0:20:37.2 DM: So in terms of this process, request then for any appeal then is gonna be done in writing to the Deputy Assistant Secretary of HUD. And in my appeal process as well, that I wanna include all the documents, it's gonna be under the appeal, why am I appealing? First thing is, make sure it makes a program difference. Is it gonna make a difference, is it gonna raise me from a 65 to a 66? That makes no difference. You're still then a standard performer, unless I had a sub-variable that I was trying to increase to get me above the minimum levels as well.

0:21:20.7 DM: So unless it makes a difference then HUD's not gonna entertain a review. In addition to that, you wanna supply all the documents. These appeals are submitted no later than 30 days following the issuance of the PHAS score. Now, if I've been labeled "troubled", I can make an appeal to remove me from the troubled list. But also remember that in the world of HUD, that they might not be in a rapid hurry to change my classifications from "troubled" to other designations as well.

0:21:49.0 DM: Why? Because a lot of times, moving from a troubled agency back to a standard performer, that if we don't do management oversight or if management oversight is relaxed,

sometimes in those cases, that agency will plummet back to what is called "bad habits", and then go back to troubled status as well. So they truly wanna make sure that I'm also looking at my systematic changes and incorporating those systematic changes to move that agency forward as well.

0:22:20.0 DM: The request itself should result in a change of designated status. So for example, let's say I was appealing my physical score, my PASS score, and was moving a property from a 91 to a 93. Well, that normally doesn't make any difference. But by moving that property and moving that AMP from a 91 to a 93, that I was able to gain additional points under the physical scoring system as well, which moved my overall score from an 89 designation, for my overall PHAS score, to a 90. Well, at that point in time, I'm moving that agency from a standard performer to a high performer. So that's changing that designation, and then HUD would then entertain it as well.

0:23:07.1 DM: Requests also are gonna include all these supporting documents. Now remember, under some of these appeal processes, that I'm gonna have supporting documents coming from outside interests as well. So for example, I'm now appealing something that, let's say, is a paint on a sprinkler head is now moving my agency forward under a PASS score as well. Well, my opinions don't mean a whole lot, but a fire marshal's opinion means a whole lot. And so I'll get them out, take a look at it, and indicate that it's not causing a particular issue, and that unit and that fire sprinkler head is working just fine. But also, I wanna make sure my staff don't continue to get paint on a fire sprinkler head as well. So making sure they're covering that area so I don't continue to have that problem inside of the agency as well.

0:23:56.7 DM: Database adjustment requests are due 45 days after the date of the inspection report as well. So 30 days for general, 45 days for database adjustments as well. PASS inspections, that your appeals are generally due 30 days after the date of the posting of the inspection. So don't forget that for the physical, that your timing is, I pull down that report generally within five days, I now look at that report, and if I'm not agreeing with something that got scored in the report, not levels 'cause levels are not appealable, but other actions potentially are appealable, in other words, there's a nonobservable defect that they classified as a defect, and they all took away points from me, that would be an appealable type item. I'm gonna make that appeal within the 30 days. I'm gonna supply all the additional information and documentation to hopefully result in an increase in the score of that particular area as well.

0:24:57.9 DM: How do I improve my PHAS score? Monitor your status, monitor the accuracy, monitor your submissions, monitor your eLOCCS, monitor your PICs, monitor your IMS systems as well. Look at last year's scoring and see what your results are, plan ahead, be proactive. You can't get these things ready in three months or one month or two days, you always wanna be looking at these PHAS variables and these PHAS scores and keep them in front of you as well. Now we're gonna go back and we're gonna go back to the Sample Housing Authority, and we're gonna go back to the exercise to now finish the score under my Sample Housing Authority as well. So let me go back and now...

0:25:47.3 DM: So here we have that sample housing authority, and in this sample housing authority that we've been working on as well, we've now determined first the physical score based upon then each one of the AMPS, we have three AMPS, Liam Manor, Jacob Gold and Audrey Court, and then Jacob Gold was 158 units, Audrey Court 207, Liam Manor 155. And earlier when we were doing these, in terms of the evaluations and the scores that we were looking at, then the weighted averages

of the MASS indicator, the financial indicator, as well as the physical scores as well. But we're now over in the capital fund area on the performance of this agency and looking at it as a whole. And it indicates that overall, it's overall occupancy as of the end of the fiscal year is 98%.

0:26:54.7 DM: So I know that I'm trying to achieve a 96% or higher overall for the agency. So at 98% occupancy, I'm gonna be measured if I have greater than 90% of my cap funds obligated within that period of time, within that two-year threshold period of time. And it says I'm running 95%, then... Excuse me, 98% obligation with a 95% occupancy. So 98% of my funds are obligated within that two-year period of time, so I'm gonna get my full five points. But my occupancy is falling, falling below the 96%. So I'm between 93 and then 96%, so I'm not gonna get my full five points, I'm only gonna get then two of those five points. I now add my five points for the obligation, to the two points for the occupancy, so my cap fund is now gonna score seven points. Now, let's go down, now to our PHA that you've been working on.

0:28:16.7 DM: Now we're gonna see now the overall scores now for this PHA. And so the management score was 12.29. The financial scores was 23.36, the PASS score was 34.6, and my cap fund, we now say, is seven. So I add up all those points, that gives me a 77.25, 77.25. So in this world of HUD, what would be my classification? High performer, standard performer, substandard performer or troubled. High performer, standard performer, substandard performer or troubled. Well, in this case, even though I scored 77.25, then I had a sub-variable that was below 60% of the points potentially available for that particular indicator, which is my MASS. So I would be classified as a substandard performer, a substandard MASS. And if you attend that or if you go back and look at that MASS program module that we also covered as well, that the issues that related to the performance, related to AMP number three, was in AMP number three, they were underperforming for occupancy, they were underperforming in terms of accounts payable and so they were underperforming in terms of receivables as well, because they were only scoring six points for that particular AMP under the indicator and not doing necessarily great for the other indicators as well under the MASS variable.

0:30:20.4 DM: So in focusing, in running the numbers and doing the analysis, be proactive. Don't wait until the end of your fiscal year and submit your numbers and then wait for the world of HUD. You should already know that, you should already know how you're gonna be scoring, you should be managing these variables and these scoring systems as well. That'll help you along the way. So, in terms of the agencies and in terms of the portfolio, how do I score well? How do I manage well? Well, be proactive. Another method that we can be proactive on, is have that plan. And that plan includes both a maintenance plan for our properties AMP, by AMP, by AMP. But also how I'm gonna make sure that we're staying on top of our areas and how we're staying on top of our programs and how we're staying on top of that particular development. This is just a sample maintenance plan for a sample housing authority as well, but it is in the materials and it's available where you can also get it and modify it for your particular agency as well. And let's just take a look at it. Here I've got a sample then maintenance plan, talking about this development or talking about this AMP.

0:31:51.6 DM: And looking at now increasing the performance levels on this particular agency or the AMP and running quality assurance. So priorities also established then to address urgent requirements and providing then systematic maintenance that's gonna be then addressing the issues on the properties. Addressing what is emergency, addressing what is not emergency, addressing unit turnovers. Do I have a good PM schedule? , preventive maintenance, what about my extraordinary?

What are my plans for capital funds coming to this particular property and when is it gonna be coming as well? What is my current maintenance structure? How many people do I have assigned to the site and what are the functions that they do on that site as well? And in this case, it's looking at that ratios and the ratios are now saying that I'm running about 33... 1 person per every 33 units knowing that that ratio is one per 50 and I'm not an elderly, it might be even 1 per 75. So I've got adequate staff maybe I even maybe have more staff than what I need on that particular site as well and I might be able to shift them over to another site that also has special needs.

0:33:04.9 DM: What kind of positions do I have in terms of... Who's out there? Mechanics? Equipment operators? Am I employing them or focusing also section three and section three workers and are they interfaced with what else is going on in that area as well? What about my contracting and what I am contracting and who I'm contracting to? What are my procedures in terms of processing work orders and work order information as well? What are my priorities for emergencies? What are my classifications of emergencies and what designated as being emergency? How often or what am I doing from a routine maintenance standpoint? How about a unit prep? Who is then responsible, am I bringing in additional teams? What's my average turnaround time? What's the estimated? What was my actual? What about my preventive? Am I doing it? Am I keeping up with it? Or is that... Do I just have a schedule but nobody's keeping up with the items as well? What about extraordinary capital projects and what do I need to align to get that property back into good shape as well? What's my schedule for UPCS inspections?

0:34:14.9 DM: When are they coming and what are some of the issues that UPCS is also discovering on my property? What are some of the systematic or systemic issues or systemic issues for repairs, and are we putting necessary funds behind it to improve it? What's my schedule for maintenance charges? Am I charging residents for damages to the units, in this case this agency, this one says, "No, you're only getting \$500 back and there was extensive damage or resident damage and so nobody was also billing those residents for abuse and damage to the property as well, which is encouraging them to continue to damage and abuse the property. What's my painting schedule? Do I have lead-based paint? If so what am I doing to address it as well? What's my extermination schedule? How do I handle pest control and what types of pest are present to the site, whether it's bed bugs or other forms of pest as well. What's my grounded janitorial standards and how often do I get out here to take care of some of these particular issues as well?

0:35:23.7 DM: What's my building exterior, what's the first it's made up of and secondly, how do I address it? What's my trash collection? Do I use dumpsters? Do I have adequate dumpsters? Are they overloaded? Where are they located in conjunction with my units as well? What's my vehicle equipment that's also located at the site? Am I using golf carts? Am I using some other forms of equipment and what's my maintenance on those particular pieces of equipment? Am I getting my drivers trained? Are they now taking tests out here? Am I validating that they have a valid driver's license if they're also using my vehicles as well? What's my work order system in terms of calling them in addressing it and closing them out? What's my work order rules and quality standards? What do I do in terms of reviews of those work orders and work order system as well? What kind of training do we need to the site and what kind of training do we need for OSHA and occupational hazards as well? What about blood pathogens? What about safety and safety items? Are my staff trained? Are they're removing some of these safety protocol items as well?

0:36:36.8 DM: What about my personal protective equipment? Do I have it to the site? Is it located and easily accessible as well? And then you have then going into the plan. So what type of unit do I

have? How many years? What kind of bedroom size? What kind of configuration? When was it built? What's my building envelopes? And what's the mechanical and distribution system as well? Do I own that distribution system on the site and maybe I have to take care of the poles and the transformers. What is my unit interior conditions in general? What are some sample issues that's occurring to the property? How are we doing with UPCS inspections? Are we trained? Do we understand what's going on? Do we understand the 24-hour piece? What are some of my pre-REAC inspections and when do I do it? And how do I then differentiate between these high priority items and non-high priority items? What about my common areas and how often are they inspected? And painting and extermination. What about my grounds and janitorial standards and my trash collection as well? Are they doing a good job?

0:37:56.0 DM: Here we come up with then your REAC schedule, and then who is responsible. And I'll take you over to the area that's specialized for REAC, so this is then the additional preparations. So six months in advance, I'm focusing on the site, I'm focusing on the exterior, I'm looking for these tripping hazards, I'm looking at my fencing. I'm looking at my side walks, I'm looking at penetrating vegetation. I'm cutting back this penetrating vegetation, so it doesn't grow back in the next six months and then touch my buildings again or touch my roofs again. But I'm cutting it back to a distance that's not gonna cause me a problem. Who's gonna be responsible for that? Maintenance supervisor? On-site staff? Three months before, looking at your community rooms, looking at other conditions as well, looking at those doors, looking at the electrical systems, and my plumbing issues. Those high-ticket items.

0:38:53.0 DM: One month before, going back and re-focusing on the site. Looking at those building exterior conditions, looking for erosion, looking for tripping hazards, see what else has occurred out there as well. Two weeks before, we focus on health and safety, going through and whistling through your units one more time. One week before, going back through that community room, going back through these areas and just re-inspecting to make sure somebody hasn't done something to take the unit out of compliance. Two days before, doing a whistle-stop through that particular agency, knocking out those... Anything that also has occurred that are also high ticket items. One day before. And then the day of. So I'm gonna get my staff out there early, we're gonna make sure that we're ready. This has the assignments, who's responsible for these areas as well, to make sure that we're ready for the world of REAC. The more I can do to prepare myself for REAC, the more I will score well.

0:39:56.5 DM: I want you on my property, I want you inspecting my property, then I want you off my property, and I wanna get your score. So by systematically setting systems in place and then following those systems, you can score well in the world of REAC. Have a plan, this helps lay out at least that plan you know for the physical plans. And you can do the same for your management as well, by monitoring and using those grade cards and other systems that we also showed you. And using the tools on the spreadsheets that we also showed you, that can help you along the way.

0:40:38.4 DM: So let's go back to... I'm gonna go back to our PowerPoint real quick, but then we're gonna come in and we're also gonna do a post-test as well. So let me first flip over to the post-test, we'll do that and then we'll then do, then a little wrap-down session with our PowerPoints. So let's see how we're doing. Let's see how we're doing in terms of the world of PHAS. You know in looking at these five modules that we also just recently walked through. And note your answer, and then we'll make sure we have the correct answer as well. So if a PHA does not submit his capital information in eLOCCS by the submission due date, but later submits the information correctly,

then HUD will: A, revise the PHAS score to reflect the corrected data; B, not allow an appeal and the PHAS score and capital fund score will be based on the fact that it did not submit the data timely; C, allow an appeal and will adjust the PHAS score and capital fund score if the PHA can document conditions that are beyond your control or beyond their Control; D, allow an appeal once the final audit figures are presented by the IPA?

0:41:58.5 DM: Note your answer. And the correct answer is B, as in boy. Not allow an appeal, and the PHAS score and capital funds score are gonna be based on the fact that it did not submit the data timely. So HUD says submit your data timely, submit your data accurately as well. And if you don't, it doesn't give the necessity grounds for an appeal in your own score 'cause the error is your err. Which of the following is not one of the five primary inspectable areas under PASS; site, building exterior, building systems or electrical systems? Go ahead and note your answer. And the correct answer is D as in dog, electrical systems. 'Cause site is generally worth 15 points, building exterior is worth then 15 points and building systems are worth 20 points, in terms of the PASS protocol.

0:42:58.6 DM: So the correct answer would be D as in dog. Next question, a PHA that is, that data is a troubled performer, will receive a PHAS assessment every: A, year; B, every three years; C, every two years; D, every year, but only on the sub-indicator that classified it as being troubled. Go ahead and note your answer. And the correct answer is A as in apple, every year. Troubled? Gonna be reassessed every single year. In order to maximize the points under the FASS sub-indicator, the quick ratio. The quick ratio should be: A, less than or equal to two; B, greater than or equal to two; C, less than three, but greater than two; D, greater than one, but less than two? Go ahead and note your answer. And the correct answer is B as in boy; greater than or equal to two. We're talking about the quick ratio, which is also worth then 12 points.

0:44:15.2 DM: Next question: If the auditor's opinion on the financial statements are anything other than unqualified, HUD will, A, adjust the final FASS score to reflect a series of the reporting finding and points could be deducted from the score; B, designate the PHA as troubled; C, not adjust the score but will have the PHA enter into an MOU; D, adjust the final FASS score after all appeals have been exhausted by the PHA. Note your answer. And the correct answer is A as in apple. Again, they'll adjust the final FASS score to reflect the series of the finding and points will be deducted from the financial score as well no matter how it potentially impacts that agency.

0:45:08.6 DM: Next question, Tenant's accounts receivable sub-indicator under MASS measures the tenant's accounts receivable of a project against the, A, charges only for rents for the project's fiscal year; B, charges only for rents and court costs for the project's fiscal year; C, charges for rents, court costs, maintenance costs, excess utilities, late fees, and monthly repayment agreements amount for the PHA's fiscal year; D, charges for rents, court costs, maintenance costs for the project's fiscal year but excludes monthly retroactive rent charges and late fees. Note your answer. And the correct answer is C as in Charlie; charges for rents, court costs, maintenance costs, excess utilities, late fees, monthly repayment agreement amounts for the project's fiscal year as well. So again, if I got those retroactive charges, it's not the total retro charge, it is the amount that is then due for month to month to month according to the repayment agreement as well.

0:46:17.1 DM: Next question, In order to receive points under the obligation of program funds under the cap fund indicator, the PHA must have an obligation rate of, A, 100% of the funds obligated within that two-year period of time and no sanctions; B, 80% of the funds obligated by

the end date and no sanctions; C, 95% of the funds obligated by the end of the date, no sanctions; D, 90% of the funds obligated by the end of the date and no sanctions as well. Note your answer. And the correct answer is D as in dog; 90% obligated within that two-year period of time and no sanctions as well in order to get my five points.

0:47:05.8 DM: In determining the occupancy rate under the management indicator, MASS, HUD will, A, not adjust the rate due to vacant units undergoing modernization; B, adjust the rates due to units that are undergoing modernization; C, adjust the rate due to units that are undergoing modernization that have an on time, on schedule and that they have been approved in writing; D, adjust the rate but only if the adjustment will impact the overall PHAS score. Note your answer. And the correct answer is C as in Charlie; adjust those rates due to units that are undergoing modernization that are on time, on schedule but they have also then pre-approved in writing as well for the MASS.

0:47:58.0 DM: Next question, The maximum term that HUD can approve a vacant unit through an approval letter for casualty loss or natural disaster or court litigation is, A, one year; B, two years; C, three years; D, there is not limit as long as the condition exists. Note your answer. And the correct answer is C as in Charlie; three years, three years. And remember that at the end of three, that I'll get that renewed as well. But in addition to that, HUD's not just gonna give me a blank at three, they're gonna be looking at how I'm doing to bring that unit back online.

0:48:41.1 DM: Next question, A PHA is provided a copy of the exigent health and safety report at the end of the UPCS inspection and the PHA must abate the emergency or take corrective action within, A, 24 hours; B, 48 hours; C, 72 hours; D, one year or before the next REAC inspection. Note your answer. And the correct answer is A as in apple. Exigent health and safety, the item must be then abated within 24 hours and then I would upload the information to the world of HUD within the 72-hour threshold, but the abatement must take place within 24 hours.

0:49:26.5 DM: Next question, Occupied units that must be included in a building's unit count for the past inspection include, A, a property that is occupied by the maintenance staff living on the site; B, property that's occupied by management staff living on the site; C, property that is occupied by residents even if the unit is undergoing modernization; D, all of the above. Note your answer. And the correct answer is D as in dog. Again, occupied units then, for the purpose of the count towards the PHAS inspection, include then all of those, all subject to inspection.

0:50:11.5 DM: Next one we have, Health and safety are highlighted by additional information to the numerical score and a property with a letter C would reflect, A, no H&S or no health and safety deficiencies; B, at least one life-threatening or fire safety deficiency on the property calling for immediate attention; C, at least one non-life-threatening deficiency on the property; D, at least one level one deficiency, which is the highest deficiency. Go ahead and note your answer. And the correct answer is B as in boy; at least one life-threatening or fire safety deficiency on the property calling for immediate attention. There again, your score is gonna have a numeric score, an A, a B, or a C, and the C means I have at least one life-threatening on that property. If there are smoke detector deficiencies, a physical inspection score would also include: A, an A; B, a star or an asterisk; C, a B; D, an S. Note your answer.

0:51:22.0 DM: And the correct answer is B as in boy, that's star. That star's indicated on your inspection report, and if there... If it is there, I have at least one smoke alarm detector that is not

working properly as well, that was noted on the inspection. This one we didn't cover, but let's see how we're doing. If unison buildings below three storeys, all individual living areas in a unit and common areas must have blank independent and unimpeded means of egress, escape, if so, designed. A, At least one; B, 2; C, 3; D, 4. Note your answer. And the correct answer is B as in boy. Then if it's three storeys and below must have at least two independent and unimpeded means of egress if so designed. That's why that, air conditioner in the window, on a unit that's three stories or below could be blocking a potential method of egress from that space or I got a headboard in that bedroom in front of that window as a means of independent means of egress from the space because... If so designed, if so designed. So the correct answer is B as in boy.

0:52:47.3 DM: Two, the inspector will identify and record information and deficiencies at the time they are observed and record this information that DCD as; A, NA, level one, level two, level three, NOD, and an H&S deficiency exists; B, level 1, level 2, level 3, level 4, level 5; C, NA level 1, level 2, level 3, NOD, and a smoke alarm inoperable; D NA, level 1, level 2, level 3, NOD, ND, NE. Go ahead and note your answer. And the correct answer is A as in apple; NA, level one, level two, level three, which would be an observable deficiency, NOD, No Observable Deficiency, and a Health and Safety if one exists, remember health and safeties of those double dingers that will take away quite a few points. Database adjustments can be provided by REAC to a PHA for; A. Local conditions and local codes; B. Natural disasters had occurred in the area; C. Modernization that's ongoing and on time for elements that are undergoing modernization; D. All the above.

0:54:05.8 DM: Note your answer. And the correct answer is A, excuse me D, as in dog; all the above. All are reasons that you can get an adjustment to my physical score as well. Next question, the handrails are required on a walkway steps if they are blank or more continuous steps, and your options are: A. 2; B. 3; C. 4; D. 5. Go ahead and note your answer. And the correct answer is C as in Charlie; four or more consecutive steps. Next question is: The two categories for health and safety are: A. Level 2 and level 3; B. Life-threatening and non-life-threatening; C. Emergency and non-emergency; D. Minor or severe. Note your answer. And the correct answer is gonna be B as in boy; LT and NLT, Life-threatening and then non-life-threatening as well. So, B as in boy.

0:55:29.7 DM: Under the interim PHAS rule, the occupancy indicator for MASS, the indicator has a maximum value of A. 25; B. 12; C. 16; D. 18. Go ahead and note your answer. And the correct answer is gonna be C as in Charlie; occupancy is worth 16 points. How do I get my 16 points? 98% occupancy is that threshold requirement as well. The reporting requirements on the HUD 50058 for each AMP grouping is: That PIC is reported as a minimum of 95% acceptable level; B. PIC is reported as a minimum of 92% acceptable level; C. PIC is reported as a minimum of 99% acceptable level; D. PIC is reported as a minimum of 100% acceptable level. Go ahead and note your answer. And the correct answer is gonna be A, as in apple; you must have at least a 95% accuracy reporting level in the world of PIC or the scoring systems.

0:56:54.3 DM: Fungibility is a concept under asset management that allows? A. Management to use the funds for funds things at the development to increase resident participation; B. Applies to the physical inspection process to remove fungi from the development to get a better REAC score; C. Allows a PHA to use funds from property A to support property B, but only if property A has excess cash; D. Allows a central office cost center to borrow money from the project you pay for a computer system to meet the project's needs. Go ahead and note your answer. And the correct answer is C, as in Charlie. Fungibility is that concept that allows you to move money from one property to the other. We covered that in the financials as well. In looking at that, you wanna make

sure you have at least one month of reserves. If you're gonna be moving property, moving money from one property to the other. Does the property have to repay it? No. It's called fungibility. Fungibility from one development to the other in the world of FASS, and it is allowable as well.

0:58:12.2 DM: I'm gonna now take us back to our PowerPoint, and we're gonna wrap up the final module as well. So let me get back to the PowerPoint, and then we will then close this program. How can we be successful in the management of the world of PHAS? Plan ahead. Don't wait until I get my notice coming from the inspector that he's now coming out to look at my property in order to start preparing. You should always be ready, your staff should always be looking at these level threes and these Health and Safeties and addressing them quickly. Train your staff. Put these materials into their hands. Monitor their performance. Use those great cards, Use these systems in place to also monitor their performance. Don't wait for the world of HUD to also send you your monitoring reports in terms of how you did, but you should already know that being proactive as well. Inspect your units and stay on top of your units, even if HUD's not inspecting it on that 3-2-1. I'm still inspecting it. I'm still running preventive maintenance. I'm still taking care of these issues as well. Use fungibility as a method to also re-balance the distribution of the funds that come to your properties, as well, because you might have some cash cows that get high levels of subsidy but you don't need all that money to go into that particular development. I'll move it to the other public housing developments to help them perform well, as well.

0:59:57.1 DM: Keep your units full. Stay on top of your occupancy month by month by month. Have a common report making sure that property management is in agreement with your maintenance personnel, which is in agreement with your occupancy personnel in terms of the status of that unit, and drill it on home. That we gotta be re-occupying these units and get these units filled, 'cause it goes to the lifeblood, it goes to the cash of the agency as well. And collect those resident charges. That's also cash that you're leaving on the table that potentially you could be using successfully in the operation of the PHA. Use these tools that we talked about. Use these tools. We kinda walk you through that post-test as well.

1:00:49.5 DM: I'd like to thank you very much for your attendance to the sessions. Hopefully, you had an opportunity of looking at all five modules on behalf of the department of housing and urban development. Hopefully, it's been a helpful session, and you'd be looking at these tools and then looking at the performance of the agency as well. Don't forget to be going out to the world of HUD and using their websites as well. Looking at these REAC websites. Looking at the PASS website. Looking at these other pieces of information because they are always out there posting. They're always out there updating and making these changes. And you have to stay on top of the updates. It's one thing to make it this year but you wanna be continuing to achieve that high level of success. Don't forget to also be using your field office for this technical assistance. Use them for these letters. Use them for relaying this information in terms of what's happening in your agency. And keeping up with your data sets out here in the program. On behalf of HUD, on behalf of myself and Bob, and behalf of FirstPic as well, we wish to again, thank you very much. Thank you for attending the sessions and use these tools into the future as well. Thank you and have a good evening. Thank you again.