

REAL ESTATE ASSESSMENT CENTER (REAC) AND THE PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS)

Module I: Introduction, Scoring, Planning, and Tracking

MODULES

- **Module I: Introduction, Scoring, Planning, and Tracking**
- Module II: Physical Assessment Subsystem (PASS)
- Module III: Management Assessment Subsystem (MASS)
- Module IV: Financial Assessment Subsystem (FASS)
- Module V: Capital Fund Program (CFP) Assessment, Appeals, Waivers

PHAS PRETEST- LET'S SEE WHAT WE KNOW

- Let's see what we know already
- Chapter 2 pages 1-5 Pre-test

PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS)

“The purpose of PHAS is to improve the delivery of services in public housing and to enhance trust in the Public Housing System among its agencies, public housing residents, HUD and the general public by providing a management tool for effectively and fairly measuring the performance of a PHA in essential operations.”

INTRODUCTION TO PHAS

The Public Housing Assessment System (PHAS) is designed to institute an accountability that will assist HUD in monitoring and evaluating management operations uniformly and consistently throughout the nation.

INTRODUCTION TO PHAS *(CONTINUED)*

- Designed to institute a system of greater accountability
- Assists HUD in monitoring and evaluating management operations uniformly
- Ensures Agency provides safe, decent, sanitary housing, in good repair

INTRODUCTION TO PHAS *(CONTINUED)*

PHAS combined indicators of Public Housing Management Assessment Program (PHMAP) and previous PHAS into four indicators:

- Assessment of physical condition (PASS)
- Assessment of financial stability (FASS)
- Assessment of management operations (MASS)
- Assessment of Capital Fund Program (CFP)

PUBLIC HOUSING ASSESSMENT SYSTEM

- HUD Centers
 - Real Estate Assessment Center (REAC)
 - HUD Field Office

HUD CENTERS (REAC)

- Real Estate Assessment Center (REAC):
 - Responsible for the assessment, monitoring and scoring of PHAS
 - Assesses and scores each PHA on the four indicators
 - Advises PHAs of the scores and identify low-scoring PHAs

HUD CENTERS (FIELD OFFICE)

Field Office:

- All troubled and substandard agencies will be referred to their Field Office.
- If a Substandard agency does not recover within 90 days of designation, the PHA and the Field Office will work to create a Corrective Action Plan is
- Troubled agencies are given 2 years to improve to a score of at least 60.
- Troubled agencies must achieve a 50% recovery by the next PHAS assessment that occurs 12 months following the original REAC notification. The PHA must achieve a score of at least 60 by the next PHAS assessment that occurs at least 24 months after the REAC notification of troubled designation.

HUD CENTERS (FIELD OFFICE) (CONTINUED)

- The Troubled or Substandard PHA will receive intense technical assistance to recover from designation.
- Within 30 days of notification, the Field Office will begin recovery process of negotiating and developing a Recovery Agreement and Action Plan with the PHA.
- The Recovery Agreement and Action Plan will have at least quarterly and annual target dates.
- If the agency attains required improvement, an additional year may be granted to continue recovery.

RECOVERY PROCESS

- If a Troubled PHA does not recover, HUD may seek various remedies for Substantial Default under the PHAS Interim Rule. This may include:
 - Solicit competitive proposals to manage all or part of the PHA;
 - Petition for the appointment of a receiver;
 - Solicit competitive proposals to manage the Capital Fund;
 - Take possession of the PHA or part of the PHA; or
 - Make other arrangements acceptable to the Secretary.

SCOPE OF PHAS

- PHAS is a strategic measure of a PHA's essential housing operation.
- PHAS does not evaluate a PHA's compliance with or response to every HUD-wide or program specific requirement or objective.
 - Annual Contributions Contract (ACC)
 - Fair Housing
 - Audit Findings

**PHAS RULES
UPDATES -
UNDER THE
INTERIM RULE**

PURPOSE OF TRAINING

- Interim rule is now into effect.
- Interim PHAS rules will directly impact the operation.
- Major changes in the four PHAS indicators.
- Provide tips to improve the PHA's performance and PHAS score.

INTERIM PHAS GOAL/OBJECTIVES

- Provides better management and oversight of public housing
 - Oversight will be at the asset management project (AMP) level
- Reduces additional administrative reporting requirements for both PHAs and HUD
- Provides improved information about the operating costs and the performance of housing properties
- Aligns PHAS with Asset Management

INTERIM PHAS DATA SOURCES

- Self Certification was eliminated
- Indicators will be measured using:
 - Financial Assessment Subsystem (FASS)
 - Physical Assessment Subsystem (PASS)
 - Based on Uniform Physical Condition Standards (UPCS)
 - Electronic Line of Credit Control System (eLOCCS)
 - PIH Information Center-PIC (IMS-PIC)
 - Inventory Management System (IMS-PIC)
- PIH Notice 2011-07- Reporting Requirements on PIC/IMS and Occupancy

WHAT HAPPENED?

- Baseline Physical Inspections were conducted
- Now includes PHAS indicator Capital Fund Program
- Physical Condition and Neighborhood Environment Adjustment (PCNE) was moved from PASS to MASS
- Self Certifications were eliminated
- Provides 3-2-1 Year Physical Inspection Incentives
- High-Liquidity Adjustments for the Financial Indicator do not apply

WHAT ELSE *(CONTINUED)*

- Management scores will be based on three components of the Financial Data Schedule (FDS) submission.
- Mixed-finance projects will not receive financial (FASS) or management (MASS) scores; they will receive a physical (PASS) score.
- Interim PHAS scores only for public housing programs – FASS will not be entity-wide, but now a weighted average of the AMPs.

**POINTS
POSSIBLE:
100**

• **40 points**

**Physical
Condition**

• **25 points**

**Financial
Condition**

**Capital Fund
Program**

**Management
Operations**

• **10 points**

• **25 points**

FUNCTIONS OF THE INTEGRATED ASSESSMENT SUBSYSTEM (NASS)

- Everything is electronic
- Provides overall assessment results of PHAs by coordinating and aggregating subsystem results
- Generates accurate scores as a result of iNtegrated Assessment Sub System's (NASS) extensive QA processes
- Designates PHA's performance status
- Communicates status on appeals, waivers and petitions requested by PHAs

SUB-INDICATOR COMPARISON

Prior PHAS	Interim PHAS
Physical Condition (30 points)	Physical Condition (40 points)
<ul style="list-style-type: none"> •Per UPCS •Physical Condition @ Neighborhood Environment (PCNE) adjustments 	<ul style="list-style-type: none"> •Per UPCS
Financial Condition (30 points)	Financial Condition (25 points)
<ul style="list-style-type: none"> •Current Ratio •Months expendable funds balance •Tenant accounts receivable •Occupancy loss •Expense management utility •Net income 	<ul style="list-style-type: none"> •Quick Ratio •Months Expendable Net Assets Ratio •Debt Service Coverage Ratio
Management Operations (30 points)	Management Operations (25 points)
<ul style="list-style-type: none"> •Vacant unit turnaround time •Capital Fund •Work Orders •Annual Inspections •Security •Economic Self-Sufficiency 	<ul style="list-style-type: none"> •Occupancy Rate •Tenant Accounts Receivable •Accounts Payable •PCNE Adjustments
Resident Satisfaction (10 points)	Capital Fund (10 points)
	<ul style="list-style-type: none"> •Timeliness of Fund Obligations •Occupancy Rate

PHAS DESIGNATION STATUS

- High Performer
 - Overall score of 90% or higher
 - At least 60% of points available in PASS (24), MASS (15), FASS (15) and 50% of the total points for CFP (5)
- Standard Performer
 - Overall score of at least 60%
 - Not less than 60% of total points available in PASS (24), MASS (15), FASS (15), and 50% of the total points for CFP (5)

PHAS DESIGNATION *(CONTINUED)*

- Substandard Performer
 - Overall PHAS score of at least 60%
 - Less than 60% of the points available in one or more (but not all) of the PASS, FASS, or MASS indicators
- Troubled
 - Less than 60% of the overall PHAS score
- Capital Fund Program (CFP) Troubled
 - Less than 50% on the CFP indicator

DESIGNATIONS & ASSESSMENTS

- *Based on individual project scores, the projects will be inspected in accordance to the 3-2-1 rule
- **Based on PHAS score designations, ALL projects in the PHA will be inspected every year

Small PHAs- less than 250 units					
	High Performer	Standard Performer	Substandard Performer	Troubled	Capital Fund Program Troubled
Receives PHAS assessment:	Every 3 years	Every 2 years	Every 2 years	Every year	Every year
Large PHAs					
Receives PHAS assessment:	Every year	Every year	Every year	Every year	Every year
PASS Inspection (based on individual AMP scores)	≥90	80-89	≤79	Troubled	Capital Fund Troubled
	Every 3 years*	Every 2 years*	Every year*	Every year**	Every year**

IMPROVING PHAS SCORES BY PLANNING AND REPORTING

- Monitor the status and accuracy of submissions frequently in eLOCCS, PIC and Secure Systems
- Utilize prior year PHAS score results to set annual goals
- Plan ahead and be proactive in determining problem areas and fixing them at least 6 months in advance of PHAS due dates
 - Using the grade card
 - Using last years reports
 - Using the Prevalence Report
 - Analysis of lost points
 - Appendix 10



PREVALENCE REPORT BY THE PHA- LET'S TAKE A LOOK AT THE REPORT

- Inspectable Area
- Item Name
- Health and Safety
 - LT
 - NLT
- Defect Description
- Most Recent Count of Defects
- Most recent % of Total Defects
- Previous Count of Defects
- Previous % of Total Defects
- % Point Differences

PHAS AND PIC DATA

- PIC is part of PIH-REAC:
 - Allows PHAs to electronically submit information to HUD and allows Field Offices to review information on PHAs
 - Is the primary information system for the public housing programs
 - Failure to make timely submissions can result in substandard or troubled status

PIC'S IMPORTANCE TO THE SCORE

- PIC's Importance for PHAS
 - It is the responsibility of the PHA to provide accurate contract information and update PIC regularly.
 - If a submission is late or inaccurate due to incorrect information in PIC, PHAs will not be allowed to appeal their score.
 - 50058 must be submitted with at least a 95% reporting rate in order for a PHA to be scored.

