

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

**Module III: Management Assessment Subsystem (MASS)**

# 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

**MANAGEMENT  
ASSESSMENT  
SUBSYSTEM  
(MASS) UPDATES**

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# THE PURPOSE OF MASS

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The Management Operations Subsystem of the PHAS rule measures certain key PHA management operations and responsibilities for the purpose of assessing the PHA's capabilities and performance in the management areas.

# MASS INDICATOR

- Impacted by maintenance and management
- Impacted by annual inspections
  - Recognizing the repair and making it
- Related to occupancy and unit turnovers
- Related to collections and lease enforcement
- Related to timely payment of payables for the AMP
  - Manager should be in communication with Accounts Payable

# MANAGEMENT OPERATIONS INDICATOR CHANGES

Points decreased from 30 to 25

Three sub-indicators

Occupancy	Tenant Accounts Receivable (TAR)	Accounts Payable (AP)
Includes allowable vacancies		Amount of money owed to vendors
16 points	5 points	

**MANAGEMENT  
OPERATIONS  
INDICATOR  
CHANGES  
(CONTINUED)**

**Physical Condition and Neighborhood Environment (PCNE) Adjustments**

<b>Physical Condition</b>	<b>Neighborhood Environment</b>
Projects <b>at least 28 years old</b> based on weighted Date of Full Availability (DOFA) data	Projects in census tracts in which <b>at least 40% of families</b> have an income below poverty rate
<b>1 point</b>	<b>1 point</b>

PCNE is automatically calculated using information from PIC and added at the project level before computing the weighted average MASS score

# BACKGROUND ON INTERIM

- MASS Indicator
  - Overall MASS score is based on weighted average of AMP level scores.
  - A score is calculated for each AMP.
- MASS Sub-Indicators
  - PHA self-certification was eliminated.
  - MASS sub-indicators are derived from the PHA's FDS.
  - 2 of 3 sub-indicators were previously FASS indicators.



# MASS INTERIM *(CONTINUED)*

- Financial Data Schedule (FDS)
  - MASS score is calculated from unaudited and audited submissions.
    - First Submission is unaudited and then final is confirmed by the auditor.
  - Late Penalty points and Late Presumptive Failure (LPF) do not apply to MASS indicator score - but will impact FASS.

# MASS SUB-INDICATORS

- Occupancy
  - Emphasizes and measures AMP's success in keeping available units occupied
  - Higher rates = higher scores - 98% Occupancy Rate
  - **Max – 16 points**
    - Key to scoring well in MASS
    - Measured each month and then cumulated
- Tenant Accounts Receivable
  - Represents the amount of tenant accounts receivable against all tenant charges (rent, excess utilities, court cost, maintenance charges, repayment agreements, etc.)
  - Lower ratio = higher score - 98.6% collection rate
  - **Max – 5 points**

# MASS SUB-INDICATORS

- Accounts Payable – NEW TO PHAS
  - Measures total vendor accounts payable, both current and past due against total monthly operating expenses
  - Lower ratio = higher score (less than .75 payables)
  - **Max – 4 points**
- Snapshot of Accounts Payable at the end of the fiscal year

# OCCUPANCY OF THE AMP (MASS)

FDS 11210  
Unit Months Leased

FDS 11190  
Unit Months Available

# HOW OCCUPANCY IS SCORED FOR THE AMP

Occupancy Percentage	Points
$\geq 98\%$	16 points
$< 98\%$ to $\geq 96\%$	12 points
$< 96\%$ to $\geq 94\%$	8 points
$< 94\%$ to $\geq 92\%$	4 points
$< 92\%$ to $\geq 90\%$	1 points
$< 90\%$	0 points

**TENANT  
ACCOUNTS  
RECEIVABLE  
OF THE AMP**

FDS 126  
Accounts Receivable-  
Tenants

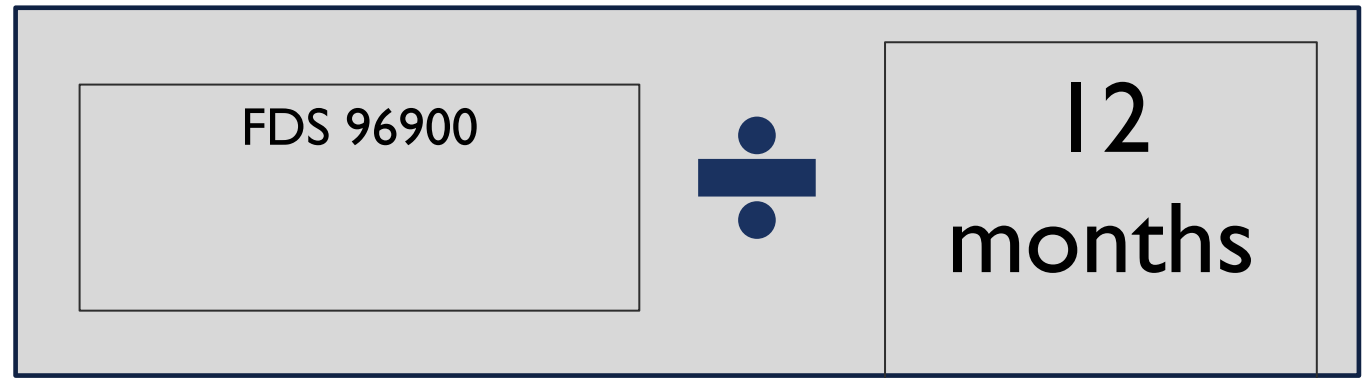
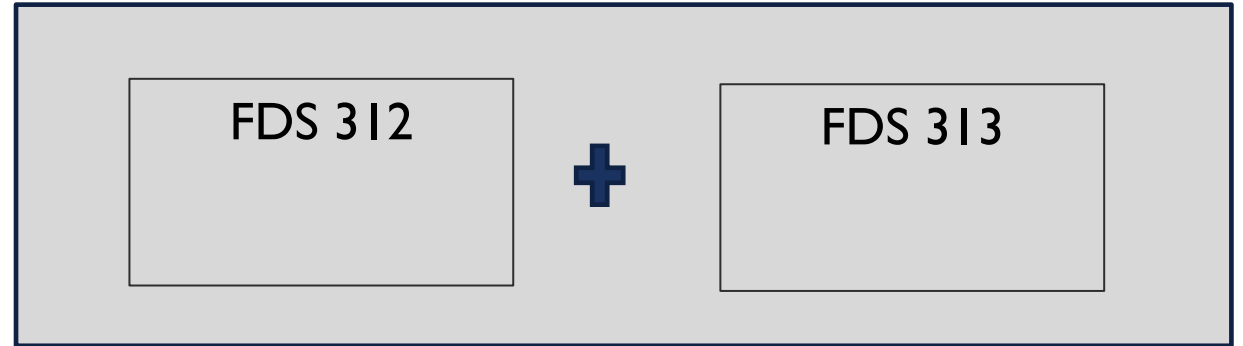
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FDS 70500  
Total Tenant Revenue

# HOW TENANT ACCOUNTS RECEIVABLE IS SCORED

Ratio	Points
<1.5	5 points
$\geq 1.5$ to <2.5	2 points
$\geq 2.5$	0 points

**ACCOUNTS  
PAYABLE FOR  
THE AMP AS  
OF THE  
FISCAL YEAR  
END**





# HOW ACCOUNTS PAYABLE FOR THE AMP IS SCORED

Ratio	Points
$<.75$	4 points
$\geq.75$ to $<1.5$	2 points
$\geq 1.5$	0 points

# CASE STUDY - FACTS

- Sample Housing Authority
- FYE 12/31/2019
- 3 AMPs
- Want to determine how each AMP is calculated
- Want to determine how the weighted average is calculated

# CASE STUDY: AMP NUMBER I - 75 UNITS

## ■ **Occupancy Rate**

- FDS 11210/FDS 11190
- Unit Months Leased/Unit Months Available
- $855/900 = 95\%$
- 8 points

## ■ **Tenants Accounts Receivable**

- FDS 126/FDS 70500
- Accounts Receivable Tenants/Net Tenant Rental Revenue
- $\$1,295/\$205,445 = .0060$
- 5 points

# CASE STUDY: AMP NUMBER I- 75 UNITS

*(CONTINUED)*

## ■ Accounts Payable

- $(\text{FDS } 312 + \text{FDS } 313) / (\text{FDS } 96900 / 12 \text{ months})$
- $(\text{Current Accounts Payable} + \text{Past Due Accounts Payable}) / (\text{Total Operating Expenses} / 12 \text{ months})$
- $(\$49,504 + \$3,984) / (\$407,958 / 12) = 1.577$
- 0 points
- Total = 13 points

# CASE STUDY: AMP NUMBER 2- 57 UNITS

- **Occupancy Rate**

- FDS 11210/FDS 11190
- Unit Months Leased/Unit Months Available
- $684/684 = 100\%$
- 16 points

- **Tenants Accounts Receivable**

- FDS 126/FDS 70300
- Accounts Receivable Tenants/Net Tenant Rental Revenue
- $\$1,602/\$89,844 = .018$
- 2 points

# CASE STUDY: AMP NUMBER 2- 57 UNITS

*(CONTINUED)*

## ■ Accounts Payable

- $(\text{FDS } 312 + \text{FDS } 313) / (\text{FDS } 96900 / 12 \text{ months})$
- $(\text{Current Accounts Payable} + \text{Past Due Accounts Payable}) / (\text{Total Operating Expenses} / 12)$
- $(\$3,536 + \$0) / (\$508,680 / 12) = 0.083$
- 4 points
- Total = 22 points

# CASE STUDY: AMP NUMBER 3- 89 UNITS

- **Occupancy Rate**

- FDS 11210/FDS 11190
- Unit Months Leased/Unit Months Available
- $1,034/1,068 = 96.82\%$
- 12 points

- **Tenants Accounts Receivable**

- FDS 126/FDS 70300
- Accounts Receivable Tenants/Net Tenant Rental Revenue
- $\$3,130/\$134,674 = .023$
- 2 points

# CASE STUDY: AMP NUMBER 3- 89 UNITS

*(CONTINUED)*

## ■ Accounts Payable

- $(\text{FDS } 312 + \text{FDS } 313) / (\text{FDS } 96900 / 12 \text{ months})$
  - $(\text{Current Accounts Payable} + \text{Past Due Accounts Payable}) / (\text{Total Operating Expenses} / 12)$
  - $(\$18,854 + \$8,874) / (\$404,148 / 12) = .815$
  - 2 points
- Total = 16 points



# CASE STUDY: OVERALL MASS SCORE FOR PHA

AMP #	AMP Score	# of Units	Product
1	13	75	975
2	22	57	1,254
3	16	89	1,424
Totals	---	221	3,653

## Overall Weighted Average for MASS

$$\frac{\text{Total Product}}{\text{Total \# of Units}} = \frac{3,653}{221} = 16.53$$

# ADDITIONAL POINTS UNDER MASS FOR PHYSICAL CONDITION & NEIGHBORHOOD ENVIRONMENT (PCNE)

- Physical Condition (PC)
  - AMPs at least 28 years old, based on the unit-weight average DOFA date
  - Max – 1 point
- Neighborhood Environment (NE)
  - AMPs in census tracts which at least 40% of families have an income below the poverty rate
  - Max – 1 point

## ADDING THE PCNE POINTS FOR AMP

Line	Points	AMP 1	AMP 2	AMP 3	AMP 4
1	AMP Score	24	13	10	17
2	Physical Condition Points	1	0	1	0
3	Neighborhood Environment Points	1	1	0	0
4	AMP Score with PCNE Adjustment	25*	14	11	17

\*PCNE adjustments can not exceed the maximum 25 points available.

The PCNE adjustments will be made to individual AMP scores **before** calculating the overall weighted average/MASS score.

# PIH 2011-7

GUIDANCE ON  
IMS/PIC  
DEVELOPMENT  
SUB-MODULE  
REPORTING  
AND  
VALIDATION

# PURPOSE

- PIH 2011-7 (Appendix 3)
- Ensures timely and accurate reporting of PHA housing inventory
- The information submitted with impact
  - Funding
  - Performance scores
  - Portfolio management

# OCCUPIED AND VACANT UNITS

Category	Sub-Category	Requires HUD Approval in IMS/PIC – Y/N	Requires HUD Approval Outside of IMS/PIC? If so, what type of approval is necessary?	Maximum Term of Initial Approval.	Eligible for Full Operating Subsidy?
Occupied	Assisted Tenant	No	No- Automatically populated when Form HUD 50058 is submitted	Not applicable	Yes
	Employee	No	Yes- Approval Letter	3 years	No
	Non-Assisted Tenant Over-Income	No	Yes- PHA Plan and Approval Letter	3 years	No
	Police Officer	No	Yes- PHA Plan and Approval Letter	3 years	No
	Unauthorized*	No	Yes – Approval Letter	Case-by-Case	No
Vacant	Vacant	No	No- Automatically populated when Form HUD 50058 is submitted.	Not applicable	Yes, for a limited number per 24 CFR 990.150

# VACANT UNITS

Category	Sub-Category	Requires HUD Approval in IMS/PIC – Y/N	Requires HUD Approval Outside of IMS/PIC? If so, what type of approval is necessary?	Maximum Term of Initial Approval.	Eligible for Full Operating Subsidy?
Vacant HUD Approved	Undergoing Modernization	Yes	Yes- PHA Plan and Approval Letter	3 years	Yes
	Court Litigation	Yes	Yes- Approval Letter	3 years	Yes
	Natural Disaster	Yes	Yes- Approval Letter	3 years	Yes
	Casualty Loss	Yes	Yes- Approval Letter	3 years	Yes
	Market Conditions	Yes	Yes- Appeal per 24 CFR 990 Subpart G and 24 CFR 990.245(d)	1 year	Yes
	Demo-Dispo Approved**	Yes	Yes- Inventory Removal Application	Not applicable	May be eligible for asset repositioning fee

# NON-DWELLING UNITS

Category	Sub-Category	Requires HUD Approval in IMS/PIC – Y/N	Requires HUD Approval Outside of IMS/PIC? If so, what type of approval is necessary?	Maximum Term of Initial Approval.	Eligible for Full Operating Subsidy?
Non-Dwelling	Special Use: Anti Drug/Crime	Yes	Yes- Approval Letter	3 years	Yes
	Special Use: Self Sufficiency Activities	Yes	Yes- Approval Letter	3 years	Yes
	Special Use: Other Resident Activities	Yes	Yes- Approval Letter	3 years	Yes
	MTW Neighborhood Services	Yes	Yes- Approval Letter	3 years	Yes
	Administrative Uses	Yes	Yes- Approval Letter	3 years	No
	Resident Amenities	Yes	Yes- Approval Letter	3 years	No
	Unauthorized*	Yes	Yes- Approval Letter	Case-by-Case	No



# HUD APPROVAL LETTERS

- Letters should identify the units affected and the duration of the approval.
- Letters must have an expiration date no later than 3 years from the date of approval.
  - Units must still satisfy the condition during the 3-year period.
- PHA needs supporting documentation that units belong in a sub-category.

# MILESTONES IN APPROVAL LETTERS

- HUD may request the PHA meet to move units into the occupied status.
- HUD milestones will be determined on case-by-case basis.
- Field offices will review progress at least annually.
- HUD will not approve the PHA's request to renew if they do not have sufficient cause to miss a milestone.

# OCCUPIED UNITS

- Assisted Tenant – units housing eligible for the Public Housing Program
  - Families that become over-income may remain in the unit.
- Employee – units occupied by full-time, non-assisted PHA employees, required to live on-site
  - PHA must obtain an approval letter.

## OCCUPIED UNITS *(CONTINUED)*

- Non-Assisted Tenant Over-Income – units occupied by tenant exceeding the limits for low-income at initial occupancy
  - Only applies to PHAs with less than 250 units.
  - PHA must obtain a HUD approval letter.
- Police Officer – units housing police officers not eligible for occupancy
  - The PHA Plan must indicate the reserved units and terms.
  - PHA must obtain a HUD approval letter.

# OCCUPIED UNITS

- Unauthorized – units with families ineligible for the Public Housing Program
  - PHAs and HUD will examine each unit in this sub-category and determine how to use the unit for authorized public housing purposes.
  - PHA will need a HUD approval letter before changing the unit status.
  - Letter should contain the justification for change.

# VACANT UNITS

- PHAs should prioritize these units for returning them habitable conditions and occupancy.
- Can only be initiated by the 50058 or 50058 MTW EOP.

# VACANT HUD APPROVED UNITS

- PHA may be eligible to receive operating subsidy for vacant units
  - Requires HUD approval letter
- Circumstances HUD may approve
  - Undergoing modernization
  - Court litigation
  - Natural disaster
  - Casualty loss
  - Market conditions
  - Demo-Dispo approved

# PHAS LIMIT ON NON-DWELLING

- Units being used for purposes other than housing eligible families
  - Requires HUD approval letter.
  - PHA may receive approval for 2 units for every 100 under the Annual Contributions Contract (ACC)
    - MTW PHAs are exempt.



# NON-DWELLING UNITS

- Special Use: Anti-Drug/Crime – unit reserved for on-going purpose for drug and crime prevention
  - PHA may not house officers in these units
  - Possible uses include
    - Housing counselors
    - Police sub-station
    - On-site security
    - Office for tenant organization

## NON-DWELLING UNITS (CONTINUED)

- Special use: Self Sufficiency – use for on-going services and assistance for residents to become self-sufficient
- Special Use: Other Resident Activities – units is part of on-going programs not covered under the special use programs
  - For example a unit for a medical practitioner in an elderly-only building

# NON-DWELLING UNITS (CONTINUED)

- MTW Neighborhood Services - units reserved by MTW PHAs for non-public housing purpose
- Administrative Uses – units used for on-going PHA business activities
- Resident Amenities – units reserved for on-going resident amenities
  - Laundry room
  - Vending area
  - Storage
  - Recreation rooms
- Unauthorized – units a PHA needs to convert back to authorized PHA purposes

# REPORTING TIMELY AND ACCURATE SUBMISSIONS

- Must be submitted with 60 calendar days of change of status.
- PHA must determine annually if the status change should occur on the first or last of the month.
- All status changes should be submitted by June 30, so HUD can determine the next fiscal year's funding.

# IMPROVING MASS SCORES

- Keep the units full
- Transfer mid-month- not on the first of the month
- Have applicants ready to occupy units before there is a vacancy
- Keep units in good condition through PM to reduce turnaround time
- Daily monitor of vacant units
- Collect rents timely- process non-payments monthly
- Timely adjustments to hardships
- Don't run up the accounts payable before the end of the year



# EXERCISE ON MASS

- Let's do a weighted average exercise on MASS for a PHA with multiple AMPs
- Exercise 2 page 2-7