PHAS Module III: Management Assessment Subsystem (MASS)

Transcript

0:00:01.0 Dennis Morgan: We wish to welcome you back to the Real Estate Assessment Center training, better known as REAC, on the Public Housing Assessment System, better known as PHAS as well. My name, again, is Dennis Morgan, part of D L Morgan & Associates, and we're doing this work with FirstPic and for the Department of Housing and Urban Development that is hosting this particular piece of the training as well. We wish to, again, welcome you back to the training. This is the third in a series of five modules on the PHAS. We started with the introductory phase and the planning and tracking systems, which is module number one. Then, we just recently completed then the Physical Assessment Subsystem, better known as PASS, in module number two. And this is the third module, which is a Management Assessment Subsystem better known as MASS.

0:00:55.2 DM: In this particular module we'll be looking at the three elements of this scoring system, which is gonna be your tenants accounts receivable, your accounts payable, and most importantly, your occupancy level, which is the heaviest of all the hitters in terms of the point value systems, 'cause it's worth then 16 points out of the potential 25 points under the MASS indicators as well. That, and we're gonna be coming in from both the HUDS perspective, but we'll also be coming in from the public housing perspective as well. My background comes from the world of running housing authorities for the first 30-plus years, I've been in the business now for 50, either running housing authorities or providing technical assistance.

0:01:44.6 DM: This training is also designed not necessarily of just going through the PHAS rules, but it's also designed so that we are introducing things that you can do from a management perspective, and also be very proactive in managing your PHAs. My background comes from managing them, the PHAs as well. And they were all high performing housing authorities, both from the very small to... Or from the small to the very large housing agencies as well. But we're gonna focus in here on that world of MASS, the Management Assessment Subsystem, that is gonna be part of the protocol. And we're gonna be going through what's called the interim rules or the most recent rules as it relates to this management system as well.

0:02:36.1 DM: And under the management system, that it's looking at not everything that you do in the world of management. As a matter of fact, in the MASS indicator, going from prior to the interim rule, to the rules that we're under right now, they actually reduce the number of variables that you're reporting under under the MASS system. They also place greater emphasis on the occupancy levels in terms of the point value systems. But it used to have six indicators that were associated with the MASS, it's now changed over to just three indicators under the MASS. It's looking at then that point of the essential operations and then looking at the performance of the management areas. And even though HUD is not necessarily measuring certain management indicators, I always strongly encourage housing agencies to be adding performance benchmarks that you internally want to be measuring under the world of the performance of the agency as well. In other words, HUD is not measuring whether you're completing work orders, emergency work orders in 24 hours, but you internally as an agency do wanna make sure that your agency is completing those work orders within 24 hours.

0:03:50.0 DM: Even though HUD is not measuring unit turnaround on your current protocol, you as an agency do wanna be measuring unit turnaround protocol. Even though HUD is not measuring recertifications on an annualized basis, you as a PHA also wanna be measuring the accuracy of your files and the calculations, and the information that's also then supplied then on the recertification process. So we're gonna be talking about other tools internal to the agency that's gonna be... That also you can use to internally measure even above and beyond the world of MASS, but we're gonna also focus on the MASS, because MASS is your grade card. And in order to perform well or also to be determined in terms of your final grade cards from the world of HUD, they focus on the MASS and then the MASS indicator as well.

0:04:50.5 DM: So MASS is impacted by both your maintenance and your management of the operation as well. It's looking at then the each amp, it's looking at measuring the performance of each amp on the tenants accounts receivable, the occupancy levels and the accounts payable for that amp as well. It is impacted on your annual inspections. In other words, if you do thorough inspections, if you do good follow up inspections, then you can also turn those units quickly and get them reoccupied. By staying 100% occupied on your property out here, that's how you score well in the world of occupancy, because what you're looking at is you're trying to score at 98% occupancy or higher. It's worth 16 points. And it's looking at that occupancy as of the first day of the month or the last day of the month, in terms of how accounting accounts for that occupancy or that vacancy level as well.

0:05:53.3 DM: It's impacted by your unit turnarounds. It's impacted by both the maintenance area, the management area, as well as who's taking care of those application areas and the placement of individuals in your units as well. That you wanna be very proactive, don't wait until you just have a vacancy before you also think about reoccupying that unit. That you should be proactive as a PHA and indicate to individuals that are near the top of the waiting lists that we are gonna have something available for you in the next 30 or 60 days. Get yourself ready, get your money ready. I don't know where it's gonna be exactly, but based upon our history of turnover of units, then we can anticipate where those vacancies are gonna occur. That is taking a little bit of analysis, but that's how you occupy those units quickly. Not waiting until you have a vacancy, but early on identifying that tenant, identifying, making sure I got that pre-qualified individual ready to go in that unit with money in hand just as soon as I have that vacancy. That's how you turn your units quickly and that's how we get them reoccupied as well.

0:07:05.9 DM: It's also related to conditions on lease enforcement. Because if you're letting tenants build up their tenants accounts receivable, then of course, it's gonna result in a very much of a poor performance for that particular housing agency as well. When you're looking at the collections, it's not just rent. It's rent, excess utilities, late charges, court costs and court fees, retro rents on the amount, of the monthly amount that they owe on that retro rent as well. So it is the total amount of money that's owed from the tenants due to the agency out here as well. It's related to timely payments on your accounts payable. Now management, a lot of times property managers aren't taking care of accounts payable, it's your accounting department or your accounting side. And you wanna make sure that they're paying their bills and paying their bills on time, 'cause that's impacting your payables. Don't carry them over from periods to periods to periods, but make sure you have timely payments, make sure that you have good cash positions on those particular agencies as well, 'cause it's gonna help on the payable side and it'll help on the next indicator, which is the financial indicator as well.

0:08:19.1 DM: Managers should be in communication on the payables because it also results in impacting their score. So the three variables that HUD uses for the MASS indicator are occupancy. It also is the tenants accounts receivable, and it is the accounts payable. And occupancy is worth 16 points. It allows for vacancies as well. However, in order to account for these vacancies and the running total that you also accumulate, then you're also looking for concurrence with a world of

HUD. In other words, I'm looking for these letters that's also gonna then say this number of this unit does not count against me in terms of both the numerator and the denominator in terms of the vacant.

0:09:08.4 DM: These might be offline for fire or extended reasons as well. These might be offline because they're undergoing modernization, and it's an on-time on-schedule modernization program as well. These might be then changing the occupancy status on these units from a unit to a common area or dwelling unit... From a dwelling unit to a common area. Because I pulled it offline, I'm now doing something else with it, like creating a police substation with it as well. So you're accounting for that level of occupancy. I'm accounting for that site by site by site based on the amps as well.

0:09:46.0 DM: And then I know that overall, the score is gonna be based upon then the weighted average. A tenants accounts receivable, including those tenants accounts against all those tenant charges as well, that's worth 5 points. And my accounts payable worth 4 points, give me a total of 25 points for the management indicator. You also have an additional adjustment to the management indicator based upon the DOFA date. If the project is at least 28 years old based upon the DOFA date, then HUD has an adjusting variable under the MASS indicator that can help bring me to that 25 point range for that particular amp as well. It's not based on the overall DOFA, it's based on the DOFA of that particular amp. If I have multiple properties in the amp, then it's gonna be based upon the weighted average of that DOFA date as well. In other words, hopefully, the majority of the units are then coming from the older housing stock, which has an older DOFA date as well, which gives you the potential for an additional bonus point.

0:10:57.4 DM: Projects that are also in census tracts where at least 40% of the families have incomes below the poverty rate is also an additional bonus point that can be added to the property before it comes on when its final score under then what's known as the weighted average MASS score. And we're gonna show you how that works. Now, HUD automatically says they add these points in in the world of REAC. It's also good from a housing authority's perspective to just check and make sure if you're entitled to these bonus points that HUD is adding these bonus points into the protocol before they're taking the final number and the final measures against my management indicator better known as MASS. So MASS is now looking at each amp and is taking the weighted average of the amps, just like we did in the physical and just like we have done before, that is based upon then the weighted average. The weighted average is based on the number of units in the amp. The higher the number of units, the higher the weight. And then the score is calculated then on the AMP taking then the weighted average of the amp to ultimately come up with a final score for the PHA.

0:12:16.0 DM: All self-certification has been eliminated. We're now coming under the systems and the reporting systems that we normally would use such as the pic system and such as the FDS scheduling system that is reported by accounting as well. So in these indicators, we're looking at then three indicators that ultimately result in a score then for the PHA. It's also important that property management is in the same thought process as the accounting department as well. Now, why is that so important? Because if accounting is counting vacancies on the first day of the month, but you're counting vacancies on the last day of the month, you're out of sync. You should be in sync with the accounting. Now, once accounting then chooses what period of time that they're also using to count vacancies, then you use those final scores. MASS score is calculated based upon unaudited and then audited submissions as well. In other words, the auditor, when they're coming in on the IPA, when they're auditing your books and once a year, is also validating that the information that you're turning in on the... For the PHAS scores is also accurate as well.

0:13:34.5 DM: You wanna make sure that when you're issuing those 5058 and you indicate that a unit is occupied, that you have, in fact collected money on that unit, there was a deposit and you've given that person a key. It doesn't matter whether they've moved in or not, but that unit is considered to be an occupied unit once I have that money in hand. Once I have that security in hand and I've given them the key, that is their unit, even if they have not moved in, it's an occupied unit, it is a occupied unit in accordance with the 5058. There are no late penalty points for the MASS indicator however, however, it will indicate then have takeaway points under the FASS indicator, the F-A-S-S indicator. So you wanna make sure all your reports are done in a timely fashion so it doesn't impact your overall scoring system for the PHA as well.

0:14:33.8 DM: Occupancy, the higher the rate of the occupancy, the higher the score on the AMP. What you're trying to achieve is an occupancy rate of 98% or higher. Now, when you're also counting occupancy, do not round 97.9999999 is not 98, it's 97.99999, and therefore, you're gonna get 12 points. So when you're doing your occupancy levels, do not round. It is what it is. It is what it is. And that's gonna also have an impact on your score. In order to score well, you have to do well in occupancy, you have to stay on top of your unit turnaround, you have to stay on top of keeping your units filled. That's the bottom line for the MASS indicator because it is worth 16 points out of a total of 25 points, and this score drops off very quickly, from the 16 points at 98 to 12 then to eight then to four then to one and then to zero. So it's gonna fall off very quickly in terms of my occupancy rates as well.

0:15:52.8 DM: In addition, the occupancy rate is not a snapshot in time, it's accumulative. Accumulative is in cumulated for month by month by month. In other words, each month independent of that. It's looking at the potential unit months available against the unit's month lease. And it allows for units that are offline out of occupancy for certain reasons that also have HUD supporting letters on them as well. That can help you in the scoring on the system. But you got to make sure you're in coordination with your field office on that coordinated event, and they are in agreement. And not only are they in agreement of this unit being vacant, but they're also, they're gonna be an agreement of when the unit is scheduled to be reoccupied as well. So it's gonna have then piece of information that are shared between you and the field office in order to get this variable into what's called, what I call an adjustment. And you wanna do that in advance, not after your PHAS score goes in or your MASS score goes in, but you wanna do it prior to that. It's part of your planning process.

0:17:01.9 DM: Tenants accounts receivable represent the amount of tenants accounts receivable of all charges rent, excess utilities, court costs, maintenance charges, repayment agreements that they're currently on repayment agreements with. Do not overstate your tenants accounts receivable In other words, I now have a tenant who come in and who misrepresented income. And in that misrepresentation of income, I back charged him $5000 that they owe in this due and payable. But now I go into a repayment agreement with them saying now pay me $50 a month, now until this thing gets paid off 100 months later. So, again, we'll have this repayment agreement as long as you're paying on time, it's not building your TARS. But if I post that $5000 back against your cars, you're overstating your TARS. So don't overstate your TARS on these retros. That if they're under repayment agreement, post the amount in which they currently owe and is due and payable. That's what goes back against the receivables as well.

0:18:05.0 DM: What you're also looking for is a collection rate of 98.6% or 1.4% of your accounts receivable outstanding as well, which means that you need to run very tight collections as well. Don't let residents get into owing you money because if they have a hardship and they document the hardship, then you can make an adjustment based upon then the change of income that's occurring on the family. That's the beauty of public housing. You're the only guy in town that does that. So it's allowing you to make adjustments based upon you reporting properly and based upon the information as it relates to annual income.

0:18:50.1 DM: Now, that doesn't mean that you go out and spend your money on something else and you still have the same annual income, I can make that adjustment as well. But it does allow for tenants to make these types of adjustments based upon the difference of the income and the reporting of that income as well.

0:19:09.9 DM: Accounts payable is measuring then the total vendor accounts payable on both the current within the 30 days and then within 60 days as well, against the total monthly operating expenses. The lower the ratio, the higher the score. In other words, I'm paying my bills on time. And what you're looking for is a factor of 0.75, and this one's worth four points. For this one, it is a snapshot of the accounts payable at the end of the fiscal year, not a running total. So in this snapshot, you also wanna be careful so you're not then ratcheting up a bunch of accounts payable at the end of your fiscal year. The time to plan, the time to go ahead and look at if you're gonna be doing some work items as it relates to ratcheting up accounts payable on that development, is in the third quarter. Not necessarily the end of the fourth quarter 'cause you might be then ratcheting up my accounts payable, and in that particular case, that can also hurt you under the scoring system as well.

0:20:24.0 DM: So occupancy, and this is reported through the accounting department. It's gonna be using the FDS 11,210, which is your Unit Months Leased, against the FDS 11,190 against the Unit Months Available. And this is gonna be a running total then month by month by month as accumulation for the entire year as well. And what you're looking for is an occupancy rate of 98% or higher, and that's gonna give me my full 16 points. If I run 97.99999 to 96, that's worth 12. If I run 95.999 to 94, that'll give me eight. If I run 93.999 to 92, that'll give me four. And if I run then 91.999 to 90, that'll give me one point. But if I fall below 90, I'm gonna score zero. And you can see right now, in terms of the scoring system, how this number falls off very quickly. It's falling off in four-point increments every time that you have a lower threshold, which means that what HUD is saying, "Keep my units filled. Keep my units filled. Keep that demand up. Keep that waiting list strong for your public housing units as well. Keep your curb appeal strong so I have good, sound tenants that are also waiting to come in, and hopefully coming in to my public housing units as well."

0:21:58.3 DM: Accounts receivable is now taking the tenant's accounts receivable, that FDS 126 against the total tenant revenue, the FDS 70,500. And looking at this, again, month by month by month in terms of my receivables against a total run of revenue, that's gonna be then posted to the... Posted eventually to the account, but it's an accumulative of then over the year. What you're looking at is four-year receivables, is less than 1.5, so you're looking at a collection rate of 98.6. That's gonna give me then five points. If I'm running then between 98.5 to then 97.6, that'll give me two points. And if I fall below 97.5, I'm gonna score zero. So there's not a high level of tolerance in here. If you also think about it, there's only a difference of then a little over one percentage point from taking me from a five, then down to a zero, zero. So you gotta be managing this very, very well in terms of my receivable. In other words, collecting your accounts.

0:23:17.4 DM: Accounts payable is now looking at the FDS 312, which is a the current accounts payable against those that are also one month overdue, the FDS 313, against a total amount of expenditures divided by then 12 months. What you're looking for is a ratio of less than 0.75 that's worth then four points. If I'm running between 0.75 to 1.5, I'm gonna get two points. And if I'm running then greater than 1.5, then it says then you're gonna get zero points, zero points. And here, again, normally, your managers are not then accountable for this particular functional area. They might be for receivables, and they might be for occupancy. In here, I wanna be having conversations with my accounting department in terms of timely processing or timely payment on my accounts payables as well 'cause it's worth 40 points.

0:24:19.0 DM: So let's take now a sample housing authority, and it has three AMPs. And we wanna determine then how each AMP is calculated, and then looking at then the weighted average and how that weighted average is calculated as well. So here, I have AMP number one. It's made up of then 75 units, and it's running an occupancy rate of 95%. Well, at 95% in the scoring system, that's gonna be worth then eight points. Under the accounts receivable, it's running at 0.006. It's doing a good job collecting its rents, so it's now running five points for my accounts receivable. Accounts payable is now running at 1.57, not so good. So in that case, gonna get then 13. Gonna get zero points from accounts payable, add up my eight plus my five, plus my zero. So this particular AMP scored 13 points out of a potential for this AMP of scoring 25. Good score, not so good score? Well, that's not such a good score, that's not such a good score. But again, I'm gonna now take the weighted average of that particular AMP. Let's see how we're doing on AMP number two.

0:25:40.0 DM: AMP number two is 57 units, and it's running an occupancy rate of 100%. In other words, I am turning those units over quickly. I'm getting them all reoccupied before the last day of the month or the first day of the month, whatever I'm using according to my schedule. And so I'm getting 16 points. Accounts receivable running at 0.18, so I get two points there. My accounts payable, paying my bills on time, so I'm getting then my four points there. So I now get my 16 plus my two plus my four, so that gives me then a total of 22 points, 22 points, good or not so good? Well, we're definitely doing better than AMP number one, and I'm doing pretty good because the total that each AMP is looking at is a potential for 25 points.

0:26:34.3 DM: AMP number three, which is made up of 89 units, is looking at an occupancy rate of 96.82%, which would give me 12 points. Accounts receivable, 0.023, that gives me two points. And accounts payable, not quite getting to the margin I need to get to, but I'm at 0.81, so I'm gonna get two points there. So I now score 16 points for AMP number three.

0:27:02.9 DM: I now take a look at now each AMP. So AMP number one, 13 points times 75 units, that gives me 975 points for that particular AMP. AMP number two scored at 22 times 57, that gives me 1254. AMP number three scored 16 times 89 units, that gives me 1425. I now add 975 plus 1254 plus 1424, that gives me 3653. I now take 3653, I divide that then by the total number of units, 221 units, that gives me a MASS score of 16.53. 16.53, good score, not so good score? Well, I'm above 15 points, so I will not be at least classified as a substandard MASS. But however, out of the 25 points, that I'm gonna score then 16 points. So I would be struggling with this PHA to potentially make then a high-performing status. Could I get there? Yeah, I could get there, but it'd be very tough to get there as well because I'd have to be scoring perfectly under my physical, and pretty much perfectly under my financials, and perfectly under my cap, along with my occupancy levels out here at the end of the year. And in all probability then, which AMP am I looking at to maybe do some work on? Let's go back.

0:28:50.0 DM: So here, I have then AMP number one, and I'm leaving a lot of points on the table here on its occupancy levels. It's running 95% occupancy. And so potentially, I'm losing then those six, those other eight points to take me to a total of 16. I'm leaving a lot of points on the table as it relates to accounts payable. I wanna make sure I'm having a conversation with my accounting department to make sure that we're processing timely and we're paying our bills timely and we're not billing these accounts payables as well. So what would be the issue? What's my cash flow issue? Why aren't we doing this at a timely fashion as well? 'Cause there, I lost four points. That would have raised this one to 17, which could have made a pretty much a difference. My receivables, same thing, that I'm going to focus on my receivables on this account that'll give me my full 25. Here, again, just by getting this up about 1.2%, I can then be at the 98%, which will change this from 12 then to 16. So it helps me focus on where and which AMP I also need to focus on with my property management and my maintenance and my admissions technicians as well.

0:30:13.8 DM: If the AMP is at least 28 years old, based upon what's called the unit average DOFA date. DOFA is Date of Full Availability, and it's when you first achieve 95% occupancy on the development. Most public housing's DOFA dates are well in excess of 28 years. So normally, they're gonna add these additional points. And if you're in a poverty census track, they also wanna add on one additional adjusting variable as well. But what they do is they do that prior to them tabulating the score for that particular development. If my score was 24 and I would then have two additional adjusting points, that the maximum that it would take me to is 25 'cause this number cannot be 26 'cause a maximum that a property could score would be 25. So like in property number one, even though add those up, 26, maximum would be 25. Property number two, then adding that points gonna raise me to a 14. Property number three, again, physical condition points will raise me to then. And I'll add these points prior to calculating the overall weighted average. Check always. I always say to PHAs, just check and make sure if you're entitled to these additional adjusting bullet points that REAC is giving them to you as well because REAC might be working off a different data set than what you're working off of as well.

0:31:47.7 DM: Now, we talked about adjusting for vacancies under my MASS indicator. And the notice that you wanna refer back to is a PIH Notice of 2011-7 Notice. This notice also has a series of tables in there that are as good as gold. And so you wanna be looking at those tables and get those tables into the hands of both your accounting department, as well as your management department so they understand how the occupancies and the vacancies also have an impact on my funding sources, how it has an impact on my performance sources, and how it has an impact on my portfolio management.

0:32:33.9 DM: In other words, what HUD is saying under this notice, that you have an accountability under IMS, the information management systems; you have an accountability under PIC. It's important that we're reporting these things timely. It's important that we're reporting these things accurately as well because if you're making mistakes in terms of those reporting modules, HUD doesn't necessarily reward you for making mistakes in your own data. And they will then say, "Oh, well, get it corrected the next time through on your PHAS score," and score you accordingly as well. So it's important that we are reporting timely and reporting accurately and reporting the conditions on our units and the status of our conditions as well 'cause it goes to the heart of funding. It goes to the heart of your performance scores. In other words, from funding standpoint, that once you fall below 97% occupancy rates, then it also has an impact on your operating subsidies as well 'cause HUD doesn't reward you for having vacancies.

0:33:38.8 DM: So in terms of the status of the unit, it's critical. If I have a unit, occupied unit, and it's a normal turnover of a unit as well, that's normally just then transacted on the 5058. In other words, I do an EOP, an End of Participation, on that unit, and it's gonna give me the current status. And then of course, when I reoccupy the unit, that it's gonna be reoccupied and yes, I collect subsidy on these units when they're also turning over as well. No, it doesn't require any additional letters from HUD. It doesn't require additional information. I'm just then reporting up through a normal 5058 system as well.

0:34:16.8 DM: I have an employee on a unit. Yes, it does require a HUD's approval on it. HUD's gonna give you a maximum period of three years. No, I don't collect subsidy on that unit as well. I have a non-assisted over-income tenant. It's in my plan, I have an approval letter on it as well. Yes, it's gonna be maximum three years, which means every three years, I'll get an update on that. And no, I don't get subsidy on that unit. I have a unit that's pulled offline. It also now has a police officer occupying the unit. Yes, I'll have HUD's approval on it. Yes, the some maximum period's three years, which I'll, at the end of three, I'll get a renewal on it. No, I don't get subsidy on that unit as well.

0:35:00.9 DM: I have then a vacant unit, a vacant unit. Well, normally, it's just gonna be transacted through then the 5058 as well. That's gonna then indicate yes, I still get subsidy. I've got vacant units, court litigation units, natural disaster units, casualty loss units. I've got special market conditions. I've got units that I'm now pulling offline for demolition disposition. Then yes, I'll have approval letters. Yes, HUD's aware of it. Yes, I'll have that approval letter. Maximum period is three years. Yes, I generally also collect subsidy on that unit even though it's going through other forms of activities out here as well.

0:35:45.7 DM: Now, for casualty loss, let's say I have a fire on a unit. And that it normally takes me, let's say it's an extensive fire, and it's gonna take me then five months by the time I get that unit reoccupied. I've gotta get a contractor in there. We gotta do a lot of work, and we got that unit as well. Well, I'm gonna have a schedule to get that unit reoccupied. So HUD's not gonna say, "Well, you could pull that unit offline for three years." That's a maximum period. HUD's gonna say, "You know, you can pull that unit offline for five months or six months until you can get that unit reoccupied, released, and ready to go back to reoccupancy levels as well." So don't think that automatically, they're gonna give you three years. It's gonna have the status on when I'm supposed to reoccupy that unit as well.

0:36:33.7 DM: For non-dwelling purposes, I've now pulled a unit offline, and I'm now using it for other purposes such as resident amenities, or I have a resident organization that's occupying it as their office area, or I'm using it for a laundry area, I'm using it for other functions the inside of that building as well. Yes, I'm gonna have a letter. Yes, the maximum period's three years. And whether I collect subsidy on it is a matter of why I'm pulling this unit then offline and using for other purposes as well. It's also important that from an inspection standpoint that you're accounting for these because this unit is still subject to inspection under PASS. But it will not be respected as a dwelling unit, it's gonna be inspected as a common area.

0:37:23.6 DM: Now, why that's so important because a common area is also worth 15 points. And a deficiency in a common area will take away more points than potentially a deficiency inside of a dwelling unit 'cause dwelling units are further subdivided by the number of units, and further subdivided by your buildings, the number of buildings.

0:37:46.1 DM: So non-dwelling units are not necessarily then in that same categories as well. So a, let's say an electrical outlet cover that's missing in a common area would take away five points, and back in a dwelling unit, maybe only take away one point. So how you classify that unit also and the status of that unit becomes very critical when it comes to your PASS inspection as well.

0:38:14.1 DM: Letters are gonna identify the units affected and the duration and have that approval. Letters must have an expiration date no more than three years from the date of the approval. While we're doing this, then of course, those units still must satisfy the condition during the three years. So if I bring them back online, if I change the status, I will also change the status in the IMS system. And then also if I reoccupy the unit, I'm gonna also then issue then a 5058 that indicates that this unit is now reoccupied as well.

0:38:46.0 DM: So the housing authority, if it's also doing extensions in terms of the time elements, make sure that you also supply those additional supporting letters or supporting documents that your field office is gonna need as well. HUD may request then a PHA also move units into occupied status. In other words, "Now, I've now got this fire and extended coverage unit that I have trouble. I had trouble with the contractor," and HUD's saying, "Well, you should have got that all resolved and internal to the agency. We're not giving you additional time. I already gave you one extension.

0:39:21.2 DM: And instead of five months, I took it to seven, but now after seven, you still don't have that permission to reoccupy the unit, so I'm not giving you additional extension. I'm gonna show that unit is potentially counting against you as well." So you then look at these milestones on a case-by-case basis out here as well. Field officers are gonna review that progress on that unit at least annually and ask you to update that annually, even though it might have a three-year status on it as well. HUD will not approve request to renew if you don't have sufficient cause. If you're also missing these milestones in terms of getting this unit back into status, it's also gonna be reoccupiable as well.

0:40:05.0 DM: In terms of occupied units, it's assisted tenants, not a problem. Employees in the unit, gotta have a HUD letter on that. Not assisted over income, then I have then the information on that and approval letter on that. And basically, I can have over-income tenants also coming into properties if I have less than 250 units in my inventory as well. It is allowable, but I will then have HUD's acknowledgement on those as well. It is allowable. Police officers, police officer units. In other words, I got a police officer living on the site as well, that, don't count them towards the occupancy side in terms of they are a tenant. Though they're not a tenant, they don't have to meet eligibility criteria, but they are now occupying the unit so your PHA plan is gonna include that, and I'm gonna have an approval letter on it as well, and I don't necessarily collect subsidy on that unit. Unauthorized units ineligible for public housing as well is allowable, but it's gonna have then the HUD approval letters also containing then the justification of the change as well.

0:41:15.8 DM: Taken units, then prioritizing and moving back to habitable conditions, and then reoccupying the units. Generally, just then accounting for that through your normal 50058 transactions as well. PHAs may be eligible to resume subsidy for then vacant units in accordance with the protocol. So example, units undergoing modernization, court litigation, natural disaster, casualty losses, market conditions, demo/dispo approved as well, in certain cases, that I can then continue to draw funds based upon that within that appropriate scheduling as well. It is being used for purposes other than for housing-eligible families, require then HUD's approval. PHAs may receive approval for two units for every 100 units, then within the ACC on that particular property as well.

0:42:15.0 DM: Special use units that now, I have a unit that's now converted, and I'm not using it as a substation. So again, I'm not housing officers in these units, but I'm using it for other purposes as well. Possible other uses: Housing counseling, online security, on-site security, or maybe the office for the tenant organization, special use for self-sufficiency activities, or other resident activities as well. So for example, I have a medical practitioner that maybe is now using this space in order to see tenants in my high-rise building as well, and converting it to a medical use facility. In addition to that, other non-dwelling or other administrative purposes, resident amenities, laundry, storage, rec areas as well. Unauthorized unit, then if I convert these units back, I'm gonna then show in the IMS system that I'm now no longer using it for these purposes, but I'm using it for my other purposes other than recreating it back into units that are used for general occupancy as well.

0:43:33.0 DM: So it's important that as we make these changes, we also do them timely and accurately as well. 5058s, every time you have a change in the history of the status on that unit, then you're required to then submit a 5058 status change. Just like a re-certification or an annual re-certification, or an EOP, and then a reoccupancy of an EOP, you wanna then timely submit that. Now remember, if you have fatal errors, it's also not considered an acceptable report. That is not counting against me achieving my 95% reporting requirements. So PAHs determine annually what's happening with the status. All status changes also should be submitted by June 30th so HUD can make a determination as to the next fiscal year funding on that particular unit as it meets the status changes in my IMS system and in my accounting systems as well.

0:44:33.0 DM: Now, how do you score well? Well, the very first thing is keep your units full. How do you also score well? Well, you can score well by also thinking about how I transfer tenants. And if I can transfer a tenant mid-month, then a lot of times, those units will not count against me in terms of its vacancy. So for example, let's say I have a vacancy on the fifth, and now, I have a tenant that needs that space. So I get my maintenance personnel on there, five days, we're ready to go. I've already notified my tenant that we're gonna have a unit available for them in five days. Now, my five days, as soon as that unit is ready, here's the key, move over on the weekend. Now, I take possession of their unit.

0:45:18.2 DM: So now, I reoccupy their unit all before the first day of the month. Well, in that case as well, you're gonna show that you had 100% occupancy because my vacancy occurred on the fifth, my reoccupancy on that unit then occurred on, let's say the 11th, and I then got into their unit five days turnaround time on that, 16th. Got my tenant ready to go from my application off my waiting list, so I'm gonna show 100% occupancy on that development as well as I turn these units even during transfers. So when you're transferring units, look to see whether you can get these transfers internal within that month as well because then, it's not gonna necessarily count against me as a vacancy.

0:46:04.2 DM: Have tenants ready for occupancy before you have that vacancy as well. In other words, let them know. Let them know that their name's coming up. Think private sector. Private sector does not wait until they have a vacancy before they call that next person on the waiting list to tell them to get ready, to get your money ready. They're gonna call that person and say, "Get ready. We're gonna have a vacancy for you, and this is what money that you need to be prepared to bring in as soon as we have this unit ready and available and painted and ready to go."

0:46:38.7 DM: Keep your units and good condition. In other words, turn those units quickly. If you're having to do wholesale modernization every time you're turning a unit, it's gonna take you longer than five days to turn that unit. But if I'm doing good PMs, I'm doing good maintenance on that property, when that unit turns, we're ready to take that unit, we're ready to now get that unit, touch it up, paint it, get it ready to go, make any repairs to the unit, and we can get those units turned around in generally three to five days. It's possible by planning and having good systems in place.

0:47:16.9 DM: Monitor your vacant units. I use an example on the Augusta Housing Authority, which does a really good job in terms of managing its occupied and vacant units as well. And they have a daily report that comes out. And they review this daily report on the status of each unit, and it's gonna have where that unit is in terms of maintenance, where that unit is in terms of occupancy, where that unit is in terms of management. And they're a high-performing housing authority and because they stay on top of their vacancy and vacancy analysis as well. And by doing that, then things don't get lost in the shuffle. It's how you account and how you get people to account for the units as well because if not...

0:48:04.3 DM: I ran housing authorities, I know what it's like. And that is you're gonna have fingers pointed between maintenance, "Well, they didn't let me know that it was vacant and therefore, I didn't get into it on time." Or that you had on the unit ready, maintenance had it ready, but they didn't have a tenant ready for now off of the application pool. Now, the thing sits vacant, now, somebody breaks into the unit and damages the unit. Now, that maintenance is back into that unit, causing additional delays in reoccupying the unit. Or management is not being attentive to the overall, and not getting that tenant in with a signed lease and ready to go with money in hand. So it just becomes a bunch of finger-pointing inside the agency as well. By doing this same report every single day, everybody knows the status of the unit, everybody knows in terms of the number of days, and it holds everybody accountable inside of that agency in terms of turning these units, focusing on these units, turning the units quick.

0:49:07.0 DM: And always remind staff that time is money when we're also turning vacancies and vacancy units as well. It's money. It's going to the bottomline of our agencies as well. It's going to whether I have money for salary increases is why, where that goes to the bottomline in terms of whether I have money, associated with getting a new truck. It goes to the bottomline in my operations in terms of the operations of the agency. HUD doesn't give me money, in addition to what I normally would get. I'm making that revenue, and that revenue is absolutely critical to the outcome of the performance of the agency as well. And that's the way we need to be thinking about it and with our staff as well, that time is money, and it's money that we can't recover if we're not then getting these units turned and getting these units reoccupied as well.

0:50:09.9 DM: Collect your rents timely. It's your revenue. It is your lifeblood for the agency as well. It's what goes to the heart of, again, covering your costs associated with running your housing authority as well. Timely adjustments for hardships. Bring me in the documentations, and I will then do the recalculation, I will make the change to your rents. But I need this information. And we wanna go over the importance of providing me that timely information so I can make timely adjustments into these accounts as well.

0:50:42.6 DM: Don't run up accounts payable just before the end of your fiscal year. If you do so, it's gonna go to the heart of your scoring system, and next thing I know is I got accounts payable that's gonna then take me off of that four points that I could be achieving out here as well by not being attentive to that particular score or that particular module as well.

0:51:07.6 DM: So I now wanna take you over to an exercise. And in this exercise, we're now looking at now calculating the weighted average now under this MASS indicator as well. So in the materials, it's gonna be exercise number two on page 2-7, very similar to what we did when we did the PASS exercise as well. So I'm now gonna take you over to that module and we're now gonna be working on that exercise.

0:51:46.0 DM: So we're under the Sample Housing Authority, and we're under exercise number two, and we're looking at here, we have multiple AMPs. We have three AMPs: Liam Manor, 155 units; Jacob Ghoul Grove, 158 family units; and we have Audrey Court, 207 family units. All properties are less than 28 years old, and it's not in a high-poverty census track, so we're not gonna be able to look at additional incentive points as well. And so it says AMP number one is now looking at a occupancy rate of 96% in Liam Manor, and it's running accounts receivables of 1%, and it's running accounts payable of 0.3. So now, I'm looking at now how much each one of these variables is now worth. So 96% occupancy in the scoring system, and your scoring system is included in the tables as well that are just below the information, says for 96, that you're gonna get 12 points. So here, I'll record 12 points then for 96. Jacob Ghoul is running 94% occupancy, so that's gonna be worth eight points for Jacob Ghoul. Audrey Court is running 92% occupancy, so it's now gonna get four points for its occupancy.

0:53:24.0 DM: It says under my accounts receivable that Liam Manor is running 1%, Jacob Ghoul is running 1.7, Audrey Court is running 2.6. So if we look at the HUD scoring system for the accounts receivable, it says if I have less than 1.5, I'll get five points. If I'm running between 1.5 and less than 2.5, I'll get two points. And if I'm running greater than 2.5, I'm gonna get zero. So under AMP number one, they're running 1%, collecting well, so I'm gonna give them a full five points. AMP number two, 1.7, so I'm gonna get two points. And AMP number three, running 2.6, so I'm gonna score zero.

0:54:13.0 DM: AMP number one under its accounts payable also indicates they're running 0.3, so that's gonna give them four points. AMP number two is 0.8, so it's above 0.75, but below 1.5. So I'm gonna get two points there. And AMP number three running 1.4, so again, I'm between 0.75 and 1.5, and so I'm gonna get two points there.

0:54:46.0 DM: So now, I add them up. AMP number one says 12 for occupancy, five for accounts receivable, four for payables, so I got a total now of 21 points for that AMP. AMP number two, eight points for its occupancy, two points for its receivable, two points for its payables, so I'm gonna get then 12 points there. AMP number three says four points for occupancy, zero points for accounts receivable, two points for payable, so I have a total of six points there.

0:55:28.0 DM: Now, we're now looking now to now convert this into now the weighted average so I can come up with a score for the housing agency. And so we'll come over to our tables. And so under my MASS score, I now take AMP number one, and AMP number one scored 21 points. So now, I take that AMP score of 21 times 155, and that gives me 3255 points as a product. AMP number two says I scored 12 points times 158; that gives me a score of 1896 for its product. AMP number three scored six times 207; that gives me a product of 1242. Now, I add 3255 plus 1896 plus 1242; that gives me a score of 6393. I now take 6393. I now divide that by 520 units that I have totally in the public housing portfolio, and that gives me a score then of 12.29, 12.29 for now, the score. Good or not so good? Well, the total value is gonna be a 25-point system. The total value is 25 points. So I'm getting 12 points, 12.29 points. Not necessarily good for this agency as well.

0:57:36.9 DM: Now, what is that gonna mean in terms of the overall agency? Well, now, can I get to be a standard performer for this agency? And the answer would be no. The most I can do for this agency is gonna be classified as a substandard agency. Why? Because in this case that I now have now points in this particular indicator that's below 60% of the points available. So I'm falling below 15 points, which ultimately, is gonna result in a MASS indicator that is now considered below the standard, and I'm gonna have then a workout plan. What else could be happening to the agency? Well, depending on what happens with the rest of the variables, and the broad performance under the rest of the variables, I could also be classified as a troubled agency if the total PHAS score falls below 60. So the best I can do in this agency is gonna be classified as a substandard.

0:58:51.0 DM: Now, what is HUD gonna be looking for? Well, let's think about my scores, and let's think about now my management indicator. And in this management indicator that: Where are my issues? Well, let's go back and take a look now at AMP number three. AMP number three is scoring at 92. Well, 92 then is only scoring four points. If I can get this AMP up to at least 96, then that's gonna be worth 12 points. If I can get this AMP even bumped up to 98, that's gonna be another four points that comes to the system as well. Here, I'm not that far off with my accounts receivables. I can get this thing bumped down to 1.4, which is not that far on the percentages as well. That's gonna be worth five points. This one, if I can just get it bumped down just a little bit, I can get then to... If I get this to 2.4, at least I'm gonna get two points in that scoring system as well. And in my payables, I probably need to have a conversation with my accounting department as well because here, I'm leaving points on the table. Here, I lost two points and here, I lost two points.

1:00:17.7 DM: And so this agency is... Even though it'll be classified as a substandard, that it's not necessarily performing real poorly, but it is reporting and performing a little bit slightly under the standards. And by raising these bars just a little bit, you can move this agency back to a standard performer through that MOU or through that MOA.

1:00:50.7 DM: In addition to that, I always strongly encourage you don't wait until the end of your fiscal year before you're doing the analysis of the numbers. Month by month by month, you wanna be coming through and looking at the performance of that agency and issuing what's called your grade card. Now, I'm gonna take you over to a sample grade card that you can also use to evaluate the performance of your agency as well.

1:01:27.0 DM: So this is what we were talking about in terms of a sample management report card. This is not necessarily a part of the PHAS in your scoring system, but this is how you can then look at then your properties and your AMPs, especially when I have these multiple AMPs, looking at, again, the performance levels of the AMP. And so here, over here, we have the various properties inside of the inventory. And then I'll have: How are we doing on the rents? And I'll have it then a grade card going from an A to an F. In other words, if we're collecting our rents, 116%, we're well above those thresholds out here as well, that's an A. That's an A, we're collecting those rents out here. We don't have any of those outstanding. And then I'll have a parts of the agency or maybe other developments that are having trouble and struggling.

1:02:22.7 DM: My emergency work orders. HUD doesn't measure it, but I wanna measure it in terms of: How am I then doing on completing my work orders, emergency work orders within a 24-hour period of time? What about my non-emergency work orders? How long is it taking maintenance now to do the turnaround on a non-emergency work order? And I'll have some form of a grading system on that. My recertifications, and whether they're being done timely or not. And indicate the number of outstanding recertifications that they're behind on. HUD doesn't necessarily measure it, but I do, and it goes to the heart of my performance on that property and the property management staff that are assigned to that area as well.

1:03:04.7 DM: What is my vacancy turnaround time? HUD doesn't measure this 'cause they just measure occupancy, but I wanna know how long, and what's my average time in seeing property by property by property? In other words, I've got a property out here that's taking 29 days to turn as well. So what are the issues on this particular property that's causing me to have this excessive time when other properties are turning below 10 days, on average? What is my occupancy rates?

1:03:37.2 DM: What is my UPCS inspection on the property, and am I also completing my annual inspections, and my unit inspections, and my building inspections, and my system inspections, and my site inspections when I need to be doing them as well? And what is the results, and how many am I completing? What is my score as I do my self-evaluation, and what is the REAC score, and are they paralleling? Am I seeing something that REAC is not seeing? Are they seeing something that I'm not seeing? Do I need to retrain my staff, and what is the grade associated with that as well? How am I doing financially on the properties? What is my recert there? How are they doing with the files? How are they doing with the calculations? How are they doing with other performance measures that are benchmarked to the property?

1:04:27.0 DM: And so each agency or each area then gets a grade in terms of how you're doing from a performance. And when you put these things in place, a lot of times, managers will also indicate that, "Well, I didn't know. I don't know. I don't know how this whole system works." Well, the system works based upon the performance of everybody in the system. And if you're not performing well than other management that is performing well, it's bringing up your particular score, but you're impacting the overall agency based upon, again, your weighted averages as well. The higher the number of the units, the higher the impact on the area.

1:05:06.8 DM: And so when you're giving these grade cards out for the first time, some staff might be saying, "I can now see. I can now see how these things then interface in the overall performance of the agency and the overall performance of my area, and how I'm further held accountable for the performance of my area as well." This is not a requirement, but this is something that can be used then to evaluate AMPs by AMPs by AMPs. You don't wait until the end of the fiscal year.

1:05:36.0 DM: But either on a monthly basis, on a quarterly basis, you're issuing a grade card to see how we're doing, and it's watching for these trendlines where my performance levels might be going down in a certain area, and I need to then focus and get back on task in terms of that particular area as well. I'm gonna now take you back over to the PowerPoints to wrap up this session.

1:06:05.7 DM: This will conclude then the module on MASS. And we wish to thank you for joining us. We'll continue down the world of the next module, which is gonna be the Financial Assessment Subsystem, but don't forget that under the MASS variable, that the focus, if you're gonna score well, is gonna be on occupancy. Your focus as well is also gonna be on informing HUD. Look at that notice, that PIH Notice that we also made cross-reference to; that's a part of the materials. It is in the HUD archive, so you might wanna go back. If not, it'll also be posted, and the materials out here as well.

1:06:48.0 DM: So look at that notice. And then those charts that are also within the notice are like gold. It will walk you through the information and the letters that I need to be going back to truly account for what's happening on my PHA as well. We wish to, again, thank you for joining us under the MASS module. On behalf of the Department of Housing and Urban Development, we hope that it was helpful. We hope that will help you in your scoring systems as well. And again, thank you very much for joining us under the MASS module as well. Thank you.