

CHAPTER 6. INDICATORS AND COMPONENTS

- 6-1 OBJECTIVE. The objective of this Chapter is to provide a listing of the indicators and components used in a PHA's PHMAP assessment.
- 6-2 STATUTORY INDICATORS (AND COMPONENTS) USED FOR THE PHMAP ASSESSMENT. The following is a listing of the indicators required by statute to be used to evaluate the management performance of PHAs, with the current scoring components, weights, data source and other explanatory matters to be considered with each. (6)(j)(1) of the Act and 24 CFR §901.10(a)
- A. Indicator #1, vacancy number and percentage. This indicator examines the number and percentage of vacancies within an agency's inventory, including the progress that an agency has made within the previous three years to reduce such vacancies. It will be acceptable for the PHA to use the vacancy rate or number of vacant units using data reported on the Form HUD-51234, Report on Occupancy, The Public and Indian Housing Occupancy Reporting Handbook 7465.3, as revised, Appendix 1. At its option, a PHA may construct and use an actual average vacancy rate or average number of vacant units using rent roll records for the month ending six months before the start of its budget year.
(6)(j)(1)(A) of the Act and 24 CFR 901.10(b)(1)
1. Units in the following categories shall not be included in this calculation: 24 CFR 901.10(b)(1)
- a. Vacant units in an approved demolition or disposition program; 24 CFR 901.10(b)(1)(i)
 - b. Vacant units in which resident property has been abandoned, but only if State law requires the property to be left in the unit for some period of time, and only for the period stated in the law; 24 CFR 901.10(b)(1)(ii)
 - c. Vacant units that have sustained property/casualty damage, but only until the insurance claim is adjusted; and 24 CFR 901.10(b)(1)(iii)
 - d. Units that are occupied by employees (Form HUD-51234, Report on Occupancy, The Public and Indian Housing Occupancy Reporting Handbook 7465.3, as revised, Appendix 1, column 6) of the PHA and non-dwelling units that are converted to non-dwelling

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7465.3, as revised, Appendix 1, column 7) or are under lease to
a non-dwelling tenant in the normal course of project operation.
24 CFR 901.10(b)(1)(iv)

2. Grade A: An actual vacancy percentage of 1% or less. 24 CFR
901.10(b)(1)(v)
3. Grade B: An actual vacancy percentage of greater than 1% and less
than or equal to 2%, or the PHA has an equivalent of three or fewer
vacant units. 24 CFR 901.10(b)(1)(vi)
4. Grade C: The PHA is in one of the following categories: 24 CFR
901.10(b)(1)(vii)
 - a. An actual vacancy percentage of greater than 2% and less than or
equal to 3%, or the PHA has an equivalent of four or five vacant
units; or 24 CFR 901.10(b)(1)(Vii)(A)
 - b. An adjusted vacancy percentage of 3% or less after permitted
adjusting for funded on-schedule modernization; or 24 CFR
901.10(b)(1)(vii)(B)
 - c. The PHA has reduced actual vacancies over the past three years
by at least 30%. 24 CFR 901.10(b)(1)(Vii)(C)
5. Grade D: The PHA is in one of the following categories: 24 CFR
901.10(b)(1)(viii)
 - a. An actual vacancy percentage of greater than 3% and less than or
equal to 6%; or 24 CFR 901.10(b)(1)(Viii)(A)
 - b. An adjusted vacancy percentage of greater than 3% and less than
or equal to 5% after permitted adjusting for funded on-schedule
modernization; or 24 CFR 901.10(b)(1)(Viii)(B)
 - c. The PHA has reduced actual vacancies over the past three years
by at least 10%. 24 CFR 901.10(b)(1)(viii)(C)

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Chapter 6, paragraph 6-2A (continued)

6. Grade E: The PHA is in one of the following categories: 24 CFR
901.10(b)(1)(ix)
 - a. An actual vacancy percentage of greater than 6% and less than or
equal to 8%; or 24 CFR 901.10(b)(1)(ix)(A)
 - b. An adjusted vacancy percentage of less than or equal to 7% after
permitted adjusting for funded on-schedule modernization; or 24
CFR 901.10(b)(1)(ix)(B)
 - c. The PHA has reduced actual vacancies over the past three years

less than 10%. 24 CFR 901.10(b)(1)(ix)(C)

7. Grade F: The PHA is in one of the following categories: 24 CFR 901.10(b)(1)(x)

a. An actual vacancy percentage of greater than 8%; or 24 CFR 901.10(b)(1)(x)(A)

b. An adjusted vacancy percentage of greater than 7% after permitted adjusting for funded on-schedule modernization and the PHA has not reduced actual vacancies over the past three years. 24 CFR 901.10(b)(1)(x)(B)

8. This indicator has a scoring weight of x3. 24 CFR 901.10(b)(1)

9. Indicator #1, vacancy number and percentage, requirements.

a. A vacant unit is a dwelling unit that is not under lease to an eligible family and has not been approved for temporary or long-term non-dwelling use in the normal course of project operation.

b. The formula used to compute the actual vacancy rate is:

(1) The number of vacant units (less stated exemptions); divided by;

(2) The total number of units available for occupancy (less stated exemptions) and multiplied by 100.

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Chapter 6, paragraph 6-2A9 (continued)

c. A PHA has a choice of reporting dates to use in the calculation of this indicator.

(1) The first time period is the last day of the month ending six months after the beginning the PHA's immediate past fiscal year. The data in the chart below shows the relationship between the budget year starting date and the reporting date when the actual day is utilized.

Budget Year Beginning Date	Report Date, As of
January 1	June 30
April 1	September 30
July 1	December 31
October 1	March 31

- (2) As an alternative to utilizing occupancy data as of a particular day, a PHA may construct an actual occupancy percentage using the average from the rent roll records for the entire month ending six months after the beginning of a PHA's immediate past fiscal year. For example, a PHA with a budget year beginning January 1, 1991, could determine its occupancy percentage either as of June 30, 1991, or as an average for the entire month of June 1991.

d. Data source: a PHA shall certify to this indicator within 90 calendar days after its fiscal year begins (FYB) utilizing Form HUD-51234, Report on Occupancy, The Public and Indian Housing Occupancy Reporting Handbook 7465.3, as revised, Appendix 1, or PHA rent roll data.

- (1) Certification shall be for the average vacancy rate for the reporting month, or a snapshot picture of the last day of the reporting month.
- (2) Documentation verifying this indicator shall be maintained by the PHA for HUD post-review.

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Chapter 6, paragraph 6-2A (continued)

10. Indicator #1, vacancy number and percentage, guidance.

- a. The term "insurance claim is adjusted" means the time from when the property/casualty damage occurred and the unit became vacant to the time the claim check is received by the PHA.
- b. The term "actual vacancy percentage" means the percent or number of vacancies after deducting units included in paragraph 6-2A1, above.
- c. The term "adjusted vacancy percentage" means the percent of vacancies after deducting units included in a funded on-schedule modernization program.
- d. The term "funded on-schedule modernization" means the PHA is adhering to its approved project implementation schedule or is meeting an approved time extension as of the end of its immediate past fiscal year.

- (1) A unit shall be exempted from the calculation of this indicator only if the approved implementation schedule includes the necessity of vacating the unit. For example: the approved project implementation schedule includes the replacement of roofs and it is not necessary to vacate the units to replace the roofs; such units shall not be exempted from the calculation of this indicator.

- (2) A unit shall be exempted from the calculation of this

indicator only if the approved project implementation schedule includes a relocation plan and the relocation plan clearly states when relocation will occur.

- (3) A unit shall be exempted from the calculation of this indicator only if the modernization program is at a point in the approved project implementation schedule where it is necessary to vacate the unit. For example: a unit should not be vacated when the architect is hired; it should be vacated at the relocation stage of the approved project implementation schedule.

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Chapter 6, paragraph 6-2A10 (continued)

- e. The phrase "progress in the previous three years" means a decrease in the percent of vacancies in the previous three years, after permitted adjusting for funded on-schedule modernization.
- f. An optional worksheet that PHA's may use for calculating this indicator is included in Appendix 5 of this Handbook. A sample worksheet showing the calculation of vacancy number and percentage immediately follows the optional worksheet in Appendix 5.

B. Indicator #2, modernization. This indicator examines the amount and percentage of funds obligated to public housing agencies under 14, which remain unexpended after three years; and the management of the program under 14 for the modernization and rehabilitation of public housing units and developments. (6)(j)(1)(B) of the Act and 24 CFR 901.10(b)(2)

1. Component #1 - unexpended funds over three years old.

(6)(j)(1)(B) of the Act and 24 CFR 901.10(b)(2)(i)

- a. Grade A: The PHA has no unexpended funds over three years old or if the PHA has unexpended funds over three years old, the PHA can demonstrate that the approved original or revised project implementation schedule(s) gives the PHA longer than three years, or there are valid reasons outside of the PHA's control for the unexpended funds, such as litigation, HUD or other institutional delay, extended labor strikes or extended material shortages. 24 CFR 901.10(b)(2)(i)(A)
- b. Grade F: The PHA has unexpended funds over three years old, but cannot demonstrate that the approved original or revised project implementation schedule(s) gives the PHA longer than three years or that there are valid reasons outside of the PHA's control for the unexpended funds. 24 CFR 901.10(b)(2)(i)(B)
- c. Component #1, unexpended funds over three years old, has a

weight of x2. 24 CFR 901.10(b)(2)(i)

- d. Component #1 requirement. This component assesses unexpended funds over the preceding three Federal Fiscal Years (FFYs), rather than the PHA's fiscal years.

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Chapter 6, paragraph 6-2B1 (continued)

e. Component #1 guidance.

- (1) The term "funds unexpended over three years old" means funds that are unspent, regardless of obligation status. Expended funds reflect completion of planned work. Completion of planned work is the ultimate objective of modernization in order to improve living conditions for residents.
- (2) This component has exclusions which cover longer time frames in the approved project implementation schedule, as well as exemptions for valid delays outside of a PHA's control.
- (3) Where a PHA has unexpended funds over three years old, but has not reached the fund expenditure deadline in the latest approved project implementation schedule, the PHA is not penalized for having such funds unexpended.
- (4) Where a PHA has unexpended funds after the fund expenditure deadline in its approved project implementation schedule, but has yet to reach the three-year deadline for the PHMAP, it is not penalized for having such funds unexpended.
- (5) It is not the intent of the Department to force the resolution of contract disputes or for a PHA to surrender valid claims against contractors. However, a PHA should exert maximum effort to resolve contract disputes which can result in delays in completing scheduled work, without compromising its contractual rights.

2. Component #2 - timeliness of fund obligation. 24 CFR 901.10(b)(2)
(ii)

- a. Grade A: For any obligation deadline dates occurring in the preceding Federal Fiscal Year (FFY), the PHA has obligated 100% of its funds by the obligation dates in its approved original project implementation schedule(s) or approved revised schedule(s) where time extensions were granted for valid reasons outside of the PHA's control, such as litigation, HUD or other

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Chapter 6, paragraph 6-2B2a (continued)

institutional delay, extended labor strikes, extended material shortages, or need to use leftover funds. 24 CFR 901.10(b)(2)(ii)(A)

b. Grade F: For any obligation deadline dates occurring in the preceding Federal Fiscal Year, the PHA has obligated less than 100% of its approved funds by the obligation dates in its approved project implementation schedule(s) or approved revised schedule(s), or received approval for time extensions due to reasons within the PHA's control, or has continued to obligate funds after the latest approved obligation deadline date. 24 CFR 901.10(b)(2)(ii)(B)

c. Component #2, timeliness of fund obligation, has a weight of x1. 24 CFR 901.10(b)(2)(ii)

d. Component #2 requirement. This component assesses obligation deadline dates in the preceding FFY, rather than the PHA's fiscal year.

e. Component #2 guidance.

(1) It is the responsibility of the PHA under the Comprehensive Improvement Assistance Program (CIAP), when it determines that it will not be able to meet the fund obligation deadline date in the original project implementation schedule, to request a time extension, where there are valid reasons outside of the PHA's control.

(2) The funds included in valid HUD extensions are factored in as follows: all funds which are covered by the extension would be removed from the calculation for determining unobligated funds and therefore would not adversely impact on the PHA's overall unobligated percentage.

3. Component #3 - contract administration. 24 CFR 901.10(b)(2)(iii)

a. Grade A: Based on HUD's on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12

Chapter 6, paragraph 6-2B3a (continued)

months, based on HUD's latest on-site physical inspection, there are no significant monitoring findings related to contract administration. 24 CFR 901.10(b)(2)(iii)(A)

- b. Grade B: Based on HUD's on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, there are no more than two significant monitoring findings related to contract administration and the PHA has corrected or is in the process of correcting those monitoring findings related to contract administration. 24 CFR 901.10(b)(2)(iii)(B)
- c. Grade C: Based on HUD's on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, there are no more than four significant monitoring findings related to contract administration and the PHA has corrected or is in the process of correcting those significant monitoring findings related to contract administration. 24 CFR 901.10(b)(2)(iii)(C)
- d. Grade D: Based on HUD's on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, there are no more than six significant monitoring findings related to contract administration and the PHA has corrected or is in the process of correcting those significant monitoring findings related to contract administration. 24 CFR 901.10(b)(2)(iii)(D)
- e. Grade E: Based on HUD's on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, there are more than six significant monitoring findings related to contract administration and the PHA has corrected or in the process of correcting those significant monitoring findings related to contract administration. 24 CFR 901.10(b)(2)(iii)(E)

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- f. Grade F: Based on HUD's on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, any actions taken to correct significant monitoring findings related to contract administration have not resulted in progress toward correction. 24 CFR 901.10(b)(2)(iii)(F)
- g. Component #3, contract administration, has a weight of x1. 24 CFR 901.10(b)(2)(iii)
- h. Component #3 requirement. This component assesses a PHA's immediate past fiscal year.

- i. Component #3 guidance. The term "significant monitoring findings" for component #3, contract administration, means written findings based on the monitoring reviews as recorded by the Monitoring Checklist, Sections II-IV (Appendix 18 of the CIAP Handbook, as revised), or where an equivalent review was conducted. Significant monitoring findings relate to any question under Sections II - IV which received a "No" answer, excluding the following:
 - (1) Section II, exclude the items related to the use of Form HUD-51234, Report on Occupancy, The Public and Indian Housing Occupancy Reporting Handbook 7465.3, as revised, Appendix 1, and changing the current threshold;
 - (2) Section III, exclude the items related to changing the current threshold; and
 - (3) Section IV, exclude the items related to changing the current threshold, notifying the Field Office of scheduled final inspection, and submitting required settlement documents to the Field Office.
- 4. Component #4 - quality of the physical work. 24 CFR 901.10(b)(2)(iv)
 - a. Grade A: Based on HUD's latest on-site physical inspection(s) performed within the preceding 12 months or, where no on-site

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Chapter 6, paragraph 6-2B4a (continued)

physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, the PHA is carrying out the physical work in accordance with the HUD-approved plans and specifications or within the limits of the HUD-established threshold for contract modifications, and there are no significant monitoring findings related to the quality of physical work or inspections. 24 CFR 901.10(b)(2)(iv)(A)

- b. Grade B: Based on HUD's latest on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, the PHA is carrying out the physical work in accordance with the HUD-approved plans and specifications or within the limits of the HUD-established threshold for contract modifications, and there are no more than two significant monitoring findings related to the quality of physical work or inspections, and the PHA has corrected or is in the process of correcting those significant monitoring findings related to the quality of physical work or inspections. 24 CFR 901.10(b)(2)(iv)(B)

- c. Grade C: Based on HUD's latest on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, the PHA is carrying out the physical work in accordance with the HUD-approved plans and specifications or within the limits of the HUD-established threshold for contract modifications, and there are no more than four significant monitoring findings related to the quality of physical work or inspections, and the PHA has corrected or is in the process of correcting those significant monitoring findings related to the quality of physical work or inspections. 24 CFR 901.10(b)(2)(iv)(C)
- d. Grade D: Based on HUD's latest on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, the PHA is carrying out the physical work in accordance with the HUD-approved plans and specifications or within the limits of the HUD-established threshold for contract modifications, and there

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Chapter 6, paragraph 6-2B4d (continued)

are no more than six significant monitoring findings related to the quality of physical work or inspections, and the PHA has corrected or is in the process of correcting those significant monitoring findings related to the quality of physical work or inspections. 24 CFR 901.10(b)(2)(iv)(D)

- e. Grade E: Based on HUD's latest on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, the PHA is carrying out the physical work in accordance with the HUD-approved plans and specifications or within the limits of the HUD-established threshold for contract modifications, and there are more than six significant monitoring findings related to the quality of physical work or inspections, and the PHA has corrected or is in the process of correcting those significant monitoring findings related to the quality of physical work or inspections. 24 CFR 901.10(b)(2)(iv)(E)
- f. Grade F: Based on HUD's latest on-site physical inspection(s) performed within the preceding 12 months or, where no on-site physical inspection(s) were performed within the preceding 12 months, based on HUD's latest on-site physical inspection, the PHA is not carrying out the physical work in accordance with the HUD-approved plans and specifications or within the limits of the HUD-established threshold for contract modifications, or any actions taken to correct significant monitoring findings related to the quality of physical work or inspections have not resulted in progress toward correction. 24 CFR 901.10(b)(2)(iv)(F)

- g. Component #4, quality of the physical work, has a weight of x3.
24 CFR 901.10(b)(2)(iv)
- h. Component #4 requirement. This component assesses a PHA's immediate past fiscal year.
- i. Component #4 guidance.
 - (1) The term "significant monitoring findings" for component #4, quality of the physical work, means written findings based on the monitoring reviews as recorded by the Monitoring

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Chapter 6, paragraph 6-2B4i(1) (continued)

- Checklist, Sections I (Appendix 18 of the CIAP Handbook, as revised), or where an equivalent review was conducted. Significant monitoring findings relate to any question under Section I which received a "No" answer, excluding the item relating to keeping the premises free from accumulated waste materials caused by the contractor.
- (2) Where necessary, and on a priority, risk analysis basis, the Field Office shall conduct monitoring of a PHA in order to evaluate PHA performance in this area.
- 5. Component #5 - budget controls. 24 CFR 901.10(b)(2)(v)
 - a. Grade A: The PHA has expended modernization funds only on work items in the latest HUD-approved budgets or within the limits of the HUD-established threshold for budget revision, or where the PHA has expended modernization funds on work items other than those in the latest HUD-approved budgets or above the limits of the HUD-established threshold for budget revision, the PHA obtained prior HUD approval. 24 CFR 901.10(b)(2)(v)(A)
 - b. Grade F: The PHA has expended modernization funds on work items other than those in the latest HUD-approved budgets, or above the limits of the HUD-established threshold for budget revision, or without getting prior HUD approval. 24 CFR 901.10(b)(2)(v)(B)
 - c. Component #5, budget controls, has a weight of x1. 24 CFR 901.10(b)(2)(v)
 - d. Component #5 requirement. This component assesses a PHA's immediate past fiscal year.
 - 6. This indicator has a scoring weight of x2. 24 CFR 901.10(b)(2)(v)
 - 7. Indicator #2, modernization, requirements.

- a. A PHA will not be scored on this indicator if it did not receive modernization funds in the applicable year, or if it received only emergency funds and these were fully expended.

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Chapter 6, paragraph 6-2B7 (continued)

- b. PHAs must have completed (all funds expended) a modernization program within the last two fiscal years and achieve a total weighted score of no less than 90% on this indicator in order to qualify for incentives in the program area of modernization.
- c. Data source: Modernization Quarterly Report System (MQRS) module, SMIRPH.

8. Indicator #2, modernization, guidance.

- a. If a PHA wishes to expend modernization funds outside of the latest HUD-approved budget or over the HUD-established threshold for budget revision, the PHA should obtain prior HUD approval. Some Field Offices approve expenditures verbally or by letter in anticipation of a formal budget announcement; such expenditures should not be treated as if they are outside of the HUD-approved budget. This situation constitutes an informal budget revision and would be excluded from the scoring.
- b. In revising the modernization indicator, the Department has concluded that it may be necessary to conduct on-site assessments of the indicator before applying it for the purpose of affecting the formula allocation of modernization funds under the Comprehensive Grant Program (CGP), due to the following reasons:
 - (1) First, the Department is concerned that, in some cases, Regional and Field Offices may have granted time extensions for fund obligation (also affecting fund expenditure) for reasons within the PHA's control in order to avoid the recapture of funds. Recaptured funds are currently not available to the Department for reuse. Reasons within the PHA's control do not constitute valid reasons for delay, as set forth in the Comprehensive Improvement Assistance Program (CIAP) Handbook 7485.1, as revised. The issuance of time extensions in cases of poor performance solely to avoid fund recapture affects the accuracy of the scoring for the revised components #1 and #2 of the modernization indicator.

Chapter 6, paragraph 6-2B8b (continued)

- (2) Second, some Field Offices may not have adequate documentation of PHA performance in the areas of contract administration and quality of physical work. This lack of adequate documentation affects the accuracy of the scoring for the revised components #3 and #4 of the modernization indicator.
- (3) Accordingly, the inadequate or inaccurate data in the Field Offices may result in artificially high scores for certain PHAs on the modernization indicator; the lack of uniform application of the time extension policy and the monitoring requirements by Field Offices may result in artificially high or low scores for other PHAs. Therefore, if risk analysis indicates that there is a potential problem at a PHA, the Field Office shall conduct an on-site assessment of that PHA before scoring and rating it on the modernization indicator. If risk analysis indicates that there is not a potential problem at a PHA, the Field Office shall score and rate the PHA on the modernization indicator without conducting an on-site assessment of the PHA. In the first year of the CGP, which is FFY 1992, no PHA participating in the CGP will be initially designated as mod-troubled for FFY 1992 and have its formula funding limited.
- (4) As previously stated, the Department intends to use the first year of the PHMAP (FFY 1992) to conduct any necessary on-site assessments of PHAs participating in the CGP in FFY 1992. This will enable the Department to have accurate and sufficient information regarding the PHA's contract administration and quality of work under the CIAP. In addition, the Department intends to work closely with Field and Regional Offices on appropriate application of the time extension policy, as set forth in the CIAP Handbook. Mod-troubled designation will not affect a PHA's formula funding amount until FFY 1993.

C. Indicator #3, rents uncollected. This indicator examines the balance of rents uncollected as a percentage of total rents to be collected. (6)(j)(1) (C) of the Act and 24 CFR 901.10(b)(3)

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Chapter 6, paragraph 6-2C (continued)

1. Grade A: The balance of rents uncollected in the immediate past fiscal year is less than or equal to 2% of total rents to be collected. 24 CFR 901.10(b)(3)(i)
2. Grade B: The balance of rents uncollected in the immediate past fiscal year is greater than 2% and less than or equal to 4% of the total rents to be collected. 24 CFR 901.10(b)(3)(ii)

3. Grade C: The balance of rents uncollected in the immediate past fiscal year is greater than 4% and less than or equal to 6% of the total rents to be collected. 24 CFR 901.10(b)(3)(iii)
4. Grade D: The balance of rents uncollected in the immediate past fiscal year is greater than 6% and less than or equal to 8% of the total rents to be collected. 24 CFR 901.10(b)(3)(iv)
5. Grade E: The balance of rents uncollected in the immediate past fiscal year is greater than 8% and less than or equal to 10% of the total rents to be collected. 24 CFR 901.10(b)(3)(v)
6. Grade F: The balance of rents uncollected in the immediate past fiscal year is greater than 10% of the total rents to be collected. 24 CFR 901.10(b)(3)(vi)
7. This indicator has a scoring weight of x3. 24 CFR 901.10(b)(3)
8. Indicator #3, rents uncollected, requirements. Data source: a PHA shall certify to this indicator within 90 calendar days after its fiscal year begins (FYB).
 - a. Certification shall be for the immediate past fiscal year.
 - b. Documentation verifying this indicator shall be maintained by the PHA for HUD post-review.
9. Indicator #3, rents uncollected, guidance.
 - a. The term "rents uncollected" means unpaid dwelling rent for residents in possession. Any dwelling rent which was due and payable by a resident in possession while that resident was in possession, is included in the calculation of this indicator.
If a

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Chapter 6, paragraph 6-2C9a (continued)

- resident subsequently vacated the unit and is no longer in possession, the dwelling rent which they owed and did not pay while in possession is still counted until collected or written off. Rents that were previously reported uncollected and subsequently received through collection procedures are included in the calculation of this indicator.
- b. This indicator compares the rents uncollected at the end of the reporting period to the sum of the current dwelling rent charged for the reporting period plus the total amount of rents uncollected as of the end of the prior reporting period.
- c. The term, "current dwelling rent charged" refers to the

resident dwelling rent charges reflected in the monthly rent roll(s), and excludes retroactive rent charges (including those identified through the Tenant Integrity Program), maintenance charges, excess utility charges, late charges, and any other charges not specifically identified as dwelling rent.

- d. In the calculation of this indicator, the term "current fiscal year" refers to the year being measured. The term "prior fiscal year" refers to the fiscal year preceding the immediate past fiscal year.
- e. A PHA should make every effort to collect dwelling rent owed by both residents in possession and by residents not in possession in accordance with the Financial Management Handbook 7475.1, as revised. Where every avenue of collecting rents owed to a PHA have been exhausted, regular and timely write-offs are important. Any charges not written off will continue to be counted as rents uncollected.
- f. An optional worksheet that PHAs may use for calculating this indicator is included in Appendix 5 of this Handbook. A sample worksheet showing the calculation of annual average percentage of rents uncollected immediately follows the optional worksheet in Appendix 5.

D. Indicator #4, energy consumption. This indicator examines the annual energy consumption. (6)(j)(1)(D) of the Act and 24 CFR 901.10(b)(4)

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Chapter 6, paragraph 6-2D (continued)

1. Grade A: Annual energy consumption, as compared to the average of the three years' rolling base consumption, that has been adjusted for variances in heating degree days (HDD) has not increased. 24 CFR 901.10(b)(4)(i)
2. Grade B: Annual energy consumption, as compared to the average of the three years' rolling base consumption, that has been adjusted for variance in HDD has not increased by more than 3%. 24 CFR 901.10(b)(4)(ii)
3. Grade C: Annual energy consumption, as compared to the average of the three years' rolling base consumption, that has been adjusted for variance in HDD has increased by greater than 3% and less than or equal to 5%. 24 CFR 901.10(b)(4)(iii)
4. Grade D: Annual energy consumption, as compared to the average of the three years' rolling base consumption, that has been adjusted for variance in HDD has increased by greater than 5% and less than or equal to 7%. 24 CFR 901.10(b)(4)(iv)

5. Grade E: Annual energy consumption, as compared to the average of the three years' rolling base consumption, that has been adjusted for variance in HDD has increased by greater than 7% and less than or equal to 9%. 24 CFR 901.10(b)(4)(v)

6. Grade F: Annual energy consumption, as compared to the average of the three years' rolling base consumption, that has been adjusted for variances in HDD has increased by more than 9%. 24 CFR 901.10(b)(4)(vi)

7. This indicator has a scoring weight of x1. 24 CFR 901.10(b)(4)

8. Indicator #4, energy consumption, requirements.

a. A PHA that does not require/receive operating subsidy will receive an automatic grade of "A" on this indicator. Such a PHA is not dependent on Federal subsidy to pay for the energy it consumes.

b. PFS adjustments shall be submitted 30 calendar days after receipt of the HDD factor from HUD. The HDD factors are available

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Chapter 6, paragraph 6-2D8b (continued)

90 calendar days after the end of each fiscal quarter. A PHA shall receive a presumptive score for this indicator that does not include the HDD adjustment. Field Offices shall complete the determination for this indicator after PHAs submit their year-end adjustments.

c. In the initial year of PHMAP implementation and for the purposes of the CGP, Field Offices shall complete this indicator after PFS HDD data is available; e.g., during the time frame when a PHA appeals may be submitted. A PHA shall receive a presumptive score for this indicator that does not include the HDD adjustment. However, before a final determination is made in regards to the CGP Comprehensive Plan, Field Offices will have sufficient time to complete the determination for this indicator.

d. Data source: Form HUD-52722B, Adjustment for Utility Consumption and Rates, Performance Funding System (PFS) Handbook 7475.13, as revised, Appendix VII,

9. Indicator #4, energy consumption, guidance.

a. The HDD includes appropriate adjustments to reflect different Regions.

b. The Performance Funding System (PFS) forms are based on utility consumption which includes office space, maintenance buildings, etc., and not only the buildings or units occupied by

residents. A PHA should be able to establish controls to conserve energy over space under its control such as office space or maintenance buildings, The only consumption for projects with resident-supplied utilities to be added by the PHA will be for vacant units.

- c. An adjustment for cooling degree days (CDD) will be included in this indicator once the CDD is included in the Performance Funding System regulations in accordance with 508 of the NAHA.
- d. A PHA is not required to certify to the response to this indicator. However, an optional worksheet that PHAs may use for

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Chapter 6, paragraph 6-2D9d (continued)

calculating this indicator is included in Appendix 5 of this Handbook. A sample worksheet showing the calculation of energy consumption immediately follows the optional worksheet in Appendix 5.

E. Indicator #5, unit turnaround. This indicator examines the average period of time that an agency requires to repair and turnaround vacant units. (6)(j)(1)(E) of the Act and 24 CFR 901.10(b)(5)

- 1. Vacant units in the following categories should not be included in this calculation: 24 CFR 901.10(b)(5)
 - a. Units in funded on-schedule CIAP (only) programs; 24 CFR 901.10(b)(5)(i)
 - b. Units that HUD has approved for demolition or disposition; 24 CFR 901.10(b)(5)(ii)
 - c. Units in which resident property has been abandoned, but only if State law requires the property to be left in the unit for some period of time, and only for the period stated in the law; and 24 CFR 901.10(b)(5)(iii)
 - d. Units that have sustained casualty damage, but only until the insurance claim is adjusted. 24 CFR 901.10(b)(5)(iv)
- 2. Grade A: The PHA has established a system to track the duration of vacancies; and the average number of calendar days for vacant units to be prepared for re-rental and for a new lease to take effect during the PHA's immediate past fiscal year, is less than or equal to 20 calendar days. 24 CFR 901.10(b)(5)(v)
- 3. Grade B: The PHA has established a system to track the duration of vacancies; and the average number of calendar days for vacant units to be prepared for re-rental and for a new lease to take effect during the PHA's immediate past fiscal year, is greater

than 20 calendar days and less than or equal to 25 calendar days.
24 CFR 901.10(b)(5)(vi)

4. Grade C: The PHA has established a system to track the duration of vacancies; and the average number of calendar days for vacant units to be prepared for re-rental and for a new lease to take effect during the

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Chapter 6, paragraph 6-2E4 (continued)

PHA's immediate past fiscal year, is greater than 25 calendar days and less than or equal to 30 calendar days. 24 CFR 901.10(b)(5)(vii)

5. Grade D: The PHA has established a system to track the duration of vacancies; and the average number of calendar days for vacant units to be prepared for re-rental and for a new lease to take effect during the PHA's immediate past fiscal year, is greater than 30 calendar days and less than or equal to 40 calendar days. 24 CFR 901.10(b)(5)(Viii)

6. Grade E: The PHA has established a system to track the duration of vacancies; and the average number of calendar days for vacant units to be prepared for re-rental and for a new lease to take effect during the PHA's immediate past fiscal year, is greater than 40 calendar days and less than or equal to 50 calendar days. 24 CFR 901.10(b)(5)(ix)

7. Grade F: The PHA has not established a system to track the duration of vacancies; or the average number of calendar days for vacant units to be prepared for re-rental and for a new lease to take effect during the PHA's immediate past fiscal year, is more than 50 calendar days. 24 CFR 901.10(b)(5)(x)

8. This indicator has a scoring weight of x2. 24 CFR 901.10(b)(5)

9. Indicator #5, unit turnaround, requirements.

- a. A vacant unit is a dwelling unit that is not under lease to an eligible family and has not been approved for temporary or long-term non-dwelling use in the normal course of project operation.

- b. Data source: a PHA shall certify to this indicator within 90 calendar days after its fiscal year begins (FYB).

- (1) Certification shall be for the immediate past fiscal year.

- (2) Documentation verifying this indicator shall be maintained by the PHA for HUD post-review.

10. Indicator #5, unit turnaround, guidance.

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Chapter 6, paragraph 6-2E10 (continued)

- a. The term "insurance claim is adjusted" means the time from when the property/casualty damage occurred and the unit became vacant to the time the claim check is received by the PHA.
- b. The term "turnaround" means the annual average number of calendar days for vacant units to be prepared for re-rental and for a new lease to take effect. A PHA should include all units that were vacant until a new lease was in effect, deducting those types of units in accordance with paragraph 6-2E1, above. Turnaround time includes all of the time a unit has been vacant until a new lease is in effect. For example:
 - (1) A PHA is certifying to its immediate past fiscal year which ended 12-31-91, and if a unit became vacant on 06-01-90 and a new lease went into effect on 06-30-91, the PHA would include the number of days vacant from 06-01-90 through 06-30-91; or
 - (2) A PHA is certifying to its immediate past fiscal year which ended 12-31-91, and if a unit became vacant on 11-01-91 and a new lease went into effect on 12-01-91, the PHA would include the number of days vacant from 11-01-91 through 12-01-91.
- c. A PHA shall not include in the calculation of this indicator units that were vacant in its immediate past fiscal year which do not have a new lease in effect. Such units shall be included in a PHA's subsequent year certification.
- d. The term "funded on-schedule CIAP program" means the PHA is adhering to its approved project implementation schedule or is meeting an approved time extension as of the end of its immediate past fiscal year.
 - (1) A unit shall be exempted from the calculation of this indicator only if the approved implementation schedule includes the necessity of vacating the unit. For example: the approved project implementation schedule includes the replacement of roofs and it is not necessary to vacate the units to replace the roofs; such units shall not be exempted from the calculation of this indicator.

Chapter 6, paragraph 6-2E10d (continued)

- (2) A unit shall be exempted from the calculation of this indicator only if the approved project implementation schedule includes a relocation plan and the relocation

plan clearly states when relocation will occur.

(3) A unit shall be exempted from the calculation of this indicator only if the modernization program is at a point in the approved project implementation schedule where it is necessary to vacate the unit. For example: a unit should not be vacated when the architect is hired; it should be vacated at the relocation stage of the approved project implementation schedule.

e. The term "an approved demolition/disposition application" means that a PHA has received notification from HUD of approval.

f. A PHA should plan move-ins in advance and notify the potential resident(s).

g. An optional worksheet that PHA's may use for calculating this indicator is included in Appendix 5 of this Handbook. Instructions for this work sheet will state that a PHA will include in this calculation all units that were vacant during the PHA's immediate past fiscal year. An example worksheet showing the calculation of unit turnaround immediately follows the optional worksheet in Appendix 5.

F. Indicator #6, outstanding work orders. This indicator examines the proportion of maintenance work orders outstanding, including any progress that an agency has made during the preceding three years to reduce the period of time required to complete maintenance work orders.

(6)(j)(1)(F) of the Act and 24 CFR 901.10(b)(6)

1. Grade A: At least 99% of emergency items were corrected within 24 hours or emergency status was abated, and the number of non-emergency work orders outstanding at the end of the PHA's immediate past fiscal year does not exceed 4% of the total number of work orders received during the immediate past fiscal year, excluding cyclical work orders. 24 CFR 901.10(b)(6)(i)

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Chapter 6, paragraph 6-2F (continued)

2. Grade B: At least 97% of emergency items were corrected within 24 hours or emergency status was abated, and the number of non-emergency work orders outstanding at the end of the PHA's immediate past fiscal year is greater than 4% and less than or equal to 6% of the total number of work orders received during the immediate past fiscal year, excluding cyclical work orders. 24 CFR 901.10(b)(6)(ii)

3. Grade C: The PHA is in one of the following categories: 24 CFR 901.10(b)(6)(iii)

a. At least 95% of emergency items were corrected within 24 hours or emergency status was abated, and the number of

non-emergency work orders outstanding at the end of the PHA's immediate past fiscal year is greater than 6% and less than or equal to 8% of the total number of work orders received during the immediate past fiscal year, excluding cyclical work orders; or 24 CFR 901.10 (b)(6)(iii)(A)

- b. At least 95% of emergency items were corrected within 24 hours or emergency status was abated, and the number of non-emergency work orders outstanding at the end of the PHA's immediate past fiscal year is greater than 8% and less than or equal to 10% of the total number of work orders received during the immediate past fiscal year, excluding cyclical work orders, and the PHA demonstrates progress over the most recent three-year period in which the time required to complete maintenance work orders has been reduced. 24 CFR 901.10(b)(6)(iii)(B)
4. Grade D: The PHA is in one of the following categories: 24 CFR 901.10(b)(6)(iv)
- a. At least 95% of emergency items were corrected within 24 hours or emergency status was abated, and the number of non-emergency work orders outstanding at the end of the PHA's immediate past fiscal year is greater than 8% and less than or equal to 10% of the total number of work orders received during the immediate past fiscal year, excluding cyclical work orders; or 24 CFR 901.10(b)(6)(iv)(A)
 - b. At least 95% of emergency items were corrected within 24 hours or emergency status was abated, and the number of

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Chapter 6, paragraph 6-2F4b (continued)

non-emergency work orders outstanding at the end of the PHA's immediate past fiscal year is greater than 10% and less than or equal to 12% of the total number of work orders received during the immediate past fiscal year, excluding cyclical work orders, and the PHA demonstrates progress over the most recent three-year period in which the time required to complete maintenance work orders has been reduced. 24 CFR 901.10(b)(6)(iv)(B)

5. Grade E: The PHA is in one of the following categories: 24 CFR 901.10(b)(6)(v)
- a. At least 95% of emergency items were corrected within 24 hours or emergency status was abated, and the number of non-emergency work orders outstanding at the end of the PHA's immediate past fiscal year is greater than 10% and less than or equal to 12% of the total number of work orders received during the immediate past fiscal year, excluding cyclical work orders; or 24 CFR 901.10(b)(6)(v)(A)
 - b. At least 95% of emergency items were corrected within 24 hours

or emergency status was abated, and the number of non-emergency work orders outstanding at the end of the PHA's immediate past fiscal year exceeds 12% of the total number of work orders received during the immediate past fiscal year, excluding cyclical work orders, and the PHA demonstrates progress over the most recent three-year period in which the time required to complete maintenance work orders has been reduced.

24 CFR 901.10(b)(6)(v)(B)

6. Grade F: Less than 95% of emergency items were corrected within 24 hours or emergency status was not abated, or the number of non-emergency work orders outstanding at the end of the PHA's immediate past fiscal year exceeds 12% of the total number of work orders received during the immediate past fiscal year, excluding cyclical work orders, or the PHA has not demonstrated progress over the most recent three-year period in which the time required to complete maintenance work orders has been reduced. 24 CFR 901.10(b)(6)(vi)

7. This indicator has a scoring weight of x1. 24 CFR 901.10(b)(6)

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Chapter 6, paragraph 6-2F (continued)

8. Indicator #6, outstanding work orders, requirements.

a. If a PHA corrects 99% of emergency work items within 24 hours, but the PHA has more than 4% of non-emergency work orders outstanding at the end of its immediate past fiscal year, the PHA achieves the grade which reflects the PHA's percentage of non-emergency work orders outstanding at the end of its immediate past fiscal year.

b. Data source: a PHA shall certify to this indicator within 90 calendar days after its fiscal year begins (FYB).

(1) Certification shall be for the immediate past fiscal year.

(2) Documentation verifying this indicator shall be maintained by the PHA for HUD post-review.

9. Indicator #6, outstanding work orders, guidance.

a. The term "cyclical work orders" refers to work orders which are performed on a seasonal basis, in accordance with warranty requirements, or as part of a preventive maintenance program. For example: furnaces may be checked, cleaned and repaired during the late summer in preparation for winter usage; or vehicles may be serviced on a predetermined basis to keep warranties in effect.

b. The term "demonstrate(s) progress" means that the time required to complete work orders has been reduced during the most recent

three-year period.

- c. The term "emergency" refers to physical work items that pose an immediate threat to the life, health and/or safety of residents or that are related to fire safety.
- d. The phrase "emergency items were corrected within 24 hours or emergency status abated" means that repairs and/or replacements were completed for emergency items within 24 hours or the emergency situation was abated within 24 hours with completion of needed repairs and/or replacements made at a later time. For example:

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Chapter 6, paragraph 6-2F9d (continued)

- (1) A gas leak located within a unit's wall is detected over the weekend; the PHA corrects the gas leak within 24 hours but repairs the wall on Monday; or
 - (2) A unit has a stopped up toilet which results in a flood in the bathroom; the PHA corrects the problem with the toilet within 24 hours and replasters the ceiling beneath the bathroom within one week.
- e. In cases when an emergency cannot be corrected with 24 hours and, if appropriate, residents are relocated from the unit in order to remove them from exposure, the relocation of residents could constitute the abatement of the emergency.
 - f. This indicator does not make an adjustment for work orders of low priority because of lack of consensus and difficulty in determining "low priority." Nor is special consideration given for work orders waiting on parts because this is not a normally recurring or usual occurrence that would have a substantial impact on the score of this indicator in a well-managed PHA. This indicator only excludes cyclical work orders from consideration in calculating outstanding work orders. A PHA should have replacement parts in its inventory, and since this indicator is assessing the number of non-emergency work orders outstanding during a PHA's immediate past fiscal year, a wait for parts should not materially impact on this indicator.
 - g. Optional worksheets that PHA's may use for calculating this indicator are included in Appendix 5 of this Handbook. Sample worksheets showing the calculation of outstanding work orders immediately follows the optional worksheets in Appendix 5.
- G. Indicator #7, annual inspection and condition of units and systems. This indicator examines the percentage of units that an agency fails to inspect to ascertain maintenance or modernization needs within such period of time as the Department deems appropriate and the percentage of systems, for the purposes of preventive maintenance, that an agency

fails to inspect on an annual basis. (6)(j)(1)(G) of the Act and 24 CFR 901.10(b)(7)

1. Units in the following categories should not be included in the calculation for the annual inspection of units: 24 CFR 901.10(b)(7)

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Chapter 6, paragraph 6-2G1 (continued)

- a. Units in funded on-schedule 14 modernization programs; and 24 CFR 901.10(b)(7)
- b. Units in an approved demolition or disposition application. 24 CFR 901.10(b)(7)
2. Component #1 - system to track inspection and repair of units and systems. 24 CFR 901.10(b)(7)(i)
 - a. Grade A: The PHA has established a system to track inspection and repair of units and systems. 24 CFR 901.10(b)(7)(i)(A)
 - b. Grade F: The PHA has not established a system to track inspection and repair of units and systems. 24 CFR 901.10(b)(7)(i)(B)
 - c. Component #1, system to track inspection and repair of units and systems, has a weight of x1. 24 CFR 901.10(b)(7)(i)
3. Component #2 - annual inspection of units. 24 CFR 901.10(b)(7)(ii)
 - a. Grade A: The PHA inspected 100% of units in the immediate past fiscal year, using standards that were at least equivalent to the Housing Quality Standards (HQS). 24 CFR 901.10(b)(7)(ii)(A)
 - b. Grade B: The PHA inspected at least 97% and less than 100% of units in the immediate past fiscal year, using standards that were at least equivalent to HQS. 24 CFR 901.10(b)(7)(ii)(B)
 - c. Grade C: The PHA inspected at least 95% and less than 97% of units in the immediate past fiscal year, using standards that were at least equivalent to HQS. 24 CFR 901.10(b)(7)(ii)(C)
 - d. Grade D: The PHA inspected at least 93% and less than 95% of units in the immediate past fiscal year, using standards that were at least equivalent to HQS. 24 CFR 901.10(b)(7)(ii)(D)

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Chapter 6, paragraph 6-2G3 (continued)

e. Grade E: The PHA inspected at least 90% and less than 93% of units in the immediate past fiscal year, using standards that were at least equivalent to HQS. 24 CFR 901.10(b)(7)(ii)(E)

f. Grade F: The PHA inspected fewer than 90% of units in the immediate past fiscal year, using standards that were at least equivalent to HQS. 24 CFR 901.10(b)(7)(ii)(F)

g. Component #2 requirements.

- (1) HUD requires PHAs to comply with local housing codes. The HQS permits variances due to local code requirements as long as the minimum standard(s) is met.

This component includes the inspection of non-dwelling space, including but not limited to, office space, maintenance buildings, etc., and not only the buildings or units occupied by residents.

- (3) For PHAs that utilize HQS for inspection of units, Form HUD-52580, Section 8 Existing Housing Program Inspection Checklist, Housing Inspection Manual, HUD-605-(H)-3, Appendix G, or Form HUD-52580-A, Inspection Form, Housing Inspection Manual, HUD-605-(H)-3, Appendix B, shall be used.
- (4) Component #2, annual inspection of units has a weight of x1. 24 CFR 901.10(b)(7)(ii)

h. Component #2 guidance.

- (1) The term "at least equivalent to HQS" means inspection standards that are, at a minimum, equal to and not less than HQS. PHAs are encouraged to train their own staffs in HQS to meet this indicator.
- (2) The Department has extensive HQS training material available to PHAs.
- (3) It is at the discretion of each PHA as to when ,in annual inspection is performed. For example, PHAs may choose to

Chapter 6, paragraph 6-2G3h(3) (continued)

perform this inspection at the time of the annual resident reexamination, or may choose to include it as a component of routine or preventive maintenance.

- (4) An optional worksheet that PHA's may use for calculating

this component is included in Appendix 5 of this Handbook. A sample worksheet showing the calculation of annual inspection of units immediately follows the optional worksheet in Appendix 5.

4. Component #3 - correction of unit deficiencies. 24 CFR 901.10(b)(7)(iii)
 - a. Grade A: All units met the HQS standards at the time of inspection, or of those units not meeting HQS or its equivalent at the time of inspection, at least 99% of emergency items were corrected within 24 hours or the emergency status was abated, and all other unit deficiencies were corrected within an average of, at most, 25 calendar days to meet inspection standards that were at least equivalent to HQS, and the PHA is on schedule at the end of its immediate past fiscal year, according to its maintenance plan, in correcting specific unit deficiencies. 24 CFR 901.10(b)(7)(iii)(A)
 - b. Grade B: Of those units not meeting HQS or its equivalent at the time of the inspection, at least 97% and less than 99% of emergency items were corrected within 24 hours or the emergency status was abated, and all other unit deficiencies were corrected within an average of greater than 25 calendar days and less than or equal to 30 calendar days to meet inspection standards that were at least equivalent to HQS, and the PHA is on schedule at the end of its immediate past fiscal year, according to its maintenance plan, in correcting specific unit deficiencies. 24 CFR 901.10(b)(7)(iii)(B)
 - c. Grade C: Of those units not meeting HQS or its equivalent at the time of the inspection, at least 95% and less than 97% of emergency items were corrected within 24 hours or the emergency status was abated, and all other unit deficiencies were corrected within an average of greater than 30 calendar days and less than or equal to 40 calendar days to meet inspection standards that

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Chapter 6, paragraph 6-2G4c (continued)

were at least equivalent to HQS, and the PHA is on schedule at the end of its immediate past fiscal year, according to its maintenance plan, in correcting specific unit deficiencies. 24 CFR 901.10(b)(7)(iii)(C)

- d. Grade D: Of those units not meeting HQS or its equivalent at the time of the inspection, at least 95% and less than 97% of emergency items were corrected within 24 hours or the emergency status was abated, and all other unit deficiencies were corrected within an average of greater than 40 calendar days and less than or equal to 50 calendar days to meet inspection standards that were at least equivalent to HQS, and the PHA is on schedule at the end of its immediate past fiscal year, according to its

maintenance plan, in correcting specific unit deficiencies. 24
CFR 901.10(b)(7)(iii)(D)

- e. Grade E: Of those units not meeting HQS or its equivalent at the time of the inspection, at least 95% and less than 97% of emergency items were corrected within 24 hours or the emergency status was abated, and all maintenance deficiencies were corrected within an average of greater than 50 calendar days and less than or equal to 60 calendar days to meet inspection standards that were at least equivalent to HQS, and the PHA is on schedule at the end of its immediate past fiscal year, according to its maintenance plan, to correct unit deficiencies. 24 CFR 901.10 (b)(7)(iii)(E)
- f. Grade F: Of those units not meeting HQS or its equivalent at the time of inspection, fewer than 95% of emergency items were corrected within 24 hours, or emergency status was not abated, or all maintenance deficiencies were corrected within an average of greater than 60 calendar days to meet inspection standards that were at least equivalent to HQS, or the PHA is not on schedule at the end of its immediate past fiscal year, according to its maintenance plan, to correct unit defects, or the PHA inspected fewer than 90% of units in the immediate past fiscal year, using standards that were at least equivalent to HQS. 24 CFR 901.10(b)(7)(iii)(F)
- g. Component #3, correction of unit deficiencies, has a weight of x3. 24 CFR 901.10(b)(7)(iii)

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Chapter 6, paragraph 6-2G4 (continued)

- h. Component #3 requirement. This component includes the correction of deficiencies in non-dwelling space, including but not limited to, office space, maintenance buildings, etc., and not only the buildings or units occupied by residents.
- i. Component #3 guidance.
 - (1) The phrase "emergency items were corrected within 24 hours or emergency status abated" means that repairs and/or replacements were completed for emergency items within 24 hours or the emergency situation was abated within 24 hours with completion of needed repairs and/or replacements made at a later time. Refer to paragraph 6-2F9d, above, for examples of abatement of emergency status.
 - (2) The calculation for the non-emergency repair of units begins on the day after the inspection is performed by which time a work order should have been issued.
 - (3) The term "maintenance plan" is defined in paragraphs 6-2G8c and G8d, below.

- (4) Optional worksheets that PHA's may use for calculating this component are included in Appendix 5 of this Handbook. Sample worksheets showing the calculation of the correction of unit deficiencies immediately follows the optional worksheets in Appendix 5.

5. Component #4 - inspection and repair of systems. 24 CFR 901.10 (b)(7)(iv)

- a. Grade A: The PHA annually inspected major systems to identify required maintenance and action was taken to correct identified system defects within an average of at most 25 calendar days and the PHA is on schedule at the end of the immediate past fiscal year, according to its maintenance plan, to correct systems defects. 24 CFR 901.10(b)(7)(iv)(A)
- b. Grade B: The PHA annually inspected major systems to identify required maintenance and action was taken to correct identified system defects within an average of greater than 25 calendar days

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Chapter 6, paragraph 6-2G5b (continued)

and less than or equal to 30 calendar days, and the PHA is on schedule at the end of the immediate past fiscal year, according to its maintenance plan, to correct systems defects. 24 CFR 901.10(b)(7)(iv)(B)

- c. Grade C: The PHA annually inspected major systems to identify required maintenance and action was taken to correct identified system defects within an average of greater than 30 calendar days and less than or equal to 40 calendar days, and the PHA is on schedule at the end of the immediate past fiscal year, according to its maintenance plan, to correct systems defects. 24 CFR 901.10(b)(7)(iv)(C)
- d. Grade D: The PHA annually inspected major systems to identify required maintenance and action was taken to correct identified system defects within an average of greater than 40 calendar days and less than or equal to 50 calendar days, and the PHA is on schedule at the end of the immediate past fiscal year, according to its maintenance plan, to correct systems defects. 24 CFR 901.10(b)(7)(iv)(D)
- e. Grade E: The PHA annually inspected major systems to identify required maintenance and action was taken to correct identified system defects within an average of greater than 50 calendar days and less than or equal to 60 calendar days, and the PHA is on schedule at the end of the immediate past fiscal year, according to its maintenance plan, to correct systems defects. 24 CFR 901.10(b)(7)(iv)(E)

- f. Grade F: The PHA did not annually inspect major systems, or system defects were corrected within an average of greater than 60 calendar days, or the PHA is not on schedule at the end of the immediate past fiscal year, according to its maintenance plan, to correct systems defects. 24 CFR 901.10(b)(7)(iv)(F)
- g. Component #4, inspection and repair of systems, has a weight of x3. 24 CFR 901.10(b)(7)(iv)
- h. Component #4 guidance.

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Chapter 6, paragraph 6-2G5h (continued)

- (1) The term "action taken" refers to the issuance of a work order to correct the problem where systems are involved.
 - (2) A PHA can repair system defects by budgeting for extraordinary maintenance or capital improvements, or addressing such deficiencies in its CIAP/CGP.
 - (3) The term "maintenance plan" is defined in 6-2G8c and G8d, below.
 - (4) Optional worksheets that PHA's may use for calculating this indicator and a checklist for the inspection of systems are included in Appendix 5 of this Handbook. Samples of optional worksheets showing the calculation of the correction of systems defects and a checklist for the inspection of systems immediately follows the optional worksheets in appendix 5.
- 6. This indicator has a scoring weight of x3. 24 CFR 901.10(b)(7)
 - 7. Indicator #7, annual inspection and condition of units and systems, requirements. Data source: a PHA shall certify to this indicator within 90 calendar days after its fiscal year begins (FYB).
 - a. Certification shall be for the immediate past fiscal year.
 - b. Documentation verifying this indicator shall be maintained by the PHA for HUD post-review.
 - c. "Major systems" include, but are not limited to, mechanical systems, electrical systems, building envelopes, etc.
 - 8. Indicator #7, annual inspection and condition of units and systems, guidance.
 - a. The term "funded on-schedule CIAP program" means the PHA is adhering to its approved project implementation schedule or is meeting an approved time extension as of the end of its immediate past fiscal year.

Chapter 6, paragraph 6-2G8a (continued)

- (1) A unit shall be exempted from the calculation of this indicator only if the approved implementation schedule includes the necessity of vacating the unit. For example: the approved project implementation schedule includes the replacement of roofs and it is not necessary to vacate the units to replace the roofs; such units shall not be exempted from the calculation of this indicator.
- (2) A unit shall be exempted from the calculation of this indicator only if the approved project implementation schedule includes a relocation plan and the relocation plan clearly states when relocation will occur.
- (3) A unit shall be exempted from the calculation of this indicator only if the modernization program is at a point in the approved project implementation schedule where it is necessary to vacate the unit. For example: a unit should not be vacated when the architect is hired; it should be vacated at the relocation stage of the approved project implementation schedule.

b. The term "an approved demolition/disposition application" means that a PHA has received notification from HUD of approval.

c. The term "maintenance plan" refers to a PHA's own plan for completing needed repairs, including but not limited to, the following cases when:

- (1) A specific part is required but not available;
- (2) Wage rates need to be obtained;
- (3) The PHA plans, budgets and lets contracts for the public bid process, as long as the process is carried through until the work is completed;
- (4) Work items are not generated from cyclical inspections;
- (5) The urgency of non-emergency work items and the remaining workload are taken into consideration; and

Chapter 6, paragraph 6-2G8c (continued)

- (6) The differentiation for types of work are taken into

consideration.

- d. The purpose of including items in a PHA's maintenance plan is for the reason of not penalizing a PHA for factors beyond its control. However, in order not to fail this indicator, a PHA shall be on schedule according to its maintenance plan. The time frames stipulated in components #3 and #4 to correct identified unit and system deficiencies do not apply to a PHA's maintenance plan. When does apply is whether or not a PHA is on schedule according to its maintenance plan. The Field Office shall post-review during the confirmatory review or the next scheduled maintenance review, PHA documentation which verifies that a PHA was on schedule according to its maintenance plan.

6-3 ADDITIONAL INDICATORS (AND COMPONENTS) USED FOR THE PHMAP ASSESSMENT. The following is a listing of the additional five indicators that are deemed appropriate by HUD to evaluate the management performance of PHAs, with the current components, weights, data source, and other explanatory matters to be considered with each. These indicators were deemed appropriate by HUD because they reflect key management areas of a PHA's operation. Indicators #8, #9 and #10 examine a PHA's financial capability and management. Indicator #11 examines the quality of life a PHA provides to its residents, a PHA's clients. And indicator #12 examines a PHA's ability to develop additional public housing units for eligible recipients. (6)(j)(1)(H) of the Act and 24 CFR 901.10(a)

- A. Indicator #8, tenants accounts receivable (TAR). This indicator examines the percentage of monies owed to a PHA by residents in possession. (6)(j)(1)(H) of the Act and 24 CFR 901.10(b)(8)
 1. Grade A: Tenants accounts receivable for tenants in possession, excluding amounts covered by formal up-to-date repayment agreements, is 5% or less of total tenant charges for the reporting period. 24 CFR 901.10(b)(8)(i)
 2. Grade C: Tenants accounts receivable for tenants in possession, excluding amounts covered by formal up-to-date repayment agreements, is greater than 5% and less than or equal to 10% of total tenant charges for the reporting period. 24 CFR 901.10(b)(8)(ii)

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3. Grade F: Tenants accounts receivable for tenants in possession, excluding amounts covered by formal up-to-date repayment agreements, is greater than 10% of total tenant charges for the reporting period. 24 CFR 901.10(b)(8)(iii)
4. This indicator has a scoring weight of x1. 24 CFR 901.10(b)(8)

5. Indicator #8, tenants accounts receivable, requirements.
 - a. PHAs will respond on the PHMAP certification, Form HUD-50072, Public Housing Management Assessment Program (PHMAP) Certification, Appendix 4, whether it elects to use either the annual TAR report data or an average of both the semi-annual and annual TAR report data for the PHMAP assessment. After the initial year of PHMAP implementation, high-performing PHAs, which will be relieved from submitting the semi-annual TAR report, may elect to submit an average of both the semi-annual and annual TAR report data for the PHMAP assessment. The data utilized for this indicator shall be PHA-wide.
 - b. If a PHA elects to average its semi-annual and annual TAR report, the Field Office shall average Form HUD-52295, Report of Tenants Accounts Receivable (TARs), The Financial Management Handbook 7475.1, as revised, Exhibit 7-5, block E5 for the calculation of this indicator.
 - c. If a PHA has been required by the Field Office to submit Form HUD-52295, Report of Tenants Accounts Receivable (TARs), more than semi-annually and annually in accordance with The Financial Management Handbook 7475.1, as revised, the Field Office shall average Form HUD-52595, Report of Tenants Accounts Receivable (TARs), The Financial Management Handbook 7475.1, as revised, Exhibit 7-5, block E5, for all of the TAR reports a PHA was required to submit during its immediate past fiscal year.
 - d. A PHA may exclude any charges not yet due from Form HUD-52295, Report of Tenants Accounts Receivable (TARs).

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- e. Data source: Tenants Accounts Receivable (TAR) module, SMIRPH.
6. Indicator #8, tenants accounts receivable, guidance. The term "formal up-to-date repayment agreement" refers to a written and signed agreement by a resident to pay the amount of accounts receivable due in specific amounts on a specific schedule (which may include back rent, maintenance charges, damage charges, excess utilities, or any other charges), and the resident is in compliance and current with the terms of the repayment agreement, i.e., the resident is remitting a specified amount on specific dates with no lapse in remittance.
 - a. The agreement may be directly between the resident and the PHA, by court order obtained against the resident, or by resident arrangement with a third party for automatic payment to the PHA; for example, by payroll deduction, by payment from

a social service agency, etc.

- b. Agreements signed by residents authorizing third party agency payments on their behalf may be considered to be up-to-date even if the agency is late making the payments or has a policy of bi-monthly payments.
- c. Judgments (court orders) obtained against residents ordering them to make payments are up-to-date unless/until the resident fails to comply.
- d. In addition, a PHA may consider in the category of formal up-to-date repayment agreements those amounts which must be charged to a resident in continued occupancy but for which collection by the PHA cannot be accepted for legal reasons; for example, rent charged after a Notice to Vacate has been issued when acceptance of a partial rent payment would, by State or local law, invalidate or stop the eviction process.
- e. The calculation of this indicator shall be PHA-wide.

B. Indicator #9, operating reserves. This indicator examines the percentage of operating reserves maintained by any PHA.

(6)(j)(1)(H) of the Act and 24 CFR 901.10(b)(9)

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- 1. Grade A: Operating reserves, excluding TAR and modified for year-end adjustments, are 40% or greater of the maximum operating reserves. 24 CFR 901.10(b)(9)(i)
- 2. Grade C: Operating reserves, excluding TAR and modified for year-end adjustments, are less than 40% and greater than or equal to 20% of maximum operating reserves. 24 CFR 901.10(b)(9)(ii)
- 3. Grade F: Operating reserves, excluding TAR and modified for year-end adjustments, are less than 20% of maximum operating reserves. 24 CFR 901.10(b)(9)(iii)
- 4. This indicator has a scoring weight of x1. 24 CFR 901.10(b)(9)
- 5. Indicator #9, operating reserves, requirements.
 - a. The calculation of a PHA's operating reserves excludes any funds placed in reserve for the CGP. CGP funds shall be separate from a PHA's operating reserves for modernization purposes.
 - b. A PHA shall receive a presumptive score for this indicator that does not include year-end adjustments. Field Offices shall complete the determination for this indicator after PHAs submit their year-end adjustments.

- c. In the initial year of PHMAP implementation and for the purposes of the CGP, Field Offices shall complete this indicator after year-end adjustments are available; e.g., during the time frame when a PHA appeals may be submitted. A PHA shall receive a presumptive score for this indicator that does not include year-end adjustments. However, before a final determination is made in regards to the CGP Comprehensive Plan, Field Offices will have sufficient time to complete the determination for this indicator.
- d. Data source: Financial Statistics module, SMIRPH.
- 6. Indicator #9, operating reserves, guidance.

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- a. The term "year-end adjustments" means the adjustments made after the end of a PHA's fiscal year based upon actual experience during the year and may result in additional operating subsidy eligibility owed to the PHA or a reduction in eligibility and an amount owed HUD. For example:
 - (1) An increase in a PHA's utility rate may increase the amount of operating subsidy a PHA receives; or
 - (2) An increase in investment income earned may result in a decrease in the amount of operating subsidy a PHA receives.
 - b. A PHA may have emergencies or disasters that deplete reserves. If a PHA receives CGP funding, it may reprogram funds to address the emergency. If a PHA is not a CGP agency, it may submit a request for emergency modernization funding. The Field Office will consider the nature of expenditures when the reserve level is reduced below 40% and depleted awaiting reimbursement from modernization.
 - c. A PHA is not required to certify to the response to this indicator. However, an optional worksheet that PHAs may use for calculating this indicator is included in Appendix 5 of this Handbook. A sample worksheet showing the calculation of operating reserves immediately follows the worksheet in Appendix 5. The worksheet will include adjustments in years when a pro-ration has occurred (years that operating subsidy was funded at less than 100%) and year-end adjustments.
- C. Indicator #10, routine operating expenses. This indicator examines an agency's level of operating expenses as compared to operating income and subsidy. (6)(j)(1)(H) of the Act and 24 CFR 901.10(b)(10)
- 1. Grade A: Over the most recent three-year period, total routine operating expenses are less than or equal to operating income and

subsidy. 24 CFR 901.10(b)(10)(i)

2. Grade C: For two out of the past three years, total routine operating expenses are less than or equal to operating income and subsidy. 24 CFR 901.10(b)(10)(ii)

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3. Grade F: For two out of the past three years, total routine operating expenses exceed operating income and subsidy. 24 CFR 901.10(b)(10)(iii)

4. This indicator has a scoring weight of x1. 24 CFR 901.10(b)(10)

5. Indicator #10, routine operating expenses, requirements. Data source: Financial Statistics module, SMIRPH.

6. Indicator #10, routine operating expenses, guidance.

- a. A PHA is encouraged by this indicator to maintain a consistent level of routine expenditures, such as administrative overhead, employee benefits, routine maintenance and supplies. However, a PHA is not penalized if funds are needed for capital improvements through extraordinary maintenance, equipment addition/replacement or if a casualty loss or emergency occurs.
- b. A small PHA that has close to \$100,000 in its operating reserve at the beginning of its fiscal year, and will exceed \$100,000 at the end of its fiscal year, may spend the excess over \$100,000 on capital improvements and extraordinary maintenance. In such a case, the small PHA is not required to request a modification to this indicator.
- c. A PHA is not required to certify to the response to this indicator. However, an optional worksheet that PHAs may use for calculating this indicator is included in Appendix 5 of this Handbook. A sample worksheet showing the calculation of routine operating expenses immediately follows the optional worksheet in Appendix 5. The worksheet will also:
 - (1) Include adjustments in years when a pro-ration has occurred to avoid penalizing PHAs in years that operating subsidy was funded (pro-rated) at less than 100 percent; and
 - (2) Take into account PHAs that have been allowed to retain residual receipts. HUD requires that residual receipts are remitted to HUD with the year-end financial statements. Recently, HUD has increased the maximum reserve levels to

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Chapter 6, paragraph 6-3C6c(2) (continued)

at least \$100,000 which has significantly reduced the number of small PHAs repaying residual receipts.

D. Indicator #11, resident initiatives. This indicator encourages a partnership between residents and PHAs to develop and implement a resident initiatives agenda to create self-sufficiency opportunities and maintain viable, safe and drug-free public housing developments.

(6)(j)(1)(H) of the Act and 24 CFR 901.10(b)(11)

1. Grade A: The PHA Board has adopted policies and implemented procedures to support and encourage activities in the areas of anti-drug strategy/security; resident participation/management; homeownership opportunities; and economic development/self-sufficiency. There is evidence of significant activity in three areas at one or more developments (e.g., reduced drug-related crime, established newly organized resident groups/increased resident participation on the PHA Board; provided technical assistance/training to resident groups; assisted first-time resident homebuyers; provided supportive services to enhance self-sufficiency for families; has contracted in the past year with a resident-owned business or utilized Comprehensive Grant Program/CIAP activities to promote resident job creation pursuant to section 3 of the Housing and Urban Development Act of 1968, as amended) during a PHA's immediate past fiscal year. 24 CFR 901.10(b)(11)(i)
2. Grade B: The PHA Board has adopted policies and implemented procedures to support and encourage activities in the areas of anti-drug strategy/security; resident participation/management; homeownership opportunities; and economic development/self-sufficiency. There is evidence of significant activity in two areas at one or more developments (refer to examples in grade A above) during a PHA's immediate past fiscal year. 24 CFR 901.10(b)(11)(ii)
3. Grade C: The PHA Board has adopted policies and implemented procedures to support and encourage activities in the areas of anti-drug strategy/security; resident participation/management; homeownership opportunities; and economic development/self-sufficiency. There is evidence of significant activity in one area at one or more developments (refer to examples in grade A above) during a PHA's immediate past fiscal year. 24 CFR 901.10(b)(11)(iii)

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4. Grade D: The PHA Board has adopted policies and implemented procedures to support and encourage activities in the areas of

anti-drug strategy/security; resident participation/management; homeownership opportunities; and economic development/self-sufficiency. There is evidence of minimal activity in one area at one or more developments (refer to examples in grade A above) during a PHA's immediate past fiscal year. 24 CFR 901.10(b)(11)(iv)

5. Grade E: The PHA Board has adopted policies in the areas of anti-drug strategy/security; resident participation/management; homeownership opportunities; and economic development/self-sufficiency. There is no evidence of activity in any area (refer to examples in grade A above) during a PHA's immediate past fiscal year. 24 CFR 901.10(b)(11)(v)

6. Grade F: The PHA Board has not adopted policies and implemented procedures, or has not initiated any activities in the areas of anti-drug strategy/security; resident participation/management; homeownership opportunities; and economic development/self-sufficiency during a PHA's immediate past fiscal year. 24 CFR 901.10(b)(11)(vi)

7. This indicator has a scoring weight of x3. 24 CFR 901.10(b)(11)

8. Indicator #11, resident initiatives, requirements.

a. In the initial year of PHMAP implementation, PHAs will receive at least a grade "C" rating for this indicator. PHAs performing above this presumptive level will receive a higher rating.

b. A PHA shall certify to its actual activity under this indicator to ensure an accurate national data base. The PHMAP module in SMIRPH will automatically rate each PHA at least a grade "C".

c. This indicator assesses whether or not a PHA has Board adopted policies and procedures; and evidence of activity within the four resident initiative program areas (e.g., anti-drug strategy/security; resident participation/management; homeownership opportunities; and economic development/self-sufficiency). The grades within this indicator reflect the type and number of activity within the four resident initiative program areas.

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d. Data source: a PHA shall certify to this indicator 90 calendar days after its fiscal year begins (FYB).

(1) Certification shall be for the immediate past fiscal year.

(2) Documentation verifying this indicator shall be maintained by the PHA for HUD post-review.

9. Indicator #11, resident initiatives, guidance.

a. There is a nexus between good property management and

resident initiatives, as resident initiatives are likely to have a positive impact on resident behavior which can help keep units in decent, safe and sanitary condition, and reduce needs for modernization and maintenance funding.

- b. A PHA can score above grade "C" in this indicator if it has implemented effective resident programs in whatever areas meet the local resident needs given the size of the PHA and its regional characteristics. The following guidance is provided as flexible benchmarks in making this determination given the diversity among PHA communities.
- c. Ideally, PHAs should show evidence of significant resident initiatives activities in all developments. Evidence of resident initiatives activity should be evaluated on an on-going basis and should be supported, where required, by PHA progress reports to the Field Office, showing that the PHA has a role in promoting resident initiatives. Such reports might include news reports, minutes from resident meetings discussing Resident Initiatives policies and implementation procedures, quarterly reports, and statistical evidence.
- d. Public housing developments are diverse with regard to size, resident population and regional differences. Therefore, it is difficult to devise one measuring instrument to judge the entire group. The following guide can be used to assess the performances of the PHA considering the differences among communities. It offers guidance for evaluating a PHA's effectiveness at meeting each of the four resident initiatives: resident participation/management, anti-drug strategy/security,

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Chapter 6, paragraph 6-3D9d (continued)

economic development/self-sufficiency, and homeownership opportunities.

- e. Resident participation and management.
 - (1) A PHA shall be able to demonstrate evidence of ongoing and meaningful resident involvement in housing agency planning, policy development and program implementation in all decision making areas, like appropriate maintenance, management, rehabilitation, security and resident self-sufficiency programs. For example: 24 CFR 964.17 and 968.320(b)
 - (a) The encouragement of the appointment of a resident to the Board of Commissioners;
 - (b) Participation in regular meetings with resident groups; and

- (c) Formal discussions of special topics with residents.
- (2) A PHA shall be able to demonstrate evidence of good faith negotiations with residents interested in forming Resident Management Corporations (RMCs). For example: 24 CFR 964.27(a)
 - (a) Provide or assist in obtaining technical assistance for training;
 - (b) Develop a Memorandum of Understanding with the resident group; and
 - (c) Design specific training programs to develop the capacity for residents to enter into a contract with the PHA.
- (3) A PHA should be able to demonstrate evidence that sufficient financial resources are available and have been focused on programs to develop resident capacity. For example:

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- (a) The residents are aware specifically of the budget allocated for their resident self-sufficiency program;
 - (b) Full implementation of Comprehensive Grant/Comprehensive Improvement Assistance Program; and
 - (c) Resident participation requirements and funding opportunities.
- f. Anti-drug strategy and security.
- (1) A PHA should be able to demonstrate evidence of adequate efforts to secure police protection in the public housing community. For example: a description of the level and type of police protection the development receives with the number of arrests, the degree of severity of the infractions committed, and the overall criminal reputation of the area.
 - (2) A PHA shall be able to demonstrate evidence of full participation from a resident council, RMC, or other formal resident group in the implementation of the drug elimination grants. For example: 24 CFR 961.3
 - (a) Local television or news stories of participating programs;
 - (b) Notes from resident meetings where participation and/or implementation of the drug programs are

discussed or reported; and

- (c) Funding provided for resident security patrols, prevention activities, etc.
- (3) A PHA should be able to demonstrate evidence that the PHA or its social service partners have provided effective preventive drug education. For example: reduction in drug related arrest, crime or vandalism; and
- (4) A PHA should be able to demonstrate evidence that the PHA has identified referral sources for drug treatment and provided information on how to access these services. For

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Chapter 6, paragraph 6-3D9f(4) (continued)

example: a list of phone numbers and addresses posted in conspicuous places around the development.

- (5) A PHA shall be able to demonstrate evidence that substantiates enforcement of the lease policies regarding drug use or trafficking and that these policies are very stringent. For example: report on number of dismissals or other enforcement resulting from the lease policies regarding drug use and trafficking. 503 of the NAHA
- (6) A PHA should be able to demonstrate evidence that it facilitated the development of and access to youth programs for youngsters in the public housing community. For example:
 - (a) Report of the number of youth participating in various recreational and academic programs. There could be some overlap here with education programs since many anti-drug programs involve academic components; and
 - (b) Creation of new youth sports and cultural programs.

g. Economic development and self-sufficiency,

- (1) A PHA should be able to demonstrate evidence that tutoring services are in place and accessible to families. For example:
 - (a) Cooperation with a local college, education agency, or some volunteer public or private partnership to secure tutoring services for the academic needs of the residents;
 - (b) On-site or nearby learning centers that are easily accessible in a safe environment;

- (c) Programs that enhance school attendance and reward academic excellence such as good report cards; and
- (d) Intergenerational programs that involve the parents as well as the children.

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- (2) A PHA should be able to demonstrate evidence that access to other educational avenues are available either on-site or in partnership with institutions elsewhere. For example:
 - (a) Computer classes and cultural enrichment opportunities; and
 - (b) College courses offered on-site as well as GED training and job training with emphasis on job acquisition and retention skills.
- (3) A PHA shall be able to demonstrate evidence that it has, to the extent feasible, facilitated the training and development of and/or contracted with some resident-owned business in the past year. For example: 24 CFR 135.1
 - a. A list of training initiatives and partnerships created for access to funds; and
 - b. A list resident businesses that exist or are in the process of being developed.
- (4) A PHA shall be able to demonstrate, to the extent feasible, evidence that resources are available to create jobs and train residents. For example: a list of placement and training activities. 24 CFR 135.1
- (5) A PHA should be able to demonstrate evidence that adequate affordable child care is available to residents either formally, informally, or both. For example: a list of child care providers and number of children served.
- (6) A PHA may be able to demonstrate evidence of the availability of health care and other supportive services such as transportation, enrichment programs, personal development and financial counseling should be in place. For example:
 - (a) Immunization and dental checkups on-site or easily available;

Chapter 6, paragraph 6-3Dg(6) (continued)

- (b) An organized group of older residents who advise the younger residents on child rearing;
 - (c) Wellness clinics;
 - (d) Nutrition and personal development classes; and
 - (e) Reverse commute programs.
- (7) A PHA may be able to demonstrate evidence of providing effective programs that serve the needs of the elderly population. For example:
- (a) Cultural development programs;
 - (b) Financial counseling; and
 - (c) Special geriatric programs.
- h. Homeownership opportunities.
- (1) A PHA should be able to demonstrate evidence that the PHA has made serious attempts to inform and explain to residents that opportunities for purchasing housing are available. For example:
- (a) HOPE workshops; and
 - (b) Funds provided for resident participation in regional and national seminars on homeownership.
- (2) A PHA should be able to demonstrate evidence of an on-going system set-up to answer questions and further inform residents about homeownership options. For example:
- (a) Frequent newsletter articles explaining the intricacies of HOPE and/or other homeownership programs along with phone numbers for obtaining more information;
 - (b) Posters and bulletin board presentations promoting homeownership; and

Chapter 6, paragraph 6-3Dh(2) (continued)

- (c) Minutes from resident meetings where homeownership is discussed.
- (3) A PHA should be able to demonstrate evidence of concrete

plans to provide technical assistance to move residents onto a homeownership tract if they wish to strive to meet the eligibility requirements. For example:

- (a) Counseling seminars for residents interested in homeownership; and
 - (b) Develop financing arrangements with state and local housing finance agencies, private entities, etc.
- i. Where PHAs score below a grade "C" on this indicator, the Field Office should be proactive in encouraging the PHAs and the residents to design and implement resident initiative programs.
 - j. An optional worksheet that PHAs may use for calculating this indicator is included in Appendix 5 of this Handbook. A sample worksheet showing the calculation of routine operating expenses immediately follows the optional worksheet in Appendix 5.

E. Indicator #12, development. This indicator examines an agency's ability to develop additional units for occupancy by public housing residents and/or to undertake the Major Reconstruction of Obsolete Projects (MROP) funded since 1989. The assessment period is from fund reservation through not more than 12 months after Actual Development Cost Certification (ADCC) approval. (6)(j)(1)(H) of the Act and 24 CFR 901.10(b)(12)

- 1. Component #1 - Quality of contract administration. 24 CFR 901.10(b)(12)(i)
 - a. Grade A: Based on HUD's in-office reviews of the PHA's submissions, development contracting for design and/or inspecting architects, engineering services, site options and purchase agreements, general contractors or turnkey developers, etc., (contracts for site options and purchase agreements, as well as contracts with turnkey developers, do not apply to MROPs) conform to HUD requirements concerning method of selection (procurement), contracting, and contract administration; there are

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no significant findings (e.g., statutory, regulatory or health and/or safety violations) regarding a PHA's contracting and contract administration. 24 CFR 901.10(b)(12)(i)(A)

- b. Grade C: Based on HUD's in-office reviews of the PHA's submissions, development contracting and contract administration do not always conform to HUD requirements concerning method of selection (procurement), contracting, and contract administration; there were no more than four significant findings relating to contract administration and the PHA has corrected or

is in the process of correcting those monitoring findings related to contract administration. 24 CFR 901.10(b)(12)(i)(B)

c. Grade F: Based on HUD's follow-up monitoring of a PHA's development contracting and contract administration, the PHA's development contracting requirements do not conform to HUD requirements, or there were more than four significant findings relating to contract administration, or the PHA either did not correct its inappropriate practices or it is continuing to engage in improper contracting practices. 24 CFR 901.10(b)(12)(i)(C)

d. Component #1 requirement. Component #1, quality of contract administration, has a weight of x1. 24 CFR 901.10(b)(12)(i)

e. Component #1 guidance.

- (1) The term "conform to HUD requirements" (in grade "A") means in compliance with 24 CFR 85 for procurement; and the PHA utilizes the standard HUD contract forms or guideline contracts, for contracting and contract administration.
- (2) The term "do not always conform to HUD requirements" (in grade "C") means in compliance with 24 CFR 85 for procurement; and the PHA utilizes a different contract form without HUD authorization no more than one time, and HUD subsequently reviews and approves the substitute contract, for contracting and contract administration.
- (3) The term "do not conform to HUD requirements" (in grade "F") means not in compliance with 24 CFR 85 for

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Chapter 6, paragraph 6-3Ele(3) (continued)

procurement; or the PHA utilizes a different contract form without HUD authorization more than one time and HUD does not subsequently approve the substitute contract, for contracting and contract administration.

2. Component #2 - Timeliness of development/MROP. This component does not include valid delays resulting from legal action affecting a development or MROP, or a delay as a result of HUD actions or inaction. 24 CFR 901.10(b)(12)(ii)

a. Grade A: Construction/rehabilitation started (or Date of Full Availability DOFA achieved for acquisition) in no more than 21 months from the date of fund reservation, excluding any valid reasons beyond the PHA's control, and contract for construction/rehabilitation was completed in accordance with the contract time. Projects reserved but not started have met all processing deadlines preceding construction start or DOFA for acquisition projects. 24 CFR 901.10(b)(12)(ii)(A)

- b. Grade C: Construction/rehabilitation started (or DOFA achieved for acquisition) in more than 21 months, but less than or equal to 30 months from fund reservation, excluding any valid reasons beyond the PHA's control, and construction/ rehabilitation was completed in no more than 30 days past the date specified in the contract and for which liquidated damages were assessed, if applicable (e.g., the delay was not the responsibility of the PHA). Projects reserved but not started have met all extended deadlines preceding construction start or DOFA for acquisition projects. 24 CFR 901.10(b)(12)(ii)(B)
- c. Grade F: Construction/rehabilitation started (or DOFA achieved for acquisition) more than 30 months from fund reservation, excluding any valid reasons beyond the PHA's control, or contract for construction/rehabilitation was completed in excess of 30 days past the date specified in the contract or, if applicable, liquidated damages were not assessed. Projects reserved but not started failed to meet extended processing deadlines preceding construction start or DOFA for acquisition projects. 24 CFR 901.10(b)(12)(ii)(C)

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- d. Component #2 requirement. Component #2, timeliness of development, has a weight of x2. 24 CFR 901.10(b)(12)(ii)
 - e. Component #2 guidance. Liquidated damages does not apply to turnkey projects.
3. Component #3 - Quality of the physical work. 24 CFR 901.10(b)(12)(iii)
- a. Grade A: Based on HUD's on-site inspection(s), the physical work is being carried out in accordance with the HUD-approved budget, plans and specifications, CIAP standards in accordance with Handbook 7485.2, as revised, have been met for MR0P; the work is being inspected by the PHA in accordance with requirements and there are no significant monitoring findings (e.g., statutory, regulatory, or health and/or safety violation) relating to the quality of physical work or inspections, including items of delayed completion; and all design/construction deficiencies were corrected within two years of DOFA, or are in the process of being corrected if DOFA was less than two years ago. 24 CFR 901.10(b)(12)(iii)(A)
 - b. Grade C: Based on HUD's on-site inspection(s), the physical work is being carried out in accordance with the HUD-approved budget, plans and specifications, CIAP standards in accordance with Handbook 7485.2, as revised, have been met for MR0P; the work is being inspected by the PHA in accordance with requirements; there are no more than four significant monitoring

findings ; the PHA has or is in the process of correcting those significant findings; and all design/construction deficiencies corrected within three years of DOFA, or are in the process of being corrected if DOFA was less than three years ago. 24 CFR 901.10(b)(12)(iii)(B)

- c. Grade F: Based on HUD's on-site inspections, the physical work is not being carried out in accordance with the HUD-approved budget, plans and specifications, CIAP standards in accordance with Handbook 7485.2, as revised, have not been met for MROP; the work is not inspected by the PHA in accordance with HUD requirements; there are more than four significant monitoring findings; the PHA has not resolved the significant monitoring

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Chapter 6, paragraph 6-3E3c (continued)

findings related to the quality of physical work or inspections; or design/construction deficiencies were not identified within three years of DOFA. 24 CFR 901.10(b)(12)(iii)(C)

- d. Component #3 requirement. Component #3, quality of the physical work, has a weight of x3. 24 CFR 901.10(b)(12)(iii)
- 4. Component #4 - Budget controls. This component has a weight of x1. 24 CFR 901.10(b)(12)(iv)
- a. Grade A: Costs do not exceed approved budgets; shifts of funds between major accounts are fully justified and submitted in a timely fashion; financial records are properly maintained in a condition able to be audited; the Actual Development Cost Certificate (ADCC) was submitted within 24 months of DOFA unless prior written approval was granted by HUD for an extension; excess funds were remitted within 30 days of ADCC approval, if applicable. MROP units are clearly separated by project number and budget from other MROP, CIAP, CGP and development projects. 24 CFR 901.10(b)(12)(iv)(A)
- b. Grade C: For development: costs do not exceed the total development cost approved by HUD. For MROP: the reservation amount was between 70% and 90% of the total development cost limitation in effect on the reservation date. Current total costs do not exceed the amount reserved by more than 5% and no increase in the scope of work occurred. For both development and MROP: overruns in major accounts are in the process of being justified and a revised budget is being submitted; errors in financial record keeping associated with the development or MROP that were brought to the PHA's attention during processing are being corrected by the PHA; the ADCC was submitted for approval more than 24 months after DOFA without prior written approval from HUD for an extension; excess funds were remitted in more than 30 days but less than or equal to 90 days of ADCC approval, if applicable. 24 CFR 901.10(b)(12)

(iv)(B)

- c. Grade F: For development: costs exceeded the total development cost approved by HUD. For MROP: costs exceeded the applicable cost limitation because of increased scope

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Chapter 6, paragraph 6-3E4c (continued)

of work. For both development and MROP: overruns in major accounts were not properly justified; or the PHA failed to maintain project financial records in a condition able to be audited; or the ADCC was not submitted for approval, if applicable; or excess funds were not returned to HUD as required, if applicable. 24 CFR 901.10(b)(12)(iv)(C)

- d. Component #4 requirement. Component #4, budget controls, has a weight of x1. 24 CFR 901.10(b)(12)(iv)
- 5. Indicator #12, development/MROP, requirements.
 - a. The individual responsible for development in the Field Office will perform an assessment, within 90 days after the due date for PHA certification submission, for each development or MROP project for which an Actual Development Cost Certificate (ADCC) has not been approved, or was approved within the last 12 months.
 - b. If construction deficiencies are identified after approval of the ADCC, a supplemental evaluation will be performed noting the deficiencies and the extent to which the deficiencies affect any of the previous evaluations.
 - c. The Mortgage Credit Branch and the Housing Programs Branch shall review this indicator to determine the extent to which the PHA proceeded with development within the approved budget or incurred expenses without submitting a revised budget.
 - d. Data source: Form HUD-5378, Construction Report; Form HUD-5379, HUD Representative Trip Report; Form HUD-5370, General Conditions; Form HUD-52554, Supplement to General Conditions; Form HUD-53015, Turnkey Contract of Sale; Form HUD-52423, Notice of Date of Full Availability; Form HUD-52488, Development Cost Budget; and Form HUD-51915, Agreement Between Owner and Architect.
 - e. This indicator has a scoring weight of x1. 24 CFR 901.10(b)(12)
- 6. Indicator #12, development/MROP, guidance.

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Chapter 6, paragraph 6-3E6 (continued)

- a. Development/MROP is more than bricks and mortar; it also involves the use of appropriate procurement procedures, the timeliness of actions taken and the attention to fiscal matters. The quality of the design, construction materials and systems are approved prior to the commencement of development/MROP. This indicator measures a PHA's ability to ensure such quality through the process of development/MROP.

- b. The Public Housing Development Handbook 7417.1, as revised, requires the PHA architect/engineer to make periodic visits to the site to determine the quality and progress of work and submit reports to the PHA on the first and sixteenth day of each month. It also requires a HUD representative to visit the site at least monthly to evaluate construction/rehabilitation and PHA administration activities. The HUD representative must submit a trip report; a copy is provided to the PHA. The evaluation of this indicator shall be based on the HUD inspections and a review of the PHA architect's/engineer's reports.