

Essentials for Commissioners

Day 1

SERC-NAHRO

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Essentials for Commissioners
SERC NAHRO
Cara Gillette
Day 1




Nan McKay
AND ASSOCIATES, INC.
Experience — Leadership — Collaboration

Introduction



Overview

- A board member is a steward of the public trust – PHAs administer federally-funded HUD programs
- Many regulations and requirements:
 - HUD regulations and requirements
 - State law
 - PHA articles of incorporation and by-laws
 - Board policies, and
 - Generally accepted business practices



Overview

- A housing authority is a public, nonprofit corporation which contracts with HUD to administer housing programs
- Each commissioner, and the board as a whole, is legally and morally responsible – joint and collective authority



Overview

- The board reports to stakeholders
 - The whole community is a stakeholder



Ten Basic Responsibilities

1. Determine PHA's mission and purposes
2. Select the executive director
3. Support the executive director and assess performance
4. Ensure effective planning
5. Ensure adequate resources...



Ten Basic Responsibilities

- 6. Manage resources effectively
- 7. Determine, monitor and strengthen PHA programs and services
- 8. Enhance PHA's public standing
- 9. Ensure legal and ethical integrity
- 10. Recruit and orient new board members and assess performance



The Changing Mission

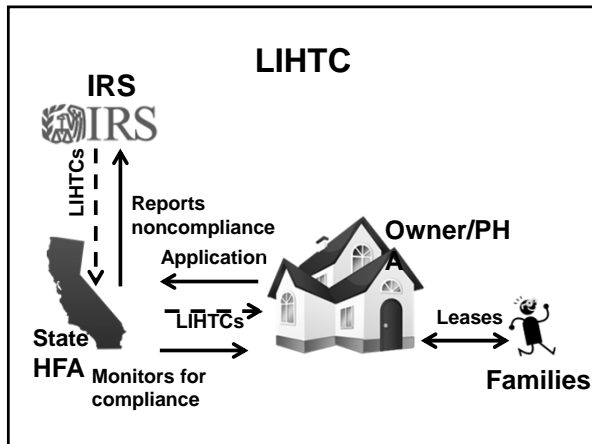
- Our business is a public, not-for-profit business
- But we have to do good business, and the business is changing
 - The importance of staying abreast of regulatory and social changes
 - Ensuring competence of management and staff
 - Entrepreneurial strategies



Rental Assistance Demonstration


- Two components:
 - PH and Mod Rehab could convert (demonstration = 60,000 units) to PBRA or PBV
 - Rent Supp, RAP and Mod Rehab convert tenant protection vouchers to PBV






Moving to Work (MTW)

- Demonstration program where PHAs can design and test innovative strategies
 - Gives PHAs exemptions from many regulations and more flexibility in spending
 - Must still follow FHA/civil rights, labor standards, environmental rules, procurement, demo/dispo procedures and relocation regulations



MTW "Block Grant"

- MTW PHAs can combine PH op sub and CFP and HCV funds
 - PHAs can use CFP to issue additional vouchers
 - Use voucher funds to develop (or renovate) public housing
- But MTW PHAs must assist substantially the same total number of eligible families



Regionalization

- Creation of regional housing authorities
- Benefits include cost savings, shared vision for development, and shared development authority and tax revenues



Setting Up a Nonprofit



PHA Nonprofits

- Nonprofit established by PHA is "captive"
- Nonprofits are set up for specific purposes and recognized by the IRS
- Do not make "profits" but can have a surplus to purchase services from the PHA
- Creates an income stream for the PHA
- HUD opting out of housing makes it easy to acquire in some jurisdictions



PHA Nonprofits

- Reasons for PHA using a nonprofit:
 - PHAs can't own and manage prepaid or "opt out" projects that still have project-based assistance coming in
 - Nonprofit is necessary in order to sell tax credits
 - Any liabilities by the nonprofit would not pass on to the PHA



Overview of Housing Programs




Creation of a PHA

- A PHA is created under state law
- State law determines:
 - The PHA's jurisdiction
 - Legal status
 - City or county department
 - Quasi-independent
 - Independent




Creation of a PHA

- State law determines:
 - Who sits on board
 - Number of commissioners
 - Procedures for appointment (elected or appointed)
 - Composition of board and terms of service
 - Resident or Section 8 participant
 - By-laws




Creation of a PHA

- Organizational transcript
 - Part of the body of the state law that established the PHA
 - Contains the commissioner's oath of office, articles of incorporation, by-laws, minutes of organizational meeting, and the government body approvals





Creation of a PHA

- By-laws define how PHA operates
 - Number of commissioners required, appointment or election and by whom
 - Length of term of commissioners
 - When and where board meetings are conducted
 - Under what circumstances and by whom special meetings may be called




Local Government

- Appoints or elects commissioners




Local Government

- May be county, city, state or other
- Working with local government is key to getting the job done
- Political environment frequently changing so flexibility and communication is important



Cooperation Agreement

- This is the contract between City and PHA for services
- Needed for public housing development
- Instead of paying real property taxes, the PHA pays PILOT for specified services
 - May be waived by mutual agreement

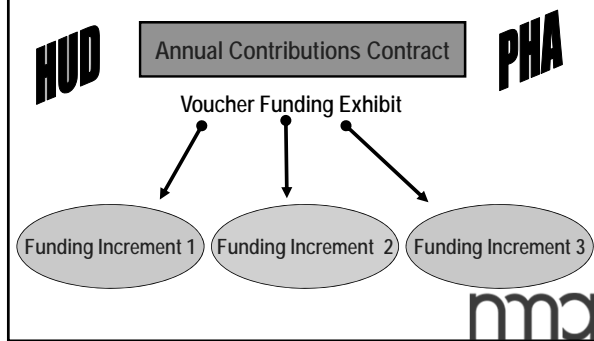


Annual Contributions Contract

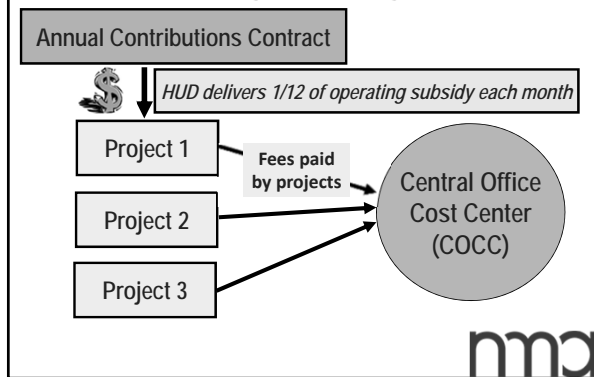
- The primary contract between the PHA and HUD
 - ACCs – for HCV funding increments and for PH developments



HCV Funding




Public Housing Funding




Laws

- Many nondiscrimination laws
- Federal laws
 - Fair Housing Act
 - Civil Rights Act of 1964
 - Age Discrimination Act
 - Executive Order 11063
 - Section 504
 - Employment laws
- ADA
 - Reasonable accommodation
 - Physical modifications
 - Policies
 - Practices




Protected Categories under Federal Laws

- Race
- Color
- Creed
- National origin
- Religion
- Age
- Familial status
- Handicap/disability



State Law

- Many states have nondiscrimination laws
 - Additional categories or expanded protections
- Landlord/tenant laws often at the state level
- States often have health and safety codes and employment laws



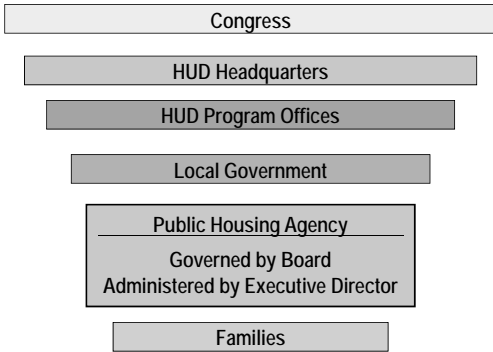
HUD's Equal Access Rule

- Final rule published February 3, 2012
- PIH PIH 2014-20 published August 27, 2014
- HUD programs open to all eligible persons regardless of:
 - Sexual orientation
 - Gender identity
 - Marital status




Key Players: Congress, HUD and the PHA






HUD Regulations

- HUD regulations: 24 CFR
 - Part 1: Basic Civil Rights
 - Part 5: Combined PH & S8
 - Part 8: Nondiscrimination
 - Part 100: Fair Housing Act
 - Part 900: PHA Plans
 - Part 960's: Public Housing
 - Part 982: Housing Choice Vouchers

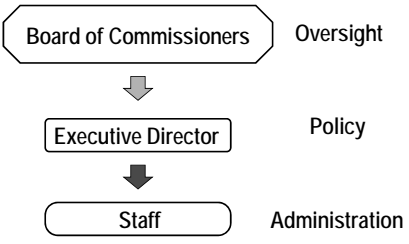


Staying Current


- Someone at the PHA should be designated to stay current on
 - New laws
 - New regulations
 - New HUD guidance
- Board should know PHA's protocol for staying abreast of and implementing changes



General Structure of a PHA



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graph TD; A[Board of Commissioners Oversight] --> B[Executive Director Policy]; B --> C[Staff Administration];
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Developing and Monitoring Public Policy

- Criteria for good policy:
 - Explicit - in writing
 - Current - constantly used as a reference
 - Literal - means what it says
 - Available to all
 - Brief and simple
 - Encompassing - deals with larger issues



Board Policies

- Conflict of interest policy
- Code of ethics
- Political contributions
- Confidentiality
- Maintenance of PHA documents
- Selection and appointment of commissioners
- Removal of commissioners



Board Policies

- Conflict of interest - must avoid even the *appearance*
- Code of ethics – written description of ethical conduct and behavior? Enforcement?
- Political contributions – not explicitly addressed by HUD – good policy can avoid problems
- Confidentiality – sensitivity of information especially regarding capital decisions, real estate purchases, union and labor negotiations, personnel decisions and legal actions

Board Policies

- Maintenance of PHA documents – articles of incorporation, real estate titles, building blueprints, ACCs – who is responsible for safekeeping?
- Selection and appointment of commissioners – how are board vacancies filled? What about when vacancies occur other than term expiration?
- Removal of commissioners – what is considered failure to perform? Criteria should be clear. What is the removal process? Majority vote?

Board Policies

- Meeting attendance requirement
- Commissioner travel
- Directors' and Executives' Errors and Omissions Insurance
- Board legal counsel
- Board correspondence
- Speaking to the public or media
- Term limits




Key Policies

- Consolidated Plan
 - Larger jurisdictions (500,000+) required to have ConPlan
 - Some PHAs are the lead agencies
 - Communities HUD programs in wider context
 - Affordable housing and homeless prevention, infrastructure, fair housing, civil design, and growth




Key Policies

- Consolidated Plan
 - Affordable housing and homeless prevention
 - Adequate infrastructure
 - Fair housing (Analysis of Impediments)
 - Environmental justice
 - Enhancement of civil design
 - Economic growth coordinated with human development




Key Policies

- Consolidated Plan is the application for federal funding for:
 - CDVG
 - Emergency Shelter Grants (ESG)
 - HOME
 - HOPWA
- High degree of citizen participation is required



The PHA Plan

- 5-year plan and annual plan (for nonqualified PHAs)
- Resident Advisory Board (RAB) is part of the process
- PHA is required to hold public hearings on the proposed plan and consider comments from residents and the public



Analysis of Impediments

- In a press release May 18, HUD announced that it is withdrawing the fair housing assessment requirement
- PHAs must continue to include an analysis of impediments to fair housing in the PHA plan

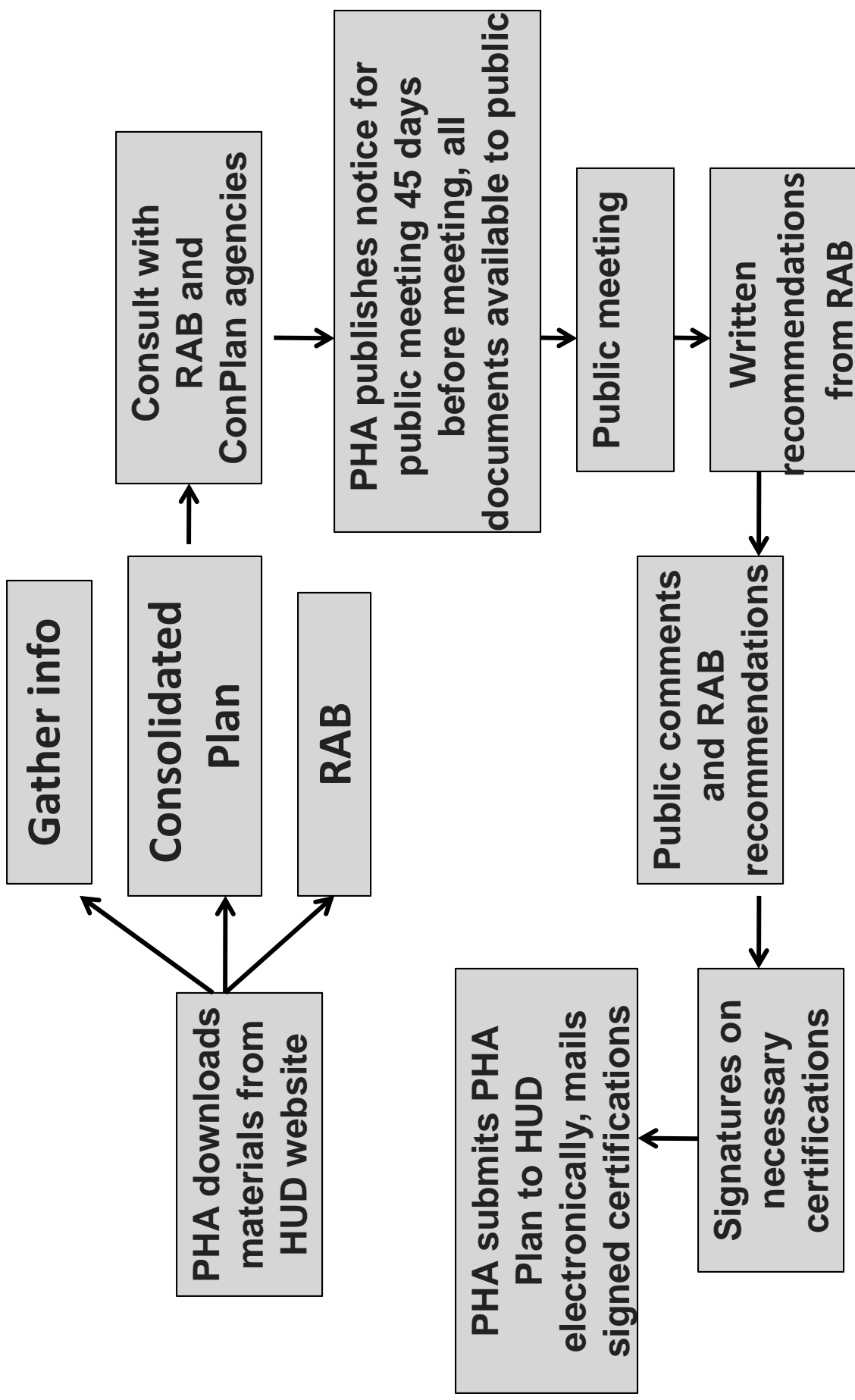


The PHA Plan

- Timeline for PHA Plan completion


Action	Jan. 1 FY Start	April 1 FY Start	July 1 FY Start	Oct. 1 FY Start
Begin preparations for developing PHA Plan, including compiling information and obtaining a copy of the jurisdiction's Consolidated Plan	May	Aug.	Nov.	Feb.
Draft Plan developed for discussion with partners	Mid-July	Mid-Oct.	Mid-Jan.	Mid-April
Notice of hearing and Plan on file for review	Mid-Aug.	Mid-Nov.	Mid-Feb.	Mid-May
Public Hearing	First week of Oct.	First week of Jan.	First week of April	First week of July
PHA Plan due **Note: exact due date depends on calendar days in PHA's fiscal year	Mid-Oct.	Mid-Jan.	Mid-April	Mid-July

The PHA Plan Process




Key Policies

- Admissions and Occupancy Policy (ACOP)
 - This is the document that tells the public, elected officials, applicants and tenants - and public housing staff - the policy decisions of the PHA for the public housing program




Key Policies

- Administrative Plan
 - This is the document that tells the public, elected officials, applicants and program participants - and staff - the policy decisions of the PHA for the housing choice voucher (HCV) program



Key Policies

- Capital Fund Plan
 - 5-year action plan – can only spend capital dollars on activities in the 5-year plan
 - Describes capital improvements necessary to ensure long-term physical and social viability of the public housing developments
 - Must update for Capital Fund final rule effective November 25, 2013
 - Must conduct public hearing



Key Policies

- Procurement policy
 - Required for all PHAs except HCV-only PHAs
 - Must follow 2 CFR Part 200 and HUD Procurement Handbook
 - Must contain Section 3 requirements
 - FHEO is monitoring
 - HUD and DOJ are enforcing



The Board, Executive Director, and Staff



General Structure of PHA

Mayor/City Council



appoints

Commissioners

under State Law



Nature of the Board
Board of Commissioners
 oversees policy and hires
Executive Director
 implements policy and hires
Staff




The Board

- Nature of the Board
 - Oversees policy and hires the executive director
 - Approves budgets
 - Must provide direction, govern the PHA's resources
 - Must maintain, preserve, develop and expand programs and ensure viability of agency




Nature of the Board

- Board service should emphasize:
 - Strategic leadership
 - Clear distinction between board and administrator roles
 - Focus on the future
 - Proactivity rather than reactivity
 - Building and maintaining PHA's public image




Role of the Commissioner

- Regularly attend and actively participate
- Respect roles within board and between board and executive director
- Speak on behalf of PHA with one voice
- Be accountable to public
- Work to build positive community relations
- Be knowledgeable about laws and regulations




Board Responsibilities

- Operate in best interest of families and public
- Act in good faith
- Not to make decisions based on personal or special interests
- Be committed to values of organization
- Make hard choices about which program or service to fund




Board Sets Policy

- You don't have time to manage - this is not your role
- You set policy, which is the direction or course of action a body will take within the mission
- The board functions as observer, interpreter and evaluator of policies




Board Hires Executive Director to Manage Organization

- The most important decision the board makes is the selection of the ED
- The ED must be free to manage day-to-day activities
- Board support and be advocates for the ED
- Must evaluate executive director each year




The Role of the Board

- Gives final approval of budgets, policies and contracts
 - ED delegates
- Approves hiring of auditor to audit financial record
 - ED seeks bids and makes recommendations for final selection



The Board.....

- Approves policies for management of finances
 - ED actually invests funds, makes sure bills paid, oversees day-to-day finances
- Approves bids, according to policy, which must be approved by Board
 - ED recommends bids be accepted and actually makes the purchase



The Board...

- Is responsible for making a long-range plan for the organization
 - ED makes recommendations and acts as resource
- Approves budgeted amount for salaries
 - ED determines activities to be carried out & allocation of \$ to staff, level of staffing and what staff will actually do



The Board...

- Monitors ED through formal annual evaluation
 - Board should establish measurable performance indicators
- Measures bottom-line results
 - Good flow of information, stable finances, progress toward mission and goals, status of complaints



The Board...

- The board should not ask staff to evaluate the executive director



The Board...

- Board members have a right to:
 - Receive notice of board meetings and the agenda
 - Examine the PHA's books, records, meeting minutes, financial statements, and contracts
 - Place items on the agenda at the appropriate time



Role of the Board Member

- Board members don't:
 - Discuss complaints about the PHA at social occasions
 - Let staff appeal ED decisions
 - Act as liaison between residents and staff
 - These issues should be referred to the ED



Six Smart Moves Great Board Chairs Make

1. Understand the role
2. Support the CEO/Executive Director
3. Thing big
4. Lead by example
5. Make board service fun
6. Know when it's time to step down



Operating as a Team

- All authority is vested in the board when it meets in session
 - Only the team has the power and authority to act
- Working as a team doesn't mean giving up your views, values or goals
 - Each board member was appointed for leadership



Operating as a Team

- Executive director is member of board team
 - Although nonvoting, the ED needs a high level of trust & cooperation
 - Vital resource



Operating as a Team

- Recognize all authority is vested in the board when it meets
- Keep informed of developments
- Participate actively
- Call attention to any issues that may have an adverse effect on the PHA or those whom it serves



Operating as a Team

- Refer customer or staff complaints to the proper level
- Represent all constituents and not a particular group or area
- Declare any conflicts - or perceived or potential - conflicts of interest



Operating as a Team

- Respect what other members have to say
- Tell members openly when you disagree
- Don't let disagreement on one issue carry over to other issues
- Avoid forming voting blocks
- Leave disagreements at the board table



Participant on the Board

- Board must include one resident directly assisted by PHA
- Exceptions:
 - Full-time, salaried position required by state law or
 - PHA not governed by governing board



Roles of the Executive Director

- Necessary abilities:
 - Decision-making
 - Planning
 - Problem-solving
- Responsibilities vary with the size of PHA, programs and authority given by board



The ED and the Board

- More than just an employee of board
- Vital part of board team
 - Valuable resource on all issues
 - Should sit at board table at meeting
 - Should be expected to make well-supported recommendations
 - Rare for board to meet without ED




The ED and the Board

- Relationship between the board and the ED defines the culture of the PHA
- Board chair and ED should have a strong, ongoing, working relationship
- ED must give equal respect to all board members – and vice versa
- No “rubber stamp” relationships




ED and the Board

- The ED has one boss - the full board
- ED isn't responsible to each board member
- Board must speak with one voice when delegating, giving direction, and asking for accountability
 - Individual board members have no power to make demands or give orders




Basic Expectations ED has of Board

1. Willingness and commitment to get to know the PHA and the environment in which it operates
2. Regular attendance at meetings
3. Adequate preparation for meetings
4. Full participation in the process



Basic Expectations ED has of Board

5. A commitment to teamwork
6. Commitment to speak with one voice
7. Collective commitment to improvement
8. Sincere support for the executive director



The Board's Relation to Staff

- Board's job is to ensure that the PHA is well-managed, not to manage the PHA
- Board only has one employee - the ED
 - Although board approves pay, working conditions & contracts with staff



Board's Relation to Staff – Chain of Command has Rules

- Board has no responsibility for or authority to:
 - Day-to-day supervision of staff
 - Issue orders or make demands of staff except thru ED
 - Assess staff performance
- Board does not usually act on complaints from line staff
- Board should not let line staff "short circuit" chain of command




Organizational Management




Organizational Management

- Organizational change is usually driven by a need to improve performance, change in leadership, new requirements from HUD, and/or new directions for the PHA




Assessing the Current Organization

- Accurate program statistics, performance data, assessment of current staffing and competency, and financial proformas will enable the executive team to make the crucial decisions in the transition to asset management




Organizational Culture or Climate

- Organization culture is the personality of the organization. Assumptions, values, norms, and tangible signs of staff and their behaviors make up a PHA's culture
- There are dimensions of culture, or climate in every organization



Organizational Culture or Climate


1. Orientation. The dominant orientation of an organization is an important determinant of the organization's culture or climate



Organizational Culture or Climate

2. Interpersonal relationships. An organization's interpersonal relations processes are reflected in the way informal groups are formed, and these processes affect climate


- Example – If cliques develop, a climate of control may result



Organizational Culture or Climate


3. Supervision. Supervisory practices contribute significantly to climate. If supervisors focus on helping their staff improve personal skills and chances of advancement, a motivational climate is enhanced

- Property managers must be highly competent supervisors




Organizational Culture or Climate

4. Problem management. The PHA may need to establish new and clearer protocols by which staff, property managers, maintenance staff, centralized functions, the asset manager, and the finance department can address and solve problems



Organizational Culture or Climate


5. Management of mistakes. New supervisors, and those with increased supervisory responsibilities, must be mentored. Debriefing on important mistakes must be used to learn, not blame



Organizational Culture or Climate

6. Conflict management. The process of dealing with conflicts is as significant as management of mistakes in establishing a corporate culture


- Patience and professionalism, modeled from the top down, demonstrates a willingness to honestly face conflict



Organizational Culture or Climate

7. Communication. Communication is concerned with the flow of information: its direction (top-down, bottom-up, horizontal), its disbursement, its mode


- The executive director must establish communication channels that are quicker, more efficient, and result in good decisions for the property



Organizational Culture or Climate


8. Decision-making. An agency's approach to decision-making can be focused on maintaining good relations or achieving results

- The issue of who makes decisions is important – if decisions can only be made at the top, managers can't do their job as efficiently



Organizational Culture or Climate


9. Trust. The degree of trust or its absence among individuals or groups in the agency affects climate. The issue of who is trusted by management and to what degree is also relevant.



Organizational Culture or Climate

10. Management of rewards. Rewards reinforce specific behaviors. What is rewarded in an agency influences the motivational climate


- In the private sector, property managers' compensation and evaluation is directly related to property performance



Organization Culture or Climate

11. Risk taking. How people respond to risks and whose help if sought in situations involving risk are important determinants of climate


- The ability to go to others for help, maintain confidentiality, understand how mistakes are handled, how discipline is handled, will set the tone for risk




Organizational Culture or Climate

12. Innovation and change. How change and innovation are perceived, who initiates and champions change, and how change is implemented are all critical factors in the culture of an agency

- New requirements will compel and propel PHAs into being more entrepreneurial



Supervisory Management



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Supervisory Management

- Directors must ensure that supervisors know how to supervise
- Frontline supervisors have a particularly difficult role
 - Sometimes property managers are new supervisors
 - Often new supervisors receive little or no training

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Supervisory Management

- Technical expertise that led to promotion has little to do with new responsibilities
- Support, direction, and development are critical for new supervisors and managers
- Coaches and mentors are important

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Top Ten Supervisor Tasks

1. Take corrective action when problems arise
2. Create a work environment where individuals are treated fairly
3. Encourage open communication from employees
4. Provide recognition and rewards
5. High level of professional expertise




Top Ten Supervisor Tasks

6. Get relevant information before making a decision
7. Involve relevant people in decision making
8. Help employees improve job performance
9. Advise employees of performance standards and keep them informed
10. Schedule work assignments, set priorities, and direct work of staff



What Employees Need to Know

- Exactly what is expected of them — what activities they will be accountable for performing
- How their jobs fit into the total picture and why they are important
- How their jobs affect other jobs ...



What Employees Need to Know

- How their mistakes affect others inside and outside the team, department or program, and vice versa...



What Employees Need to Know

- The specific factors and criteria on which their performance will be judged
- Where they stand (i.e., how well they are actually doing on the job)
- How to improve their performance and increase their contribution to the team and the whole



The Basics of Housing Choice Voucher Program



Basics of the HCV Program

- Learning outcomes
 - Identify the basic elements of the HCV program
 - Define the purpose of SEMAP and identify the key performance indicators

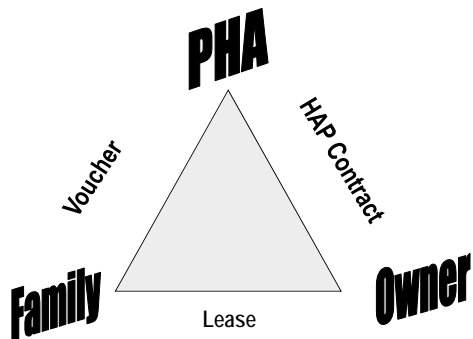


Basics of the HCV Program

- PHA is responsible for subsidizing:
 - The right families (eligible)
 - In the right units (meet HQS)
 - At the right rents (reasonable)
- HCV (Section 8) is tenant-based
 - Families can choose their units
 - PHA doesn't own the housing



Legal Relationships



Managing the HCV Program

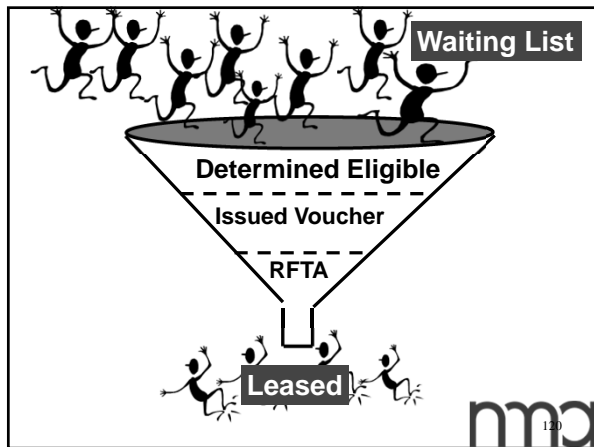
- Outreach - so enough owners participate
 - Is your PHA responding well to owners and potential owners? Is your PHA doing the inspections and processing the rents on time?



Managing the HCV Program


- Intake - managing the waiting list
 - Preapplication/application, selection from the waiting list, needs estimate (how many applications should be processed to result in full utilization), screening for certain criminal history, opening and closing the waiting list






Managing the HCV Program

- Leasing - family submits paperwork, PHA conducts HQS inspection, PHA determines rent reasonableness, lease and HAP contract signed




Managing the HCV Program

- Rents - based on statutory formula
- Annual activities - income and rent reexamination, HQS inspection
- Interim activities - important Admin Plan policies



Managing the HCV Program

- Moves - HUD regulations and PHA policy
- Reasonable accommodation
- Terminations:
 - PHA terminates family voucher for violation
 - Owner or family terminates lease
 - Termination of HAP contract (PHA may terminate owner, or owner can terminate)



Managing the HCV Program

- Portability - "receiving" PHA may either administer the voucher and bill the initial PHA, or may absorb the voucher
 - This can be a challenge to track
- Reviews and informal hearings



The Basics of SEMAP



Key Performance Indicators


- | | |
|---------------------|----|
| ▪ Waiting list* | 15 |
| ▪ Reasonable Rent* | 20 |
| ▪ Adjusted Income* | 20 |
| ▪ UA Schedule | 5 |
| ▪ HQS QC* | 5 |
| ▪ HQS Enforcement* | 10 |
| ▪ Expanding Housing | 5 |

* PHA Audit
Required to
Certify to HUD



Key Performance Indicators


- Payment Standards 5
- Annual Reexams 10
- Correct Tenant Rent 5
- Precontract HQS 5
- Annual HQS 10
- Leaseup 20
- FSS 10



Percentage Score


- Total points earned
- Divide by total points that apply to your PHA

▪ High performer	90%+	Your goal
▪ Standard performer	61-89%	
▪ Troubled performer	60% or less	



Rating Profile

- Total points earned 135
- Total possible points 135
- = 100% overall score
- Overall SEMAP rating – high performer



PREPARE for SEMAP

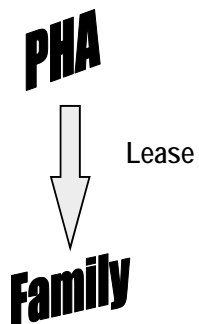
- Do your own preliminary audit
- Don't wait until you have to certify to HUD
- Some problems will take longer to solve
- Some problems involve more than one department



Basics of Public Housing



Legal Relationships



The New Model of Asset Mgmt

- The Reform Act required HUD to come up with a new formula for operating subsidy
- The new formula requires project-based accounting, budgeting, and management for PHAs with 250 or more PH units
 - PHAs with no more than 400 units can opt out year by year



New Model of Asset Management

- Fundamental shift for public housing
- Historically, operating subsidy was calculated on an aggregate level
 - Op sub was allocated to the central office, which decided where the subsidy went
- Now, subsidy is calculated for and allocated to each project



HUD's New Model

- Asset management model consists of seven criteria
 - Based on instructions to stop-loss agencies

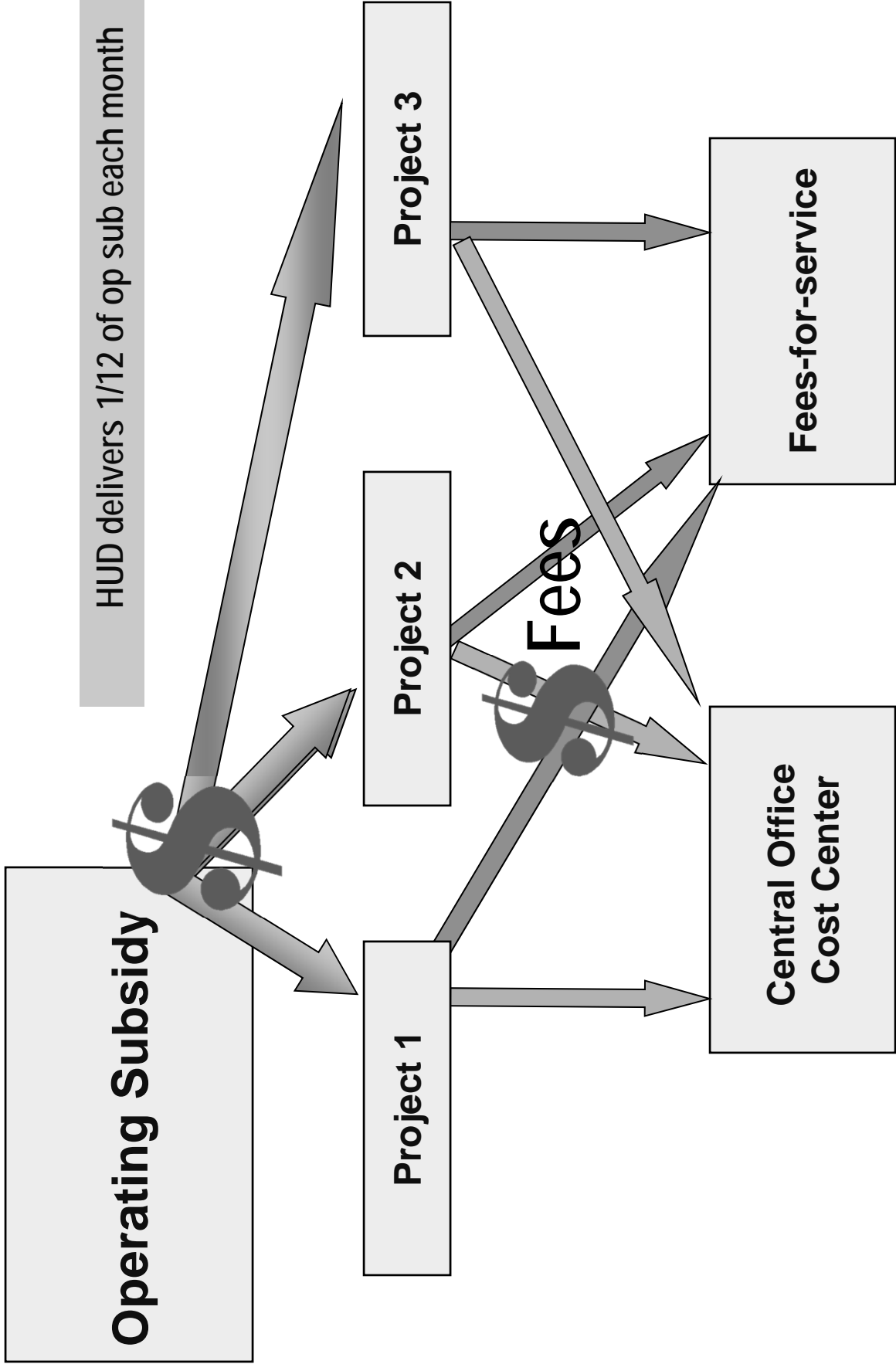


Seven Criteria of Asset Management

- 1. Project-based accounting
- 2. Project-based management
- 3. COCC costs must be reasonable
- 4. Fee-for-service for direct services
- 5. Review of project performance
- 6. Capital planning
- 7. Regulatory compliance



HUD delivers 1/12 of op sub each month



Operating Subsidy

Project 1

Project 2

Project 3

**Central Office
Cost Center**

Fees-for-service

FEES

Project Reports

- The performance of the project should be tracked monthly
- Reports compiled (some data is electronic, some is manual) and submitted each month
- Trend analysis



Basics of PHAS

- PHAS is the “report card” for public housing
- Interim PHAS effective March 25, 2011
 - Each project scored under physical, financial, and management
 - Overall Capital Fund score



Basics of PHAS

- Each project (AMP) receives a physical condition, financial condition, and management operations score
- Capital fund is PH-wide
- Projects do not receive an overall PHAS score and designation (high performer, standard performer, troubled performer)



Performance Designations

- 90% to 100% High performer
- 60% to 89% Standard performer
- At least 60% but less than 60% under physical, financial, or management Substandard
- 0% to 59% or less than 50% under capital Troubled



3-2-1 Schedule – Small PHAs

- PHAs with less than 250 units will be *assessed*:
 - High performers every 3 years
 - Standard or substandard every other year
 - Troubled or CFP-troubled every year



3-2-1 Schedule – Large PHAs

- PHA with 250 units or more – physical inspection based on performance of projects:
 - Projects that score 90+ every 3 years
 - Projects that score at least 80 but less than 90 every other year
 - Projects that score less than 80 every year, and projects in troubled or CFP-troubled PHA




Physical Condition

40 Points Max

- Site 6.0 points
- Building exterior 6.0 points
- Building systems 8.0 points
- Dwelling units 14.0 points
- Common areas 6.0 points

H&S deficiencies - big point deduction




Financial Condition Indicator

25 Pts Max

- Quick Ratio (liquidity) 12.0 points
- MENAR (reserves) 11.0 points
- DSCR 2.0 points

Audit flags can deduct all or some points



Financial Condition

- Quick Ratio scoring

QR < 1.0	0 points
QR = 1.0	7.2 points
1.0 < QR < 2.0	7.2 < points < 12.0
QR ≥ 2.0	12.0 points

Financial Condition

- MENAR scoring

MENAR < 1.0	0 points
MENAR = 1.0	6.6 points
1.0 < MENAR < 4.0	6.6 < points < 11.0
MENAR ≥ 4.0	11.0 points

Real Estate Assessment Center Version 1.0 PHAS Interim Rule-FASS



Financial Condition

- DSCR scoring

DSCR < 1.0	0 points
≥ 1.0 but < 1.25	1 point
DSCR ≥ 1.25	2 points
NO DEBT AT ALL	2 points

Management Operations Indicator


- PHA self-certification eliminated
- Now scored electronically by HUD at the project level
- Management review will be "diagnostic"

Management Operations

25 Pts Max

- Occupancy Rate 16 points
- Tenant Accounts Recv 5 points
- Accounts Payable 4 points



Management Operations Scoring


- Occupancy

≥98%	16 Points
<98% but ≥96%	12 Points
<96% but ≥94%	8 Points
<94% but ≥92%	4 Points
<92% but ≥90%	1 Point
<90%	0 Points

Management Operations

- Tenant Accounts Receivable


< 1.5	5 points
≥ 1.5 but < 2.5	2 points
≥ 2.5	0 points



Management Operations

- Accounts Payable

< 0.75	4 points
≥ 0.75 but < 1.5	2 points
≥ 1.5	0 points




Capital Fund

10 Pts Max

- Timeliness of Obligation 5 points
- Occupancy Rate 5 points

IF a PHA scores 5 points on obligation, the PHA will receive points for occupancy – 5 points for 96%+, 2 points for 93% - 95%



Capital Fund Scoring

- Timeliness of Fund Obligation

Timeliness of Fund Obligation
(Sub indicator is a scoring threshold)

≥90% at Obligation End Date (OED) and no sanctions*	5 points
<90% at Obligation End Date (OED) or sanctioned	0 points

*If a PHA has no obligation end dates in the assessed fiscal year, and does not have any 1937 Act 9(j) sanctions against it in that fiscal year, the points for this sub indicator will be redistributed to the occupancy sub indicator.

Real Estate Assessment Center Version 2.0 PHAS Interim Rule C-10

Capital Fund Scoring

- Occupancy Rate

≥96%	5 points
≥93% or <96%	2 points
<93%	0 points

Scored only if PHA scores 5 points on fund obligation

Summary of Interim PHAS

Previous PHAS		Interim PHAS	
Indicator	Points	Indicator	Points
Physical	30	Physical	40
Financial	30	Financial	25
Management Operations	30	Management Operations	25
Resident Service & Satisfaction	10	Capital Fund	10
Total	100	Total	100

Smoke-Free Public Housing

- Smoke-free final rule published 12-5-2016





Smoke-Free Public Housing

- PHAs must adopt smoke-free policies by July 30, 2018
- Must prohibit smoking in units and indoor areas, as well as in outdoor areas within 25 feet of units and PH offices



Smoke-Free Public Housing

- Prohibited tobacco products:
 - Items that involve the ignition and burning of tobacco leaves, such as (but not limited to) cigarettes, cigars, and pipes
 - Waterpipes (hookahs)
- The rule does not prohibit e-cigarettes
 - "Electronic Nicotine Delivery Systems (ENDS)"
 - But allows PHAs to establish policy to prohibit




Other Programs




Project-Based Vouchers

- PHAs may use up to 20% of their HCV budget authority for PBVs
 - Allows PHAs to attach the funds to specific units
- If your PHA is considering utilizing a portion of your HCV funding for PBVs, you want to understand what this requires




Mixed-Finance Housing

- This is mixing funding - tax credits, Capital Funds, etc. - so units will have different affordability levels and different requirements
 - Many social and economic benefits to PHA and families
 - PHA must stay on top of multiple requirements




Setting up a Nonprofit

- "Captive" nonprofits are set up by the PHA to expand its activities
- The board should thoroughly understand the purpose of the nonprofit
 - The nonprofit has a board, separate policies and systems
 - There must be no conflict of interest



Tips for Starting Any Entrepreneurial Venture

- Avoid the following mistakes:
 - Lack of research and planning
 - Lack of financial savvy
 - Thinking it's easier than it really is
 - Not realizing how much time, effort, and money it takes
 - Not having (or building) an effective board





Tips for Starting Any Entrepreneurial Venture

- Think through the following considerations:
 - Do your research
 - Develop a business plan
 - Be sure to take care of all the legal requirements
 - Keep good records
 - Ensure an existing, effective board



Economic Self-Sufficiency



Resident Councils

- Resident Advisory Board (RAB) often comprised of resident council members
- Can be incorporated or unincorporated non-profit organization
 - Democratically elected board
 - Formally constituted
- Often how residents participate in PHA
 - Representative of tenant interests



Written Agreements

- MOU clarifies relationship between PHA and tenant organization or council
- PHAs may provide in-kind and cash assistance for tenant activities
- Cash contributions made only under written agreement




Family Self-Sufficiency



- Promotes economic independence
 - Program requires an interest-bearing escrow account
 - When earned income increases



Economic Self-Sufficiency Strategies



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Definition of Section 3 Compliance

- Hiring
 - 30% of new hires will be Section 3
 - PHAs and contractors should aim for 30% of their permanent FT staff be Section 3
 - Once a Section 3 resident has been employed for three years, they are no longer counted towards the 30% goal

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Contracting Opportunities

- Section 3 business concerns should get priority:
 - 51% or more owned by Section 3 residents
 - Employs Section 3 residents for at least 30% of its full-time, permanent staff
 - Provides evidence of a commitment to subcontract to Section 3 business concerns, 25% or more of the dollar amount of the awarded contract

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Definition of Section 3 Compliance

- Contracting
 - 10% of the total public construction contracts dollar amount will go to Section 3 businesses
 - 3% of non construction contracts jobs will go to Section 3 businesses



End of Day One