DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–4509–N–05]

Public Housing Assessment System; Management Operations Scoring Process

AGENCY: Office of the Director, Real Estate Assessment Center, HUD.

ACTION: Notice.

SUMMARY: This notice provides additional information to public housing agencies and members of the public, regarding HUD's Management Operations process for issuing scores to PHAs under the Public Housing Assessment System (PHAS).

FOR FURTHER INFORMATION CONTACT: For further information contact Wanda Funk, Real Estate Assessment Center, Department of Housing and Urban Development, 1280 Maryland Avenue, SW, Suite 800, Washington DC, 20024; telephone Customer Service Center at 1–888–245–4860 (this is a toll free number). Persons with hearing or speech impairments may access that number via TTY by calling the Federal Information Relay Service at (800) 877–8339. Additional information is available from the REAC Internet Site, http://www.hud.gov/reac.

SUPPLEMENTARY INFORMATION:

1. Purpose of This Notice

The purpose of this notice is to provide additional information about the scoring process for PHAS Indicator #3, Management Operations. The purpose of the Management Operations assessment is to measure certain key management operations and responsibilities of a PHA for the purpose of assessing the PHA's management operations capabilities.

2. Changes From PHMAP to PHAS

The PHAS assessment of a PHA's management operations utilizes six of the eight current PHMAP indicators:

- Vacancies;
- Capital Fund;
- Rents uncollected;
- Work orders;
- Inspection of units and systems; and
- Security.

The adjustment for physical condition and/or neighborhood environment will be made under PHAS Indicator #1, Physical Condition. The same definitions and exemptions that apply to the PHMAP also apply to the PHAS. The current PHMAP indicator for financial management is assessed under PHAS Indicator #2, Financial Condition; and the current PHMAP indicator #7 for resident services is assessed under PHAS Indicator #4, Resident Service and Satisfaction.

There are certain differences between the PHMAP score and the PHAS score calculated for a PHA's management operations. Under the PHAS, modifications and exclusions no longer apply. PHAs will certify to sub-indicator #2, Capital Fund, and all PHAs will certify to and be scored on sub-indicator #6, Security, under PHAS Indicator #3.

3. Submission of Management Operations Certification

Under the PHAS, a PHA is required to electronically submit certification on its performance under each of the management operations sub-indicators. If a PHA does not have this capability in-house, the PHA should consider utilizing local resources, such as the library or another local government entity that has internet access. In the event local resources are not available, a PHA may go to the nearest HUD Public and Indian Housing program office and assistance will be given to the PHA to transmit its Management Operations certification. If circumstances preclude a PHA from reporting electronically, HUD will consider granting approval to allow a PHA to submit its Management Operations certification manually. A PHA that seeks approval to submit its certification manually must ensure that the REAC receives a request for manual submission in writing 60 calendar days prior to the submission due date of its Management Operations certification. The written request must include the reasons why the PHA cannot submit its certification electronically. The REAC will respond to such a request and will manually forward its determination in writing to the PHA.

4. Elements of Scoring

The Management Operations Indicator score provides an assessment of each PHA's management effectiveness. The computation of the score under this PHAS Indicator utilizes data that was submitted for PHMAP and requires three main calculations, which are:

- Scores are first calculated for all of the components that have been submitted by the PHA;
- Based upon the component scores, a score is then calculated for each sub-indicator; and
- From the six sub-indicator scores, an indicator score is then calculated.

The three calculations are performed on the basis of the following:

- The weights of the six sub-indicators and/or components, which are listed in Table 1; and
- The grades assigned under PHMAP for each sub-indicator and/or component.

TABLE 1.—MANAGEMENT OPERATIONS SUB-INDICATORS AND COMPONENTS WEIGHTS

Sub-indicator	Sub-indicator weight	Component	Component weight
Vacancy Rate/Progress to Reduce (PHMAP Indicator #1)	8.0	Vacancy Rate	4.0
		Unit Turnaround Time	4.0
Capital Fund (PHMAP Indicator #2)	6.0	Unexpended Funds	1.0
		Timeliness of Fund Obligation	1.5
		Contract Administration	1.0
		Quality of Physical Work	2.0
		Budget Controls	0.5
Rents Uncollected (PHMAP Indicator #3)	4.0		
Work Orders (PHMAP Indicator #4)	4.0	Emergency Work Orders	2.0
		Non-Emergency Work Orders	2.0
Inspections of Units and Systems (PHMAP Indicator #5)	4.0	Inspection of Units	2.0
		Inspections of Systems	2.0
Security (PHMAP Indicator #8).	4.0	Tracking/Reporting Crime-Related Problems	1.0
		Screening of Applicants	1.0
		Lease Enforcement	1.0

TABLE 1.—MANAGEMENT OPERATIONS SUB-INDICATORS AND COMPONENTS WEIGHTS—Continued

Sub-indicator	Sub-indicator weight	Component	Component weight
		Grant Program Goals	1.0

If the PHAS Capital Fund sub-indicator (PHMAP Indicator #2) is not applicable, then the 6 points for that sub-indicator are redistributed among the other five sub-indicators. This is accomplished by multiplication of 30/24 or 1.25, which is 125 percent of the original weights. The new weight for the sub-indicator ''Vacancy Rate/Progress to Reduce'' would be 10.0, and the new weight for the other four sub-indicators would be 5.0.

The PHMAP grades for each sub-indicator/component are assigned values to indicate the percentage of the sub-indicator/component weight that will be awarded in the calculations. The assigned values for the PHMAP grades, which are listed in Table 2, are the same for each sub-indicator/component that is being assessed. For example, a PHA with an E for the component ''Inspection of Units and Systems'' would receive 30% of the component weight of 2, for a score of 0.6 for the component.

TABLE 2.—POSSIBLE GRADES

Grades	Value
A	1.00.
B	0.85.
C	0.70.
D	0.50.
E	0.30.
F	0.00.
NA—Data not submitted.	NA—No value assigned.

Calculations under the PHAS Management Operations Indicator are performed as follows:

Component Score. The component score equals its weight multiplied by the value of the grade for the PHA, unless no data exists for an assessment of the PHA for the component. For example, a PHA with an E for the component Inspection of Units and Systems would receive 30% of the component weight of 2, for a score of 0.6 for the component.

Sub-indicator Score. The sub-indicator score is the sum of the component scores with the weight of non-assessed (NA) sub-indicators being proportionately redistributed across sub-indicators that have been assessed.

If the Capital Fund sub-indicator (PHMAP indicator #2) is not applicable (the PHA does not have a Capital Fund Program), then the 6 points for that sub-indicator are redistributed among the other five sub-indicators in the calculation of the indicator score.

If no data was submitted for an assessment of the entire sub-indicator (excluding the Capital Fund sub-indicator), then for PHAS scores, the sub-indicator score is equal to the appropriate sub-indicator weight with an asterisk appended to it. The asterisk indicates the score is not a true assessment of the PHA's effectiveness for the sub-indicator.

Indicator Score. The Indicator score equals the sum of the sub-indicator scores. If the PHA does not have a Capital Fund Program, the indicator score equals the sum of the five other sub-indicator scores multiplied times 30/24 or 1.25, which is 125 percent of the original weight.

5. Examples of Score Computations

An Example of Computing a Sub-Indicator Score With a Non-Assessed Component.

The following provides an example for the calculation of a Capital Fund sub-indicator score and its component scores, when the Quality of Physical Work component has not been assessed. For this example, Table 3 provides the necessary information, which is:

- The weight of the Capital Fund sub-indicator components from Table 1;
- The sample grade for each component;
- The value of each grade from Table 2;
- The calculations for the component score; and
- The component scores.

The component score is calculated in this table by multiplying the weights by the values in Table 3. These scores are included in the PHAS Report. Note that for reporting purposes, all scores are rounded to one decimal place.

TABLE 3.—EXAMPLE ASSESSMENT OF THE CAPITAL FUND SUB-INDICATOR

Component	Weight	Grade	Value	Calculations	Score
#1 Unexpended Funds	1.0	A	1.0	(1.0) times (1.0) = 1.01.	1.0
#2 Timeliness of Fund Obligation	1.5	A	1.0	(1.5) times (1.0) = 1.5	1.5
#3 Contract Administration	1.0	C	0.7	(1.0) times (0.7) = 0.7	0.7
#4 Quality of Physical Work	2.0	NA	NA	NA	NA
#5 Budget Controls	0.5	F	0.0	(0.5) times (0.0) = 0.0	0.0

In this example, the 4th component has not been assessed for PHMAP indicator #2. Consequently, the weight of the non-assessed component needs to be redistributed proportionately across assessed components in order to calculate the Capital Fund sub-indicator score. This redistribution is accomplished by multiplying the sum of the component scores by 6 (the weight of the sub-indicator) and dividing this result by the sum of the weights of the components that have been assessed. This calculation for the Capital Fund sub-indicator score is provided below:

$$\text{Capital Fund Score} = \frac{(1.0 + 1.5 + 0.7 + 0.0)\ \text{times}\ (6.0)}{1.0 + 1.5 + 1.0 + 0.5} = 4.8$$

An Example of Computing the Indicator Score for a PHA Without a Capital Fund Program and That Has Less Than 250 Units. For this example, the PHA's sub-indicator scores are:

- The Vacancy Rate/Progress to Reduce score equals 6.8;
- The Capital Fund sub-indicator was not assessed (NA);
- The Rents Uncollected score equals 4.0;
- The Work Orders score equals 2.8;
- The Inspection of Units and Systems score equals 3.7; and
- The Security score equals 4.0*.

For this PHA, the Indicator score is calculated by the following formula;

$$\text{Management Operations Indicator Score} = \frac{(6.8 + 4.0 + 2.8 + 3.7 + 4.0) \text{ times } (30.0)}{24} = 26.6$$

Dated: May 6, 1999.

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[FR Doc. 99–11915 Filed 5–12–99; 8:45 am]

BILLING CODE 4210–32–P