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Taking a Holistic Approach to PHA Assessments

Small Rural Assessment System

Integrated Assessment Division (IAD)

Manager, Donna Wickes

Supervisor, Lara Philbert

Supervisor, Robert Champion

What do we mean by a Holistic Approach

Analyzing data relationships by designing systems that turn data into information and *information into insight*

Example:
Today: Display Troubled Physical Designation and composite PASS score

Holistic: Identify Risk Areas for Evaluation based on data that have a causal relationship to properties with low PHAS/PASS score:
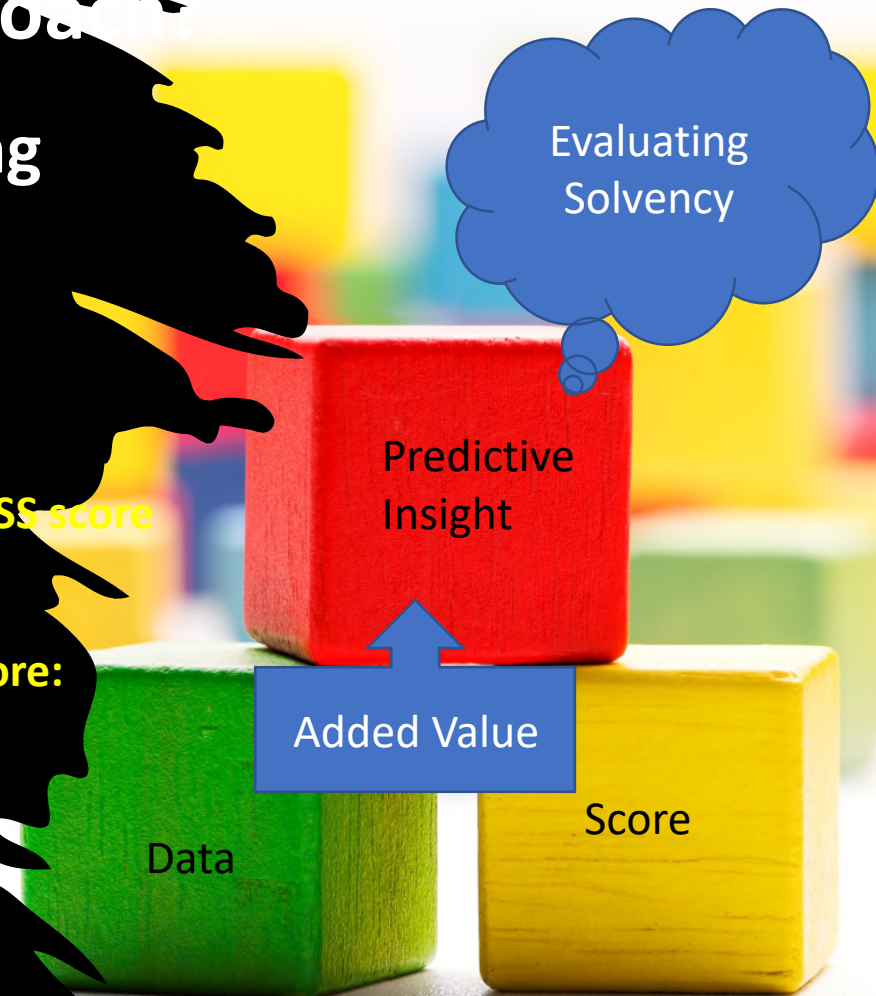
Key Indicator: Captial Fund Spending decreasing
(Evaluate Capital Fund spending over past 5 years and Compare to PHAS of similar size.)

Key Indicator: Evaluate "due from" liabilities
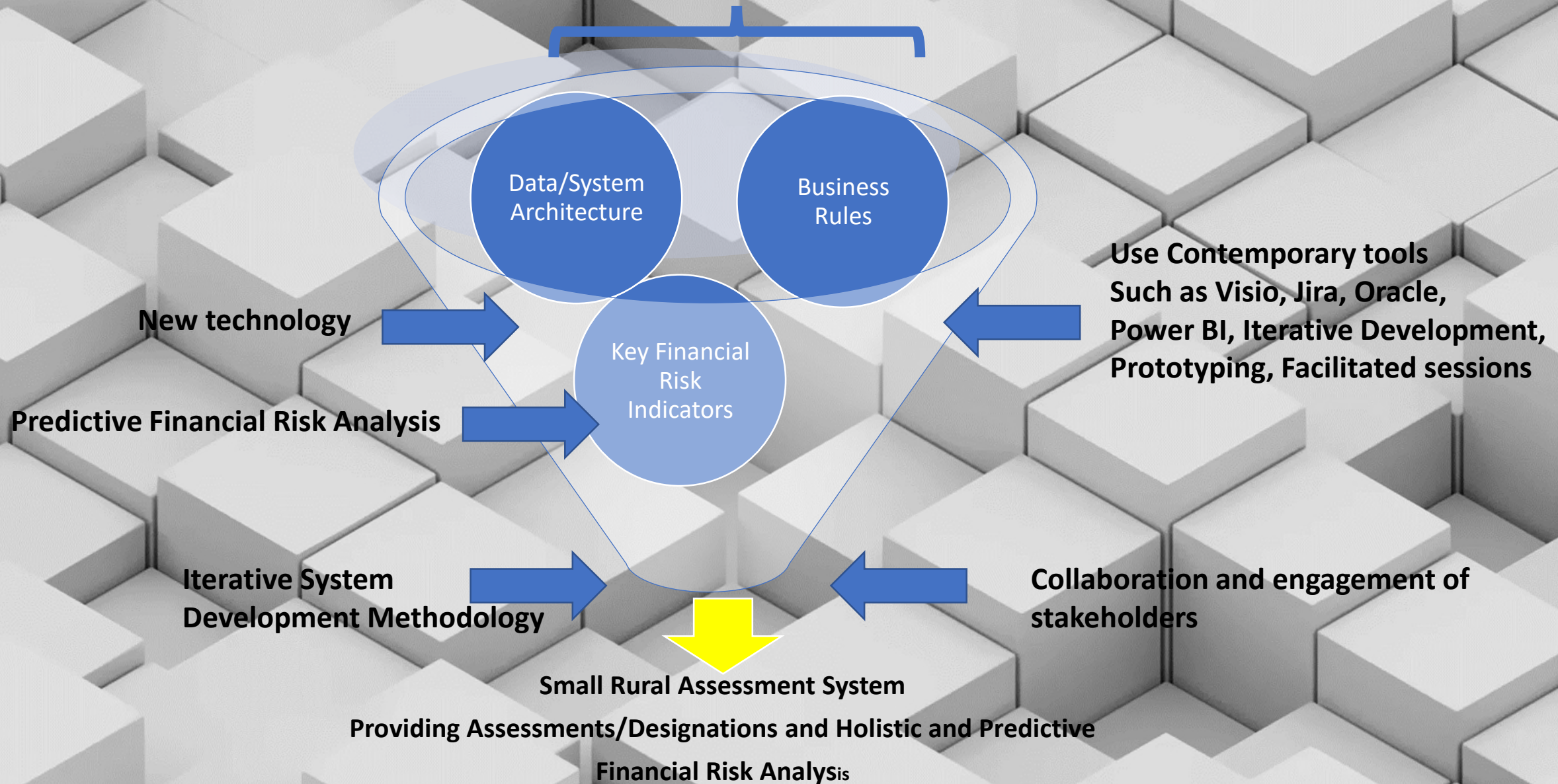(Is program supporting the HCV program?)

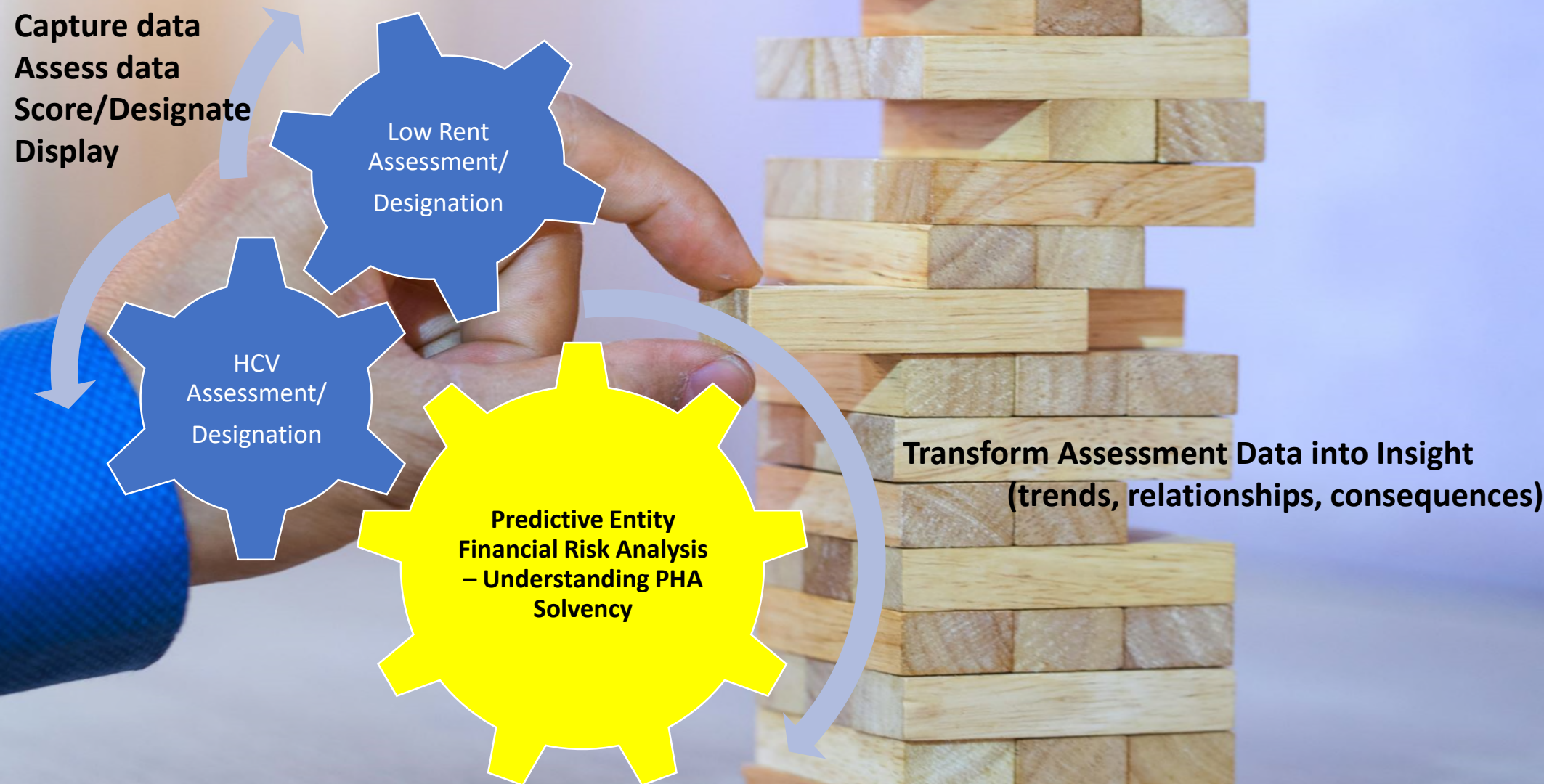**Key Indicator: Evaluate receivables and occupancy over time**

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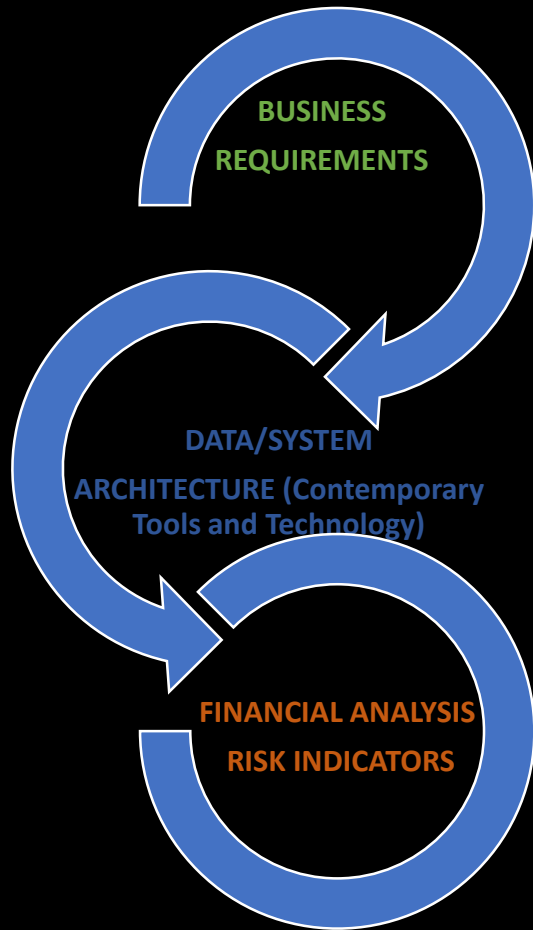**Key Indicator: Insolvency: Does the PHA have a MENAR <0?**

Evaluating Solvency

Predictive Insight

Added Value

Data

Score

Changing Business Needs

Data/System Architecture

Business Rules

Key Financial Risk Indicators

New technology

Predictive Financial Risk Analysis

Iterative System Development Methodology

Use Contemporary tools Such as Visio, Jira, Oracle, Power BI, Iterative Development, Prototyping, Facilitated sessions

Collaboration and engagement of stakeholders

Small Rural Assessment System

Providing Assessments/Designations and Holistic and Predictive

Financial Risk Analysis

Holistic Approach to Small Rural Assessment System

Capture data
Assess data
Score/Designate
Display

Low Rent Assessment/ Designation

HCV Assessment/ Designation

Predictive Entity Financial Risk Analysis – Understanding PHA Solvency

Transform Assessment Data into Insight
(trends, relationships, consequences)

Value added solution and predictive support to guide agencies into the next century

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Business Rules:
Changing Business Needs
The Economic Growth Act

- The Act was enacted by Executive Order on May 24, 2018 (PL 115-174).

- The Purpose of the Act is to **promote economic growth** and provide **tailored regulatory relief.**

- Design and implement the Small Rural Assessment System as defined by the business requirements in the Act (rule).

- Section 209 of the Act calls for a different assessment for small PHAs, defined as: 1) agency that administers 550 or fewer combined PH units and vouchers, and 2) *predominantly* operates in a **rural** area
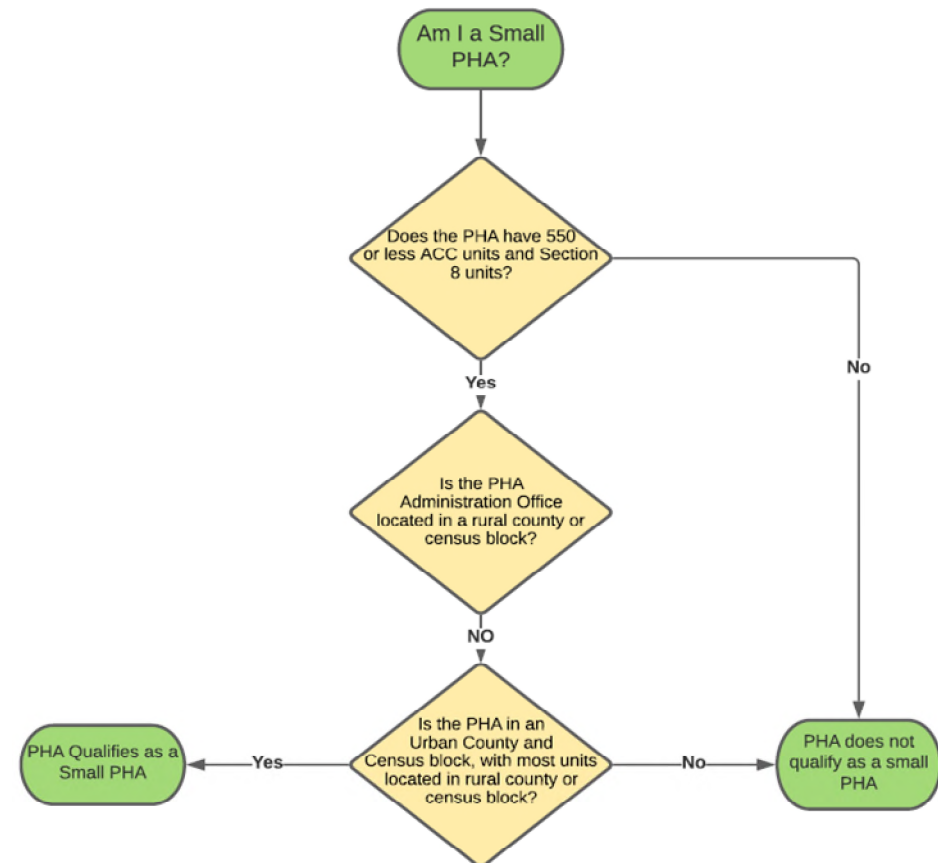
Contemporary Tools and Platforms

Microsoft Visio

- ✓ **See what it is all about:** https://www.microsoft.com/en-us/microsoft-365/visio/flowchart-software
- ✓ **Contact IT Help Desk for software to be download**
- ✓ **Diagrams, Business Flows, Planning**

Am I a Small PHA?

Does the PHA have 550 or less ACC units and Section 8 units?

Is the PHA Administration Office located in a rural county or census block?

Is the PHA in an Urban County and Census block, with most units located in rural county or census block?

PHA Qualifies as a Small PHA

PHA does not qualify as a small PHA

Contemporary Tools and Platforms

Atlassian: Jira Software
Supports team collaboration from concept to implementation

See what it is all about:
https://www.atlassian.com/software/jira

- Establishes a collaborative framework for the Business and IT Teams
- Manages requirements from a centralized location
- Allows Team to create/refine User Stories based on the
  Business requirements
- Prioritizes user stories based on process flow
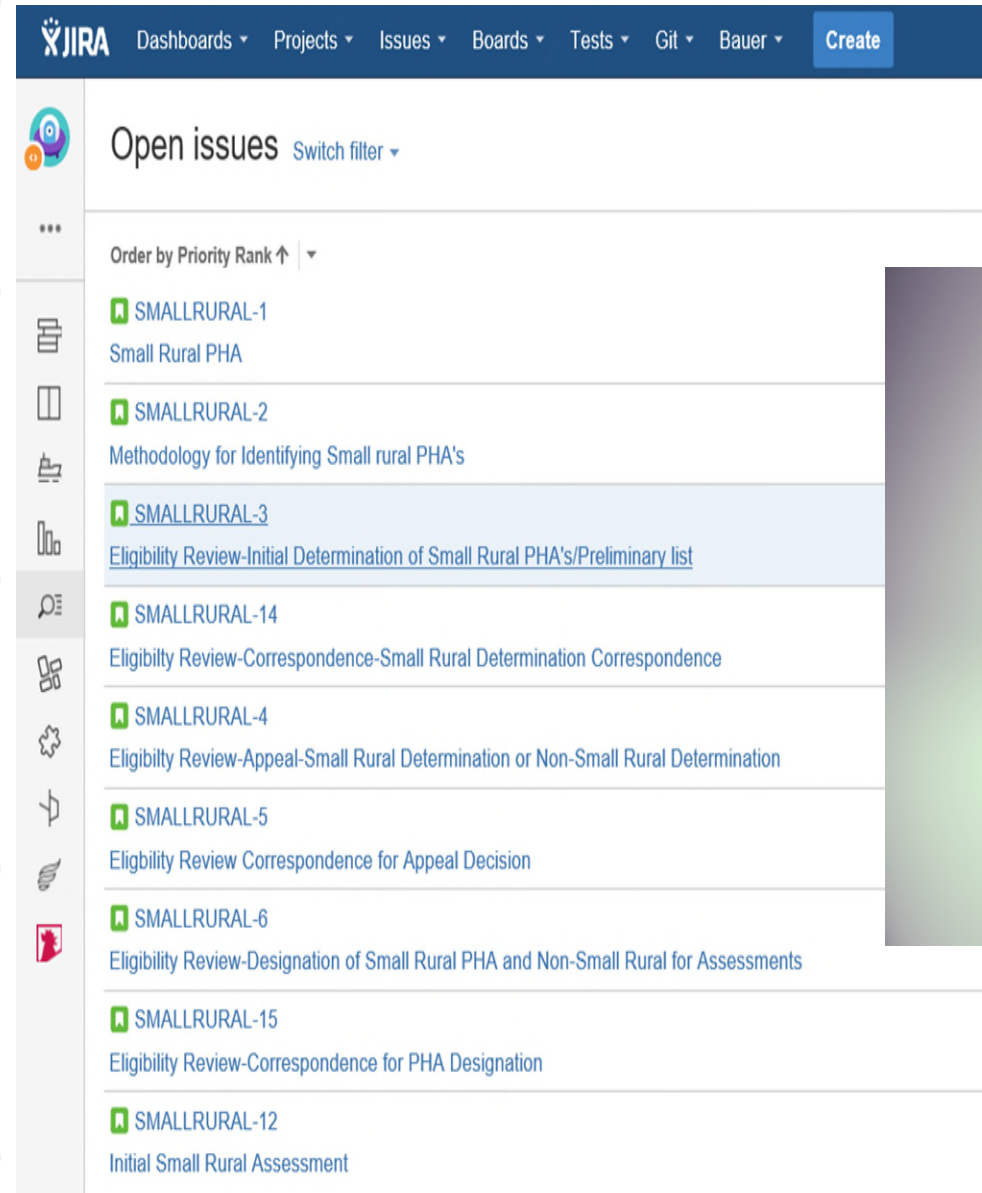
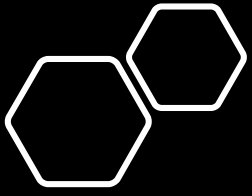# Engagement/Collaboration /Communication

https://www.hud.gov/program_offices/public_indian_housing/reac/sras

Small & Rural Website

- ✓ Engage stakeholders
- ✓ Small Rural List
- ✓ Timelines for Implementation
- ✓ PHA Surveys
- ✓ Notices
- ✓ Rules
- ✓ Invite for Webinars
- ✓ Send questions
- ✓ FAQs
- ✓ Gather website analytics

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Contemporary Tools and Platform

Prototyping

Oracle Application Express (APEX)

Low-code development platform that enables you to build scalable, secure enterprise apps, with world-class features, that can be deployed anywhere.

- https://apex.oracle.com/en/

Why Prototype:

- ✓ Gain clarity on project scope & business drivers
- ✓ Quickly validate requirements
- ✓ Understand data architectures and interfaces
- ✓ Drive stakeholder acceptance on concept. ...
- ✓ Fine-tune your prototype to enhance design
- ✓ And development

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Changing the mindset to provide new and innovative systems that provide ADDED VALUE

Don't tell me what I already know, tell me something I don't now …….that is added value

Don't tell my _what_, tell me _why_ and _how_ to address the root causes.

Comments/Questions

Continue to find additional Information on the Small Rural Assessment System

https://www.hud.gov/program_offices/public_indian_housing/reac/sras

Business Rules
Small Rural Assessment System

The Federal Register Notice dated February 27, 2020, clarified and defined a "small rural" and provided the process HUD will use to identify the list of small rural PHAs eligible for this regulatory relief

Currently 1519 are considered Small Rural. These PHAs will be exempt from PHAS and SEMAP

The total number of traditional public housing (low-rent) and the number of Section 8 vouchers (PBV and HCV) administered by the agency is <mark>550 or fewer</mark>

1. <mark>And</mark> "predominantly operates in a rural area'' and clarifying that these PHAs would be referred to as "small rural PHAs" that
   a) Has a primary administrative building with a physical address in a rural area, OR
   b) More than 50 percent of its combined public housing units and voucher units are in rural areas

- *HUD is using the "Rural" definition contained in the regulations governing the Consumer Financial Protection Bureau*

Business Rules
Small Rural Assessment System

The regulatory relief granted in the Economic Growth Act provides that Small Rural PHAs will be assessed every three years, unless they are designated Troubled.

The timing of the initial assessment will be based on the most recent PHAS or SEMAP designation.

The Small Rural Assessment will provide Performance Designations for both the low-rent (ACC units) and the voucher (PBV and HCV) programs.
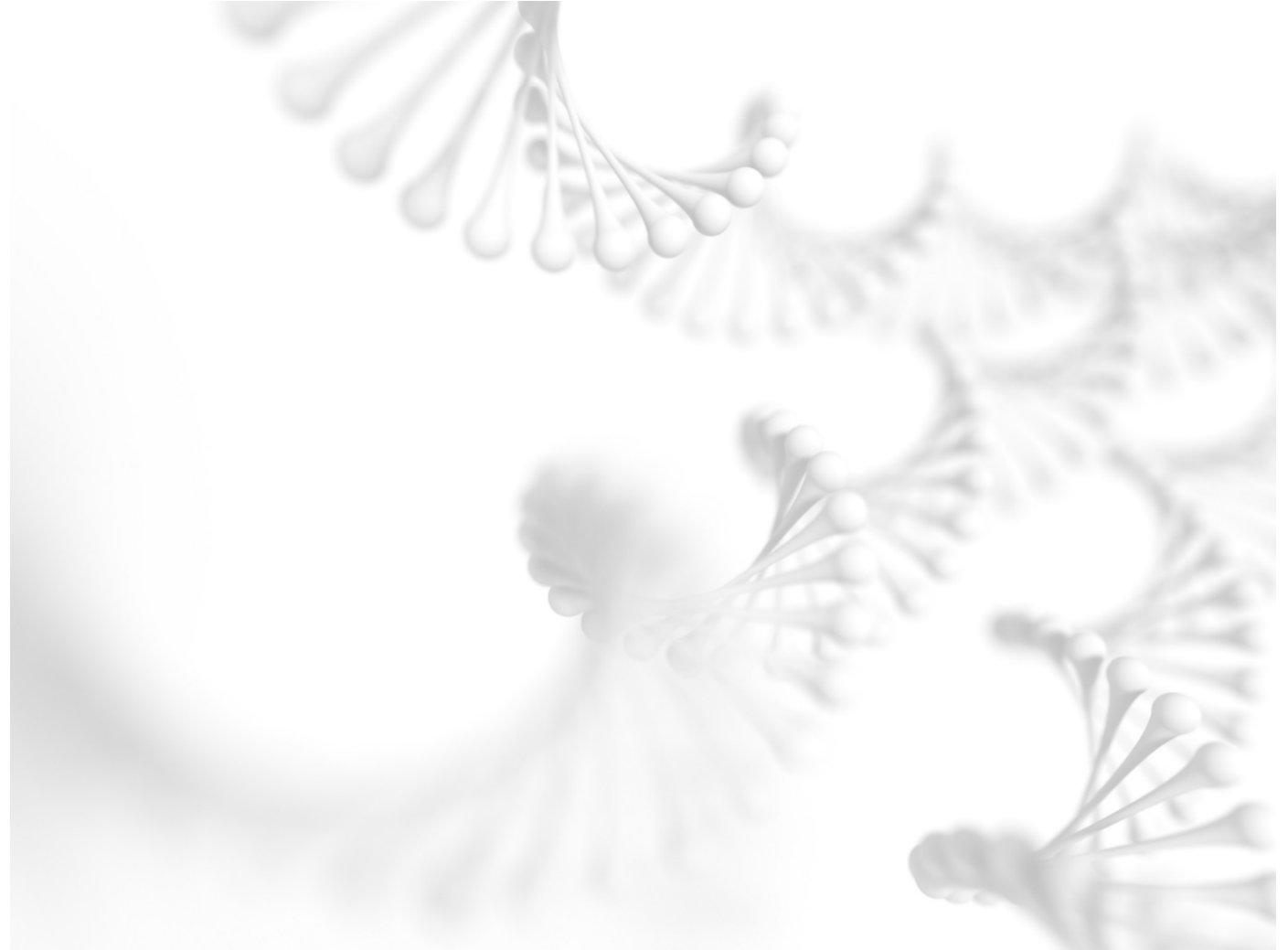
Business Rules
Small Rural Assessment - Low Rent Program

- All low-rent projects for a PHA will be inspected by HUD contractors on an annual or three-year cycle depending on designation.

- The Integrated Assessment Division will retrieve the data, display it, and calculate the Performance Designation:
  - High Performer - Weighted average score of property inspections is 90% or greater of total available points
  - Standard Performer - Weighted average score of property inspections is between 70 and 89% of total available points
  - Troubled Performer - Weighted average score of property inspections is less than 70% of total available points; OR weighted average score between 70 and 80% of total available points, but has at least one property that receives less than 70% of total available points

Business Rules
Small Rural Assessment – HCV Program

Standard Performer

The PHA must "Pass" each of the four indicators below:

1. *Inspection standards* – confirm the PHA is applying the applicable NSPIRE standards or a HUD-approved variation

2. *Initial unit inspections* - at least **98 percent** of newly leased units passed inspection within the appropriate timeframes

3. *Frequency of inspections* - verify the PHA inspects at least **98 percent** of tenant-based units and the required sample of PBV units at least once during their assessment cycle

4. *Unit condition enforcement* - confirm the PHA is taking corrective action as required. The PHA would pass the indicator if **98 percent** of inspections with identified life-threatening or other deficiencies were corrected within the required timeframe

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Business Rules
Small Rural Assessment - HCV

<u>Troubled Performer</u>

If the PHA fails any one the four indicators below:

1. *Initial Inspection standards* – confirm the PHA is applying the applicable NSPIRE standards or a HUD-approved variation

2. *Unit inspections* - at least <u>98 percent</u> of newly leased units passed inspection within the appropriate timeframes

3. *Frequency of inspections* - verify the PHA inspects at least <u>98 percent</u> of tenant-based units and the required sample of PBV units at least once during their assessment cycle

4. *Unit condition enforcement* - confirm the PHA is taking corrective action as required. The PHA would pass the indicator if <u>98 percent</u> of inspections with identified life-threatening or other deficiencies were corrected within the required timeframe

Business Rules
Small Rural Assessment - HCV

High Performer

In addition to Passing each of the four physical condition indicators, the PHA must meet the following Funding criteria:

1. Either utilize at least <u>98 percent</u> of its HCV budget authority for the most recent calendar year or the percent of HCV units leased by renters or occupied by homeowners for the most recent calendar year must be at least 98 percent; and

2. Does not end the calendar year with excess HAP reserves; and

3. Does not end the calendar year in a funding shortfall or receive shortfall prevention funding from HUD.

Economic Growth Act Proposed Rule Current Status

HUD received comments from the public regarding the Proposed Rule, including 24 directed at Small Rural assessments.

OGC has categorized those comments in an almost 60-page document.

REAC is working with the affected business areas as well as the Program Offices to develop the responses to the comments in the OGC document.

Once the draft responses are completed and reviewed by REAC, OGC will review for finalization.

This review will be incorporated into the Preamble for the Final Rule.

Updating corresponding Rules as needed

Current Status Requirements Phase

- Developing system requirements based on the proposed rule, documenting them on a Jira Board.

- Utilizing Visio when appropriate to document process flows

- Meetings with stakeholders to confirm requirements

- Prototype requirements to enable stakeholder interaction

- Fall of 2021: Listening session with internal stakeholders to baseline requirements package for bid

Visit us:
https://www.hud.gov/program_offices/public_indian_housing/reac/sras

Contact us for additional information ....