Taking a Holistic Approach to PHA Assessments

Small Rural Assessment System

IAD Team Members:
- Misam Ali
- Catherine Steilman
- Dean Freeberg
- Conrad Stephens
- Essence Moody
- Carrie Chase
- Alecia Miles

Integrated Assessment Division (IAD)
Manager, Donna Wickes
Supervisor, Lara Philbert
Supervisor, Robert Champion
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:** Capital 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

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

---

8/17/2021

**Key Indicator:** Evaluating Solvency
Predictive Financial Risk Analysis

Iterative System Development Methodology

Small Rural Assessment System
Providing Assessments/Designations and Holistic and Predictive Financial Risk Analysis

Changing Business Needs

Data/System Architecture
Business Rules
Key Financial Risk Indicators

New technology

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

Collaboration and engagement of stakeholders
Holistic Approach to Small Rural Assessment System

Capture data
Assess data
Score/Designate
Display

Low Rent Assessment/Designation

HCV Assessment/Designation

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

Predictive Entity
Financial Risk Analysis
– Understanding PHA Solvency

Value added solution and predictive support to guide agencies into the next century
How do we get there?

“By failing to prepare, you are preparing to fail.”
Benjamin Franklin

Define a Plan and Work the Plan
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
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](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

8/17/2021
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.


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
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

https://www.hud.gov/program_offices/public_indian_housing/reac/sras
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 550 or fewer.

1. And "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

8/17/2021
Troubled Performer
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 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
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 **98 percent** 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 ....