

CHAPTER 1. INTRODUCTION

1-1 OBJECTIVE. The objective of this Handbook is to establish requirements and methods to be used by Field Offices to monitor public housing agencies (PHAs). Field Offices should focus their efforts on those PHAs that are determined to be in the greatest need of attention. PHAs that have no performance or compliance problems will generally not be monitored on-site.

- A. Field Offices will be more proactive in helping PHAs identify and address performance and compliance problems. HUD advocates a cooperative problem-solving approach as the ideal model for the PHA improvement process. At the same time, the Department recognizes the need to take strong and decisive action if the PHA lacks the capacity, will or local support to effectuate necessary improvements. Consequently, Field Offices will assess PHA performance and compliance capacity, as well as ability/prospects to carry out needed improvements. In extreme cases, Field Offices may recommend targeted interventions, including alternative management for all or part of a PHA's operations. The major concepts involved in the monitoring approach are:

1.Risk analysis. A risk assessment model will be used by the Field Office to determine PHAs most in need of attention from HUD. PHAs determined to be of significant concern to the Field Office shall be the focus of increased Field Office oversight and technical assistance. Field Offices shall have flexibility in modifying the risk assessment model to reflect specific concerns, local operating conditions and other circumstances pertinent to the PHAs within their jurisdictions.

2.Remote monitoring. Remote monitoring is the primary method by which Field Offices will monitor both PHA performance and compliance. Remote monitoring should be viewed as a continuous process. The emphasis should be on prevention, detection and correction of problems, with a positive attitude on the part of Field Office staff. Whenever possible, deficiencies should be corrected through discussion, negotiation and provision or referral of technical assistance.

a.Remote monitoring occurs in the ordinary course of business, such as reviewing PHMAP assessments; Office of Inspector General

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(OIG) and Independent Audit (IA) reports; financial statements; occupancy reports; tenant accounts receivable reports; modernization reports; and other documents submitted by PHAs. Remote monitoring is used to help identify PHAs that need more intense scrutiny,

including on-site reviews of some or all of their operations.

b. Remote monitoring may be expanded to include additional documents, as determined necessary, in order to gain more information about PHA operations.

B. On-site reviews. An on-site review may focus on problems in any or all of the five functional areas as described in Chapter 2, Definitions, of this Handbook. These areas are: Organization, Management and Personnel (OMP); Facilities Management (FM); Finance and Budget (FB); Marketing, Leasing and Management (MLM); and Community Relations and Involvement (CRI). Field Office staff will use risk analysis to determine which PHAs will be selected for on-site reviews. The on-site review will involve a review of the problem area(s), an identification and analysis of the causes of the problems, the development of strategies to implement recommended solutions, and a determination as to the type and extent of assistance to be provided.

C. Cooperative problem-solving. Field Office staff should work jointly with the PHA staff and residents to develop strategies and approaches to resolving problems in PHA operations. Depending upon the specific problem(s) being addressed, Field Office staff may also need to work with the local community/government leadership and duly elected resident council as part of the resolution process.

D. Targeted interventions. HUD staff should make every effort to develop a positive relationship with PHA staff. However, HUD must consider direct remedial action if PHAs lack the commitment or capacity to make necessary improvements in their operations. Such targeted interventions are necessary for HUD to safeguard the public investment in public housing and the residents' well-being.

E. Functional area guidebooks. Separate guidebooks will be provided for each of the functional areas identified in subparagraph 1-1B, above. Each of these guidebooks contains remote monitoring, on-site review, and problem

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analysis work sheets. The use of this material is described in Chapters 4 and 5 of this Handbook.

F. Monitoring as agent of change.

1. The environments within which PHAs operate are unique. The problems they face can be wide-ranging and complex, and are often resistant to change. To be effective, field office staff should view monitoring and on-site reviews not simply as a means to ensure performance or compliance but as a vehicle for identifying and dealing with difficult issues.

2. Truly effective monitoring and on-site reviews should trigger change within the PHA. This requires the reviewer to be more than just familiar with HUD requirements; it requires the reviewer to look beyond regulations, handbooks and checklists and to think analytically and systematically about a PHA and its operations. Ultimately, the reviewer must be willing and able to be creative in analyzing problems and developing workable solutions, including acting as a catalyst for the provision of outside technical assistance.

1-2 LEGAL AUTHORITY.

A. The United States Housing Act of 1937 (Act). The Act established the Public Housing Program with the goal of providing decent, safe and sanitary housing for low-income families. The Act gives PHAs the responsibility for the development and management of such housing.

B. The Annual Contributions Contract (ACC). The ACC between HUD and PHAs sets forth the specific obligations and responsibilities for implementation of the Public Housing Program. In return for the financial assistance provided by HUD in the development, operation and modernization of public housing, PHAs pledge to comply with HUD's requirements. Among other obligations, the ACC provides that PHAs:

1. Operate developments for the benefit of low-income families by providing decent, safe and sanitary dwellings within the financial means of such families; in such a manner as to promote serviceability, efficiency, economy and stability of the housing units and the economic and social well-being of the residents thereof.

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2. In addition, the ACC provides that the government shall have full and free access to the PHA's projects, and to all books, documents, papers and records.

1-3 COMPLIANCE WITH HUD REQUIREMENTS. The Department generally monitors PHA compliance with HUD statutes and regulations through audits conducted by an Independent Auditor (IA), Office of Inspector General (OIG), General Accounting Office (GAO), and HUD staff.

1-4 COMPLIANCE WITH THE FAIR HOUSING ACT, TITLE VI, SECTION 504 AND SECTION 3. PHAs have a broad range of responsibilities in the area of non-discrimination with respect to both housing and employment practices. In addition to items A through D below, see the Public Housing Occupancy Handbook, 7465.1 as revised.

A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-2000d-4), 24 CFR 1;

B. Fair Housing Act of 1968 (42 U.S.C. 3601-36), 24 CFR 100;

C. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794,) 24 CFR 8; and

D. Section 3 of the Housing and Development Act of 1968.

1-5 COMPLIANCE WITH LOCAL AND STATE LAWS, AND REGULATIONS OF OTHER FEDERAL AGENCIES. The Department does not monitor PHA compliance with local and State laws. If there is concern that a PHA is not meeting those requirements, the Field Office may request that the PHA's attorney review the requirements and provide a legal opinion. If the Department believes a PHA is not observing regulations of other Federal agencies, it may request the assistance of such agencies.

1-6 GENERAL REQUIREMENTS.

A. HUD requirements and PHA performance. Field Office staff should consider whether HUD's regulatory, administrative, or ACC requirements are adversely impacting a PHA's ability to provide decent, safe and affordable housing efficiently and effectively in a non-discriminatory manner. Similar instances involving statutory requirements should also not be overlooked. If regulatory requirements adversely impact a PHA's performance, the PHA

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may need to request a waiver. Such requests should be candidly and thoroughly discussed with the PHA. With the exception of the specific authority re-delegated to the Field Office, only Headquarters can approve a waiver of a regulation or ACC provision. If a problem appears to be general rather than specific to the individual circumstances of a given PHA, the Field Office should forward its recommendation(s) for changes in regulatory or administrative requirements to Headquarters for consideration. Problems caused by statutory requirements should also be surfaced to Headquarters for consideration of possible legislative initiatives.

B. Automated systems. HUD's automated systems should be used to the maximum extent possible in remote monitoring and preparing for on-site reviews of PHAs. Such systems include the System for Management Information Retrieval-Public Housing (SMIRPH), Modernization Quarterly Reporting System (MQRS), Line of Credit Control System/Voice Response System (LOCCS/VRS), Grants Management Systems (GMS), Multi-family Tenant Characteristics System (MTCS), and other systems. The various automated systems to be used in the remote monitoring and on-site reviews of individual functional areas are identified in each of the functional guidebooks.

1-7 APPLICABILITY.

A. This Handbook applies to the Low-Income Public Housing Program. This includes PHA-owned rental developments.

B.This Handbook does not apply to the Section 23 and Section 10(c) Leased Housing Programs, Section 8 or the Indian Housing Program.

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