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### New PHAS Interim Rule Update

On February 23, 2011, HUD issued an interim rule that changes 24 CFR Parts 901, 902, and 907. Part 901 has been removed and reserved from this rule. An interim rule has been issued, enhancing the efficiency and utility of HUD's Public Housing Assessment System (PHAS). The changes are based on public comment submitted on the August 21, 2008, proposed rule. The interim rule makes two sets of amendments to improve evaluation and oversight of the Public Housing Program. Guidelines for the interim rule were published in PIH Notice 2011-13 (See New Notices).

Part 902 amends the PHAS scoring system as each PHA will receive an overall PHAS score based on four indicators: Physical Condition, Financial Condition, Management Operations and the Capital Fund program. Resident Satisfaction Surveys are being replaced with the Capital Fund as a PHAS indicator. Each PHAS score will be based on weighted averages for each indicator – Physical Condition: 40 percent, Financial Condition: 25 percent, Management Operations: 25 percent, and Capital Fund: 10 percent. The overall and project PHAS scores will be based on the following sub-indicators:

#### Physical Condition:

- Site 15 points
- Building Exterior 15 points
- Building Systems 20 points
- Common Areas 15 points
- Units 35 points

#### Financial Condition:

- Quick Ratio 12 points
- Months Expendable Net Assets Ratio 11 points
- Debt Service Ratio 2 points

#### Management Operations:

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

#### Capital Fund:

- Timeliness of Funds Obligation 5 points
- Occupancy Rate 5 points

Once the project and overall PHAS scores have been calculated, the PHA will receive a performance designation – High, Standard, Substandard, and Troubled Performer.

- High:** 90+ overall with >60 percent for physical, financial and management; and 50 percent for Capital Fund
- Standard:** 60 – 89 overall with 50 percent for Capital Fund
- Substandard:** 60 – 89 overall with <60 percent for physical, financial or management
- Troubled:** < 60 overall. Regardless of designation, scoring less than 50 percent under the Capital Fund will designate a PHA as troubled.

Cont'd



All PHAs will be assessed under PHAS in the baseline year, then based on the PHA's performance designation a 3-2-1 year assessment and inspection schedule will be implemented:

*Small PHAs (Fewer than 250 units)*

**High:** PHAS once every 3 years  
**Standard:** PHAS once every 2 years  
**Substandard & Troubled:** PHAS Annually

PHAs must comply with the submission requirements of unaudited and audited financial information.

*PHAs with 250 units or more – PHAS annually:*

<u>Physical Score for individual projects</u>	<u>Project physical inspection schedule</u>
Greater than 90	Once every 3 years
89-80	Once every 2 years
79 or less	Annually

A troubled PHA will have physical inspections on all projects annually.

Second, the interim rule also establishes a new CFR Part 907, establishing criteria for determining substantial default by a PHA. All correspondence between HUD and the PHA regarding substantial default is to be in writing with the exception of emergency situations where conditions pose and imminent threat to life, health, or safety of residents.

The interim rule is effective beginning March 25, 2011. Comments on the interim rule are due by April 25, 2011. Comments may be submitted electronically at: <http://www.regulations.gov> or by mail to: Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10276, Washington DC 20410-0500.

The interim rule can be viewed at: <http://www.gpo.gov/fdsys/pkg/FR-2011-02-23/pdf/2011-2659.pdf>

## PIH Notices

**PIH 2011-13**, "Implementation of the Public Housing Assessment System (PHAS) Interim Rule," issued February 22, 2011. This Notice provides implementation guidance for the interim rule. PHAs with fiscal year end (FYE) December 31, 2010, will be scored in accordance with existing Transition Year Two Extended guidance. They must submit their management operations certification, unless they submit a waiver request within 30 days of the publication of this Notice. PHAs with FYE March 31, 2011, and forward will be assessed in accordance with the Interim Rule. Scoring will be based upon the following information from HUD systems: The Financial Assessment Sub System, The Inventory Management System – Public Housing Information Center (IMS-PIC), and Electronic Line of Credit Control System (eLOCCS). PHAs must continue to submit unaudited and audited financial information as required by 24 CFR Part 5 and 24 CFR Part 902.

**PIH 2011-10**, "Appeals Under the Operating Fund Program for Calendar Year 2011," issued February 11, 2011. This Notice updates annual instructions to PHAs and field offices for appeals pursuant to 24 CFR part 990, Subpart G. It discusses types of appeals, the evidence required to file them, and where to send them. Streamlined, specific local conditions, and substitute actual project cost data appeals must be postmarked by May 13, 2011. Final appeal decisions will be issued on or before September 30, 2011.

To view the Notices: [http://portal.hud.gov/portal/page/portal/HUD/program\\_offices/administration/hudclips/notices/pih](http://portal.hud.gov/portal/page/portal/HUD/program_offices/administration/hudclips/notices/pih)

## Plan for Father's Day 2011

HUD is inviting PHAs to plan and carry out their own Father's Day 2011 events on June 18. To honor and celebrate fatherhood and families, host a cook-out or get a local restaurant to donate food and plan a family activity event with music and games. Be sure to include invitations to local service providers to let fathers and their children know about local services and opportunities. This event is inspired by the Fatherhood Initiative Day hosted by the New York City Housing Authority in 2010.

You can find more information at: <http://www.hud.gov/fathersday2011/>



# Learn Strategies for Intelligent Green Investments

Do you want to know what how to determine the most cost-effective energy efficiency renovations for your PHA? Make green best practices part of your every day management toolkit? Build in sustainability while not breaking your budget? Save scarce dollars while improving the health and quality of life for your residents?

The *Going Green: Intelligent Investments for Public Housing* conference, sponsored by HUD's Office of Public and Indian Housing, is the place to explore these and more issues. The conference will be held on April 12 and 13, 2011, at the Park Plaza Hotel, in Boston, MA. The conference is targeted toward PHA executives, financial analysts, architecture and engineering staff, facility managers, HUD Field Office staff, and members of the affordable housing, sustainable building, and energy efficiency industries.

The 2-day conference agenda is scheduled to include:

- PIH policy briefings.
- How-to sessions on HUD's sustainability initiatives.
- Introductory to intensive courses on implementing best green practices.
- Coverage of energy conservation/energy innovation building finance strategies.
- Review of new green building technologies.
- Knowledge exchange activities to promote partnership building.
- Opportunities to ask questions and provide feedback to HUD.

The second day of the conference will also offer a specialized separate track entitled "The HUD Forum on Energy Performance Contracting: Discussion Series."

Register and find out more at: <http://bit.ly/e3jp4W>

## Learn About Youth Topics at FindYouthInfo.gov

FindYouthInfo.gov is a Web-based resource for PHAs, government agencies, parents, and youth on topics that engage and challenge young people. These include bullying, dating and dating violence, financial literacy, cyberbullying, mentoring, and positive youth development.

The Interagency Working Group on Youth Programs (IWGYP) created FindYouthInfo.gov. IWGYP is composed of representatives from 12 Federal agencies including HUD that support programs and services focusing on youth. The Web site promotes positive, healthy outcomes for youth in three significant ways:

- This Federal Web site provides interactive tools and other resources to help youth-serving organizations and community partnerships plan, implement, and participate in effective programs for youth. This includes a funding resource finder.
- It identifies and disseminates promising and effective community-based strategies addressing youth risk and protective factors through its searchable Evidence-Based Program Directory and Map My Community tool.
- The Web site promotes enhanced collaboration through The Collaboration Center and the Solutions Desk. Users can search for best practice collaboration models and existing partnerships, get answers to technical assistance questions, and learn skills to build effective partnerships.

One task of the IWGYP is developing an overarching strategic plan for youth policy. To provide input on the listening sessions, visit: <http://bit.ly/ffhMsm>. To find out more: <http://www.findyouthinfo.gov>

## Contact us:

Public and Indian Housing Information  
Resource Center (PIH IRC)  
2614 Chapel Lake Drive  
Gambrills, MD 21054  
Toll free number: 1-800-955-2232  
Fax number: 1-443-302-2084  
E-mail: [pihirc@firstpic.org](mailto:pihirc@firstpic.org)  
(Put "HUD Asset Management Newsletter"  
in the subject line)

## Upcoming Dates

**HUD's Going Green: Intelligent Investments for Public Housing**  
April 12-13, 2011  
Boston, MA  
<http://bit.ly/e3jp4W>

**HUD's Fathers Day 2011**  
June 18, 2011  
*Coming to a PHA near you.*  
<http://www.hud.gov/fathersday2011/>

**HUD's National Healthy Homes Conference**  
June 20-23, 2011  
Denver, CO  
<http://www.healthyhomesconference.org/>

