Public Housing Assessment System (PHAS) Interim Rule

Management Operations Indicator (MASS)

April 12, 2011
MASS: PHAS Interim Rule
Areas To Be Covered

- **Background**
  - MASS

- **MASS Indicator**
  - Scoring

- **MASS Sub-indicators**
  - What are they? What do they mean?

- **Case Studies**
  - Individual project scores & Entity-wide weighted average

- **PCNE**
  - Adjustment Factor Case Study
Background

MASS Indicator

- Overall MASS score is based on weighted average of project level scores
- A score is calculated for each project

MASS Sub-Indicators

- PHA self-certification was eliminated
- MASS sub-indicators are derived from the PHA’s FDS
- 2 out of 3 of the new sub-indicators were previously FASS indicators

Financial Data Schedule (FDS)

- MASS score is calculated from unaudited and audited submissions
- Late Penalty points and Late Presumptive Failure (LPF) do not apply to MASS Indicator score
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Condition</td>
<td>40</td>
</tr>
<tr>
<td>Financial Condition</td>
<td>25</td>
</tr>
<tr>
<td>Management Operations*</td>
<td>25</td>
</tr>
<tr>
<td>Capital Fund Program</td>
<td>10</td>
</tr>
<tr>
<td>Overall PHAS score</td>
<td>100</td>
</tr>
</tbody>
</table>

* Threshold score for this indicator must be at least 15 points, or 60% of maximum number of points (25).*
MASS Scoring

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

Total MASS: 25 points
**MASS Sub-Indicators**

- **Occupancy**
  - Emphasizes & measures project’s performance in keeping available units occupied
  - Higher rate = higher score
  - Maximum 16 points

- **Tenant Accounts Receivable**
  - Represents the amount of tenant accounts receivable against tenant revenue
  - Lower ratio = higher score
  - Maximum 5 points

- **Accounts Payable**
  - Measures total vendor accounts payable, both current and past due against total monthly operating expenses
  - Lower ratio = higher score
  - Maximum 4 points
Occupancy Computation

**NUMERATOR**

FDS 11210*
Unit Months Leased

**DENOMINATOR**

FDS 11190
Unit Months Available

*Henceforth, FDS##### refers to FDS line items.*
How Occupancy is scored

- ≥98%: 16 Points
- <98% but ≥96%: 12 Points
- <96% but ≥94%: 8 Points
- <94% but ≥92%: 4 Points
- <92% but ≥90%: 1 Point
- <90%: 0 Points
Tenant Accounts Receivable Computation

FDS 126
Accounts Receivable - Tenants

NUMERATOR

DENOMINATOR

FDS 70500
Total Tenant Revenue*

*Includes rents and other charges to the tenants
How Tenant Accounts Receivable is scored

- < 1.5%: 5 points
- ≥ 1.5% but < 2.5%: 2 points
- ≥ 2.5%: 0 points
Accounts Payable (AP) Computation

\[
\text{NUMERATOR} = (\text{FDS 312 (Current) Accounts Payable } < \text{ 90 Days}) + (\text{FDS 313 (Past Due) Accounts Payable } > \text{ 90 Days})
\]

\[
\text{DENOMINATOR} = (\text{FDS 96900 Total Operating Expenses}) \div 12
\]
How Accounts Payable is scored

- < 0.75: 4 points
- ≥ 0.75 but < 1.5: 2 points
- ≥ 1.5: 0 points
Case Study

FACTS:

PHA Name: SAMPLE County PHA

FYE 12/31/2009

Has 3 projects

WHAT WE WILL DEMONSTRATE:

How individual project scores are calculated

How weighted average score is calculated
Case Study: Project #ZZ014000001

- **Occupancy Rate**
  
  \[
  \text{FDS 11210} = \frac{\text{Unit Months Leased}}{\text{Unit Months Available}} = \frac{684}{684} = 100\% \\
  \]
  
  16 points

- **Tenant Accounts Receivable**
  
  \[
  \text{FDS 126} = \frac{\text{Accounts Receivable-Tenants}}{\text{Total Tenant Revenue}} = \frac{\$1,602}{\$89,844} = 1.8\% \\
  \]
  
  2 points

- **Accounts Payable**
  
  \[
  \text{FDS 312+313} = \frac{\text{(Current) Accounts Payable + (Past Due) Accounts Payable}}{\text{Total Operating Expenses ÷ 12}} = \frac{\$3,536 + 0}{\$508,680/12} = \frac{3536}{42,396} = 0.083 \\
  \]
  
  4 points

*57 units

TOTAL: 22 points
Case Study: Project #ZZ014000002

- **Occupancy Rate***
  
  \[
  \text{FDS 11210} = \text{Unit Months Leased} = 855 \\
  \text{FDS 11190} = \text{Unit Months Available} = 900 \\
  \Rightarrow 95\% \rightarrow 8 \text{ points}
  \]

- **Tenant Accounts Receivable**
  
  \[
  \text{FDS 126} = \text{Accounts Receivable-Tenants} = $1,295 \\
  \text{FDS 70500} = \text{Total Tenant Revenue} = $205,445 \\
  \Rightarrow 0.60\% \rightarrow 5 \text{ points}
  \]

- **Accounts Payable**
  
  \[
  \text{FDS 312+313} = (\text{Current})\ \text{Accounts Payable} + (\text{Past Due})\ \text{Accounts Payable} \\
  \text{FDS 96900/12} = \text{Total Operating Expenses} \div 12 \\
  \text{\quad} = $49,504 + 3,984 = 53,488 \\
  \text{\quad} = $407,958/12 = 33,917 \\
  \Rightarrow 1.577 \rightarrow 0 \text{ points} + \text{13 points}
  \]

*75 units

**TOTAL:** 18 points
Case Study: Project #ZZ014000003

**Occupancy Rate**

\[
\begin{align*}
\text{FDS 11210} &= \text{Unit Months Leased} = 1034 \\
\text{FDS 11190} &= \text{Unit Months Available} = 1068 \\
\end{align*}
\]

\[96.82\% \rightarrow 12 \text{ points}\]

**Tenant Accounts Receivable**

\[
\begin{align*}
\text{FDS 126} &= \text{Accounts Receivable-Tenants} = 3,130 \\
\text{FDS 70500} &= \text{Total Tenant Revenue} = 134,674 \\
\end{align*}
\]

\[2.3 \% \rightarrow 2 \text{ points}\]

**Accounts Payable**

\[
\begin{align*}
\text{FDS 312+313} &= \text{(Current) Accounts Payable + (Past Due) Accounts Payable} \\
\text{FDS 96900/12} &= \text{Total Operating Expenses ÷ 12} \\
\end{align*}
\]

\[
\begin{align*}
\text{= 18,584} + 8,874 &= 27,458 \\
\frac{404,148}{12} &= 33,679 \\
\end{align*}
\]

\[0.815 \rightarrow 2 \text{ points} \]

\[+ \]

\[16 \text{ points}\]

*89 units

**TOTAL:**
## Case Study: Overall MASS Score*

*without PCNE Adjustment Factor

<table>
<thead>
<tr>
<th>Project #</th>
<th>Project Score</th>
<th># of Units</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZZ014000001</td>
<td>22</td>
<td>57</td>
<td>1254</td>
</tr>
<tr>
<td>ZZ014000002</td>
<td>13</td>
<td>75</td>
<td>975</td>
</tr>
<tr>
<td>ZZ014000003</td>
<td>16</td>
<td>89</td>
<td>1424</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>---</strong></td>
<td><strong>221</strong></td>
<td><strong>3653</strong></td>
</tr>
</tbody>
</table>

**Overall Weighted Average Score**

\[
\text{Total Product} = 3,653 \\
\text{Total # of Units} = 221 \\
\text{Overall Weighted Average Score} = \frac{3,653}{221} = 16.53
\]
Physical Condition & Neighborhood Environment (PCNE)

**Physical Condition (PC)**
- Projects **at least 28 years** old, based on the unit-weighted average Date of Full Availability (DOFA) date
- Maximum 1 point

**Neighborhood Environment (NE)**
- Projects in census tracts in which **at least 40%** of families have an income below poverty rate
- Maximum 1 point
Prior and Interim PCNE

Prior PHAS
- 3 points maximum
- Category under PASS
- PC: 10 years
- NE: 51%
- Via PHA certification

Interim PHAS
- 2 points maximum
- Category under MASS
- PC: at least 28 years
- NE: at least 40%
- Via data from PIC
## Calculation of PCNE points

<table>
<thead>
<tr>
<th>Line</th>
<th>Points</th>
<th>Project #1</th>
<th>Project #2</th>
<th>Project #3</th>
<th>Project #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project Score</td>
<td>24</td>
<td>13</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>2</td>
<td>Physical Condition Points</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Neighborhood Environment Points</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Project score with PCNE Adjustment Factor</td>
<td>25*</td>
<td>14</td>
<td>11</td>
<td>17</td>
</tr>
</tbody>
</table>

*PCNE adjustments can not exceed the maximum number of 25 points available for the management operations indicator for a project.*

The PCNE adjustments will be made to individual project scores **before** calculating the overall weighted average/MASS score.
### MASS score with PCNE Adjustment Factor

<table>
<thead>
<tr>
<th>Project #</th>
<th>Project Score w/PCNE Adjustment Factor</th>
<th># of Units</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25</td>
<td>133</td>
<td>3325</td>
</tr>
<tr>
<td>2</td>
<td>14</td>
<td>65</td>
<td>910</td>
</tr>
<tr>
<td>3</td>
<td>11</td>
<td>89</td>
<td>979</td>
</tr>
<tr>
<td>4</td>
<td>17</td>
<td>25</td>
<td>425</td>
</tr>
<tr>
<td>TOTALS</td>
<td>---</td>
<td>312</td>
<td>5639</td>
</tr>
</tbody>
</table>

**Overall Weighted Average/MASS Score**

\[
\text{Total Product} = \frac{5639}{312} = 18.07
\]
Management Operations Indicator (MASS)

- Up to 25 points
- Threshold score is at least 15 points

3 Sub-Indicators

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

Scoring

- MASS score is an overall weighted average of project scores
- Late Penalty Points and Late Presumptive Failure will not be applied to the MASS indicator even though the MASS information is derived from the Financial Data Schedule (FDS)
- PCNE adjustment factor points are added at the project level, before calculating the overall weighted average
MASS Resources & Contacts

• Management Operations Homepage
  http://www.hud.gov/offices/reac/products/prodmo.cfm

• MASS e-mail address
  REAC_MASS@hud.gov

• Technical Assistance Center (TAC)
  (7:00 am-8:30 p.m., EST, M-F)
  1(888)245-4860
  REAC_TAC@hud.gov