

## CHAPTER 10. IMPROVEMENT PLAN (IP)

- 10-1 PURPOSE. The purpose of this Chapter is to provide guidance in addressing PHAs that have not been designated troubled or mod-troubled, but which have major problems in key management performance areas.
- 10-2 IMPROVEMENT PLAN (IP)-REQUIREMENT.
- A. After receipt of the Field Office notification letter in accordance with § 901.120(b) or receipt of a final resolution of an appeal in accordance with 901.130, a PHA shall, to the extent possible, correct any deficiency indicated in its management assessment within 90 calendar days. If deficiencies are corrected within 90 calendar days after receipt of the Field Office notification letter or receipt of a final resolution of an appeal, it is not necessary for a PHA to submit an IP. 24 CFR 901.145(a)
- B. A PHA shall notify the Field Office of actions taken to correct a deficiency and submit new performance data for the respective indicator(s). 24 CFR 901.145(b)
- C. If the Field Office determines that a PHA has not corrected a deficiency as required, the Field Office may require a PHA to prepare and submit to the Field Office an IP within 90 calendar days after receipt of the Field Office notification letter in accordance with or receipt of a final resolution of an appeal. A PHA may be able to correct most deficiencies within this time frame. A PHA will be aware of most deficiencies at the time it performs its own assessment and submits its certification. The correction of deficiencies should begin immediately after identification and continue through the Field Office assessment process and appeals process, if any. At a minimum, a PHA has 270 calendar days after its fiscal year begins to correct a deficiency before an IP may be requested. 24 CFR 901.145(c)
1. The Field Office shall require a PHA to submit an IP, which includes the information stated in D, below, for each indicator that a PHA scored a grade "F" and the deficiencies have not been corrected. 24 CFR 901.145(c)(1)
2. The Field Office may require, on a risk analysis basis, a PHA to submit an IP, which includes the information stated in D, below, for each indicator that a PHA scored a grade "D" or "E" and the deficiencies have not been corrected. 24 CFR 901.145(c)(2)

- D. An IP shall: 24 CFR 901.145(d)
  - 1. Identify each uncorrected deficiency indicated in a PHA's management assessment; 24 CFR 901.145(d)(1)
  - 2. Describe the procedures that will be followed to correct each deficiency; and 24 CFR 901.145(d)(2)
  - 3. Provide a timetable for the correction of each deficiency. 24 CFR 901.145(d)(3)
- E. The Field Office will approve or deny an IP, and notify the PHA, in writing, of its decision within 30 calendar days of receipt of the IP. 24 CFR 901.145 (e)
- F. An IP that is not approved will be returned to the PHA with written recommendations from the Field Office for revising the IP to obtain approval. 24 CFR 901.145(f)
- G. A revised IP shall be resubmitted by the PHA within 30 calendar days of its receipt of the Field Office recommendations. 24 CFR 901.145(f)
- H. If a PHA fails to submit an acceptable IP, or to correct deficiencies within the time specified in an IP or such extensions as may be granted by HUD, the Field Office will notify the PHA, in writing, of its noncompliance. 24 CFR 901.145(g)
  - 1. The PHA will provide HUD its reasons, in writing, for lack of progress in submitting or carrying out the IP within 30 calendar days of its receipt of the noncompliance notification. 24 CFR 901.145(g)
  - 2. HUD will advise the PHA, in writing, as to the acceptability of its reasons for lack of progress and, if unacceptable, will notify the PHA that it will be subject to sanctions provided for in the ACC and applicable regulations, including but not limited to, 24 CFR 24 or 24 CFR 901, subpart C. 24 CFR 24 and 901.145(g)
    - a. 24 CFR 24 includes limited denial of participation, suspension and debarment.

- b. Other sanctions include the substantial default by a PHA in accordance with 24 CFR 24 , which states that upon the occurrence of events or conditions that constitute a substantial default by a PHA with respect to the covenants or conditions to which the PHA is

subject; and The Field Office Monitoring of Public Housing Agencies (PHAs) Handbook 7460.7, as revised.

10-3 SCOPE OF AN IP.

- A. The scope of the IP may vary depending upon the extent of the problems present in the PHA, but shall include the elements listed below.
1. A description of the involvement, if any, of local public and private entities in carrying out the IP and rectifying the PHA's problems.
  2. Baseline data, which may be the PHA's score in each of the indicators identified as a problem.
  3. Annual and quarterly performance targets shall be in accordance with paragraph 10-5D, below, which may be the attainment of a higher performance level within an indicator that is a problem, or the description of a proposed action to be taken (e.g., the reduction of rents uncollected to 3% or less by the end of the IP annual period).
    - a. To the extent possible, annual and quarterly performance targets shall be quantified.
    - b. If not possible, a description of the proposed action may serve as the performance target (e.g., the development and implementation of a PHA preventive maintenance program by a specific date).
  4. Major strategies to be used by the PHA in achieving the performance targets within the time period of the IP.
  5. The PHA's commitment to take all actions within its control to achieve the targets.
- B. A PHA shall have primary responsibility for obtaining active local public and private entity participation in assisting PHA improvement efforts, Local public and private entity participation should be premised upon:

1. The participant's knowledge of the PHA,
2. The ability to contribute technical expertise with regard to the PHA's specific problem areas; and
3. The authority to make preliminary/tentative commitments of support, financial or otherwise.

- C. A PHA's operating budget must support all performance targets contained in the IP.

10-4 IP DEVELOPMENT. The development of the IP requires extremely close communication and coordination between all parties involved. This is particularly true regarding local government and private sector involvement.

- A. PHA responsibility. The PHA shall have primary responsibility for obtaining active local government and private sector participation in assisting PHA improvement efforts.
  - 1. Private sector and local government involvement should be encouraged in the IP negotiations.
  - 2. This participation should include active involvement in the establishment of performance targets and identification of strategies to attain the targets.
  - 3. To the extent it is determined that improvement in specific areas is dependent upon other than local resources (e.g., HUD) consideration shall be given to HUD resources, including but not limited to technical assistance which may be available, as well as applicable constraints.
- B. The available resources and capabilities.
  - 1. One of the primary purposes of the development of the IP is to arrive at preliminary agreements among the participants as to available resources and capabilities.
  - 2. Resources and capabilities relate to the:
    - a. PHA's management capability;

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- b. PHA's financial resources;
    - c. Local government's willingness to provide technical or financial assistance in making on-going improvements; and
    - d. Degree and type of private sector assistance which can be obtained.
- C. Participants. The participants in IP development should include representatives of the entities listed below.
  - 1. Field Office representative, on a risk analysis basis, if appropriate.

2. PHA staff.
  3. Board Chairperson and/or members.
  4. Resident representative.
    - a. It is expected that the resident representative would be selected by the city-wide resident organization where one exists.
    - b. Otherwise, the most equitable and representative process possible shall be used.
    - c. The resident representative shall not be a signatory to the IP, but is expected to play a role in follow-up monitoring of IP performance.
  5. Local government and private sector representatives shall be included as determined appropriate and based on their willingness to participate.
  6. The Regional Office may be involved on a case-by-case basis as circumstances may warrant.
- D. On-Site Meeting. The team participants, depending on the severity of the situation, may meet at the PHA as soon as possible following the Field Office request to a PHA for the submission of an IP.

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1. This effort shall be coordinated by the Executive Director or his/her designee.
2. The intent of an IP is to assist a PHA in improving its management capabilities. The PHA as an entity, comprised of the Board of Commissioners and all PHA personnel, rather than a single individual, is accountable and responsible for improving its management capabilities. Therefore, the development and execution of an IP shall not be delayed due to changing circumstances at the PHA. Such changes include, but are not limited to:
  - a. Change in the Executive Director;
  - b. Change in executive staff;
  - c. Change in Board composition; or
  - d. Change in the Chief Executive of local government.

3. One of the primary purposes of the on-site work is to arrive at preliminary agreements among the participants as to the IP.
  4. The end product resulting from the on-site work should be a draft IP.
- E. Organizational Review. The team participants shall be responsible for the concurrent review of the draft IP by their organizations, i.e., PHA Board of Commissioners and Executive Director, resident representative and Field Office representative, if appropriate.
1. It is extremely important at this juncture that all parties to the impending IP work together in a spirit of mutual cooperation in order to resolve any differences.
  2. It is anticipated that the team participants will converse via telephone, conference calls and local meetings.
- F. Primary Responsibility. The Executive Director shall be the primary party responsible for following up with residents, local government and the private sector to ensure to the maximum extent possible that any differences of approach or opinion on the draft IP are resolved and, if not, raised to the attention of the Field Office.

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- G. Final Negotiations/Execution of IP.
1. PHA responsibility. The PHA shall have the lead responsibility in coordinating with all other IP participants to schedule the on-site gathering of all key parties for the purpose of signing the IP, as well as to negotiate any remaining points which could not otherwise be resolved.
    - a. The key participants may meet on site at the PHA or such other local site as is deemed appropriate.
    - b. The PHA shall be responsible for working to ensure that public awareness and attention are focused on the participants' mutual, cooperative efforts to bring about improvement in the local PHA's condition. Media (newspaper, television, etc.) coverage should be pursued as one means of accomplishing this end.
  2. Key participants. The primary signatories to an IP shall be in accordance with paragraph 10-5F, below.

10-5 SPECIFIC REQUIREMENTS OF AN IP.

- A. The IP shall set forth the targets agreed upon, and the PHA's commitment to taking all actions within its control to achieve the targets.
- B. Part A, Participants, of the IP shall include pertinent information regarding the PHA and a listing of the name, agency, title and phone number of IP participants.
- C. Part B, Public and Private Entity Involvement, of the IP shall include information regarding the types and monetary value of assistance provided to the PHA by the local government and private entities in carrying out the IP and rectifying the PHA's problems.
- D. Part C, Performance Targets, of the IP shall include the indicators failed, baseline data for each failed indicator, the IP annual performance goal, and quarterly targets for improvement of performance indicators.
  - 1. The annual and quarterly performance targets shall span a maximum period of five years, or a lesser period in which the PHA is

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Chapter 10, paragraph 10-5D1 (continued)

determined to be performing at an acceptable level by the Field Office in accordance with paragraph 10-3A3 of this Handbook.

- 2. Performance targets shall be accomplished through PHA strategies, as described in paragraph 10-5E, below.
- E. Part D. Strategies, of the IP shall include a listing of those major strategies to be used by the PHA in achieving the annual and quarterly performance targets within the time period of the IP in accordance with Part C.
  - 1. The strategy portion of Part D is prepared by the PHA and documents how it proposes to achieve the annual and quarterly performance targets.
  - 2. It is expected that these major strategies will have evolved from the assessment process and the on-site confirmatory review, if any, and shall be subject to revision by the PHA, on a yearly basis, to ensure the achievement of the annual and quarterly performance targets in Part C.
  - 3. The development of strategies is the sole responsibility of the PHA as to content and implementation. However, PHA strategies to achieve the annual and quarterly performance

targets are expected to be realistic and achievable within the respective time frame, and to be directly related to the accomplishment of the stated goals.

F. Part E, Signatories and PHA Assurances of the IP shall provide for the signatures of the executing parties as stated below, and the PHA's assurances of its commitment to take all actions within its control to achieve the annual and quarterly performance targets. PHA assurances shall be included in the Board resolution executing the IP and the assurances shall precede the signatures of the PHA Chairperson and Executive Director in Part E.

1. The Chairperson of the Board; and
2. The Executive Director.
3. The IP shall be ratified by Board resolution, including the assurances.

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10.6 PUBLIC AND PRIVATE SECTOR INVOLVEMENT. PHAs are encouraged on an ongoing basis to aggressively pursue obtaining local assistance (refer to paragraph 10-3B, above). Involvement of outside organizations, public and private, will be necessary if a PHA is to attract the resources necessary to assist it in bringing about substantial improvements.

- A. Failure to initiate such outreach may severely limit a PHA's ability to bring about significant changes in its public housing condition.
- B. Many PHAs have been successful in receiving Community Development Block Grant funding, additional police support, etc., from their cities. Private enterprise has provided expertise in such areas as data processing, fiscal management, etc., at little or no cost to some PHAs. However, attracting such assistance requires that the PHA aggressively promote its role as a vital part of the community.
- C. The Field Office Manager shall support, as much as possible, PHA attempts to enlist the assistance of local government, the community and the private business sector.
- D. Attempts should be made to seek local press coverage regarding City, private sector, HUD and PHA cooperative efforts to improve the local public housing program (refer to paragraph 10-4Gb, above).

10-7 ONGOING PHA COMMITMENT TO APPROVED IP. Once approved by a PHA, a PHA shall be bound by the terms of its IP, as ratified to by

the Board resolution which approved the IP.

- A. Subsequent changes in the membership of a PHA's Board do not entitle the new Board to disregard the provisions of the IP adopted by the previous Board.
- B. Should a new Board approve actions inconsistent with the PHA's obligations under the previously adopted IP, HUD may proceed to impose those sanctions which may be appropriate.

10-8 REMOTE MONITORING. HUD and the PHA shall monitor IP implementation to ensure that annual and quarterly performance targets are met in terms of quantity, timeliness and quality.

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Chapter 10, paragraph 10-8 (continued)

- A. IP Quarterly Performance Target Progress Report (IPQTPR). A PHA's progress subsequent to IP approval will be monitored through the IPQTPR. The IPQTPR shall be prepared by the Field Office on the basis of information provided by the PHA. The PHA shall provide the resident representative with like information.
- B. The IPQTPR will be incorporated as soon as possible.
- C. Letter to the Board Chairperson and local government. Concurrent with the Field Office's preparation of the IPQTPR, it should be determined whether the PHA's performance should be brought to the attention of the PHA Board Chairperson and its Chief Executive of local government.
  - 1. At a minimum, this action should be taken at the time of the Annual Performance Review.
  - 2. Copies of the letters shall be forwarded to the Regional Administrator.

10-9 ANNUAL IP NEGOTIATIONS.

- A. A new IP shall be negotiated if warranted in accordance with paragraph 10-2, above, or
- B. The PHA shall repeat the IP development process described in paragraph 10-4, above, if the first-year performance target(s) did not correct the deficient indicator(s).
  - 1. The content of the new IP shall rely heavily upon the PHA's past performance.
  - 2. As a result of the PHA's past performance, the IP may need:
    - a. A heavier infusion of local government support and involvement;

- b. A revision of the projected rate at which annual and quarterly performance targets are anticipated to improve;
- c. A substantial revision of the strategies to be relied upon; or
- d. A heavier reliance on sanctions.

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Chapter 10, paragraph 10-9B (continued)

- 3. It is at the point of negotiation of the new IP that HUD shall normally make a final determination regarding the PHA's compliance with the previous IP and whether it is appropriate to proceed with the enforcement of sanctions.

10-10 ACC REQUIREMENT. An IP does not supersede, modify or amend a PHA's ACC or in any way excuse a PHA from complying fully with its ACC. In particular, the Department does not waive its rights under Part II 501 and 502 of the ACC. A PHA's satisfaction of, or failure to meet, the goals set forth in an IP does not limit, modify or preclude the Department's right to take any remedial action allowed by the ACC or any provision of the Act or the regulations thereunder. Therefore, the Department has the right to declare a substantial default or a substantial breach of a PHA under the terms of the PHA's ACC at any time for sufficient cause regardless of the terms of an IP.

10-11 RECOMMENDATION. A recommendation for PHA-wide accountability is set forth in Chapter 3, paragraph 3-6, of this Handbook.

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