

CHAPTER 1. INTRODUCTION

1-1 PURPOSE.

A. The purpose of this Handbook is to provide guidance for the Public Housing Management Assessment Program (PHMAP) in accordance with section 502(a) of the National Affordable Housing Act of 1990 (approved November 28, 1990, Pub. L. 101-625, 104 Stat. 4079, hereinafter, NAHA) as amended by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1992 (approved October 28, 1991, Pub. L. 102-139, hereinafter, 92 App. Act). PHMAP provides policies and procedures for the Department to identify public housing agency (PHA) management capabilities and deficiencies, address problem areas and poor performance, and provide technical assistance in such areas to PHAs. PHMAP identifies high-performing PHAs and designates criteria for defining troubled PHAs and PHAs that are troubled with respect to the program under 14 (mod-troubled) based upon factors solely related to their ability to carry out the modernization program. PHMAP also identifies procedures to reward high-performing PHAs, to improve the management practices of troubled PHAs and mod-troubled PHAs and to impose sanctions for poor performance.

6(j), (j)(1)(I) (iii), (j)(2)(A)(i), (j)(2)(A)(ii) and (j)(2)(B) of the United States Housing Act of 1937, hereinafter, the Act, and 24 CFR 901.01(a)

B. PHMAP will allow the Department to:

1. Provide an objective system of measuring PHA performance using standard criteria for all PHAs that will enable the Department and PHAs to compare performance of PHAs. At the same time, PHMAP provides sufficient flexibility in evaluating PHAs to ensure that they are not penalized as a result of circumstances beyond their control. PHMAP will define the national picture in any given program area as well as compare PHAs by size, geographical area, etc.; compare Field Offices and/or Regional Offices; and establish a national data base for PHAs; 24 CFR 901.01(c)
2. Identify deficiencies in a PHA's management and take corrective actions, such as providing additional identified field advice and guidance, working with a PHA to identify other outside sources of technical advice and assistance; e.g., other PHAs, consultants, local government, etc., entering into a Memorandum of Agreement (MOA) with

efforts, or developing an Improvement Plan (IP) for PHAs to correct identified deficiencies; § 6(j)(2)(B) and (B)(i) of the Act and 24 CFR 901.01(d)

3. Identify and commend PHAs that perform in an exemplary manner, provide incentives to high-performing PHAs and encourage all PHAs to achieve high performer designation, High-performing PHAs are afforded greater flexibility in the operation of their public housing programs, with increased responsibility as well as authority for their own management decisions. In addition, high-performing PHAs will receive national recognition by the Department; 6(j)(2)(A)(ii) of the Act and 24 CFR 901.01(e)
4. Make more effective use of available staff for monitoring overall public housing operations and enable the Department -- particularly at the Field Office level -- to focus on those PHAs which have significant operational problems; 24 CFR 901.01(b)
5. Solicit competitive proposals, petition for the appointment of a receiver or require a PHA to make other arrangements for managing an, or part, of the housing administered by a PHA as a result of events or conditions that constitute a substantial default; 6(j)(3)(A)(i), (A)(ii) and (A)(iii) of the Act and 24 CFR § 901, subpart C
6. Administer the system of evaluating PHAs flexibly to ensure that PHAs are not penalized as a result of circumstances beyond their control; and (6)(j)(1)(I)(i) of the Act
7. Submit to Congress annually a report that: (6)(j)(4) of the Act
 - a. Identifies the PHAs that have been designated as troubled and mod-troubled; (6)(j)(4)(A) of the Act
 - b. Describes the grounds on which such PHAs were designated as troubled and mod-troubled, and continue to be so designated; (6)(j)(4)(B) of the Act
 - c. Describes the agreements that have been entered into with troubled and mod-troubled PHAs; (6)(j)(4)(C) of the Act

- d. Describes the status of progress under such agreements; (6)(j)(4)(D) of the Act
- e. Describes any action that has been taken in accordance with 901, subpart C; and (6)(j)(4)(E) of the Act

- f. Describes the status of any PHA designated as mod-troubled and specifies the amount of assistance the PHA received under 14 and any credits accumulated by the PHA under 14(k)(5)(D). (6)(j)(4)(F) of the Act
- C. PHMAP will allow PHAs, Boards of Commissioners, residents and communities to assess PHA performance and identify areas that need improvement. PHAs can use this assessment to conduct internal audits of their operations and correct identified deficiencies. The results of the PHMAP assessment can be used by the PHA's Board of Commissioners and Executive Director, resident organizations and the community to understand more comprehensively the PHA's operations. 24 CFR 901.01(f)
- D. Statutory, regulatory, contractual and Handbook requirements are set forth in this Handbook. Where applicable, statutory, regulatory and contractual citations are included at the end of each paragraph. The Handbook uses the following defined terms consistently throughout the text. IN DEFINING THESE TERMS, THE DEPARTMENT EMPHASIZES THAT WHILE SOME PROVISIONS OF THE HANDBOOK ARE REQUIRED, MANY PROVISIONS ARE NOT MANDATORY.
 - 1. "Shall" means that the action is mandatory or required.
 - 2. "Should" means that the action is recommended by HUD but not required.
 - 3. "May" means that the action is permissive or optional and not required.

1-2 LEGAL AUTHORITY.

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

1-3

3/92

7460.5

Chapter 1, paragraph 1-2 (continued)

- B. Section 502(a) of the National Affordable Housing Act of 1990 (NAHA), as amended by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 1992, amends the Act at Section 6(j), and authorizes HUD to take actions as provided below.
 - 1. Develop a maximum of 12 indicators, seven of which are statutory plus an additional five, to evaluate the performance of PHAs in all major areas of management operations. (6)(j)((1)(A), (B), (C), (D), (E), (F), (G) and (H) of the Act and 24 CFR 901.10(b)

2. Establish procedures for designating troubled and mod-troubled PHAs and determine the status of PHAs that are mod-troubled based upon factors solely related to their ability to carry out that program. (6) (j)(1)(I)(iii) and (2)(A)(i) of the Act and 24 CFR 901.115(c) and (d)
3. Identify and commend PHAs that perform in an exemplary manner. (6)(j)(2)(A)(ii) of the Act and 24 CFR 901.135(d)(1)(i) and (1) (ii)
4. Establish procedures for PHAs to appeal troubled and mod-troubled designations, to petition for removal of such designation, and to appeal any refusal to remove such designation. (6)(j)(2)(A)(iii) of the Act and 24 CFR 901.130(a) and 901.142(a) and (b)
5. Enter into a Memorandum of Agreement (MOA) with troubled and mod-troubled PHAs setting forth: (6)(j)(2)(B) of the Act and 24 CFR 901.140
 - a. Targets for improving performance as measured by PHMAP and other requirements within a specified period of time; (6)(j)(2) (B)(i) of the Act and 24 CFR 901.140(a)(2)
 - b. Strategies for meeting such targets, including a description of the technical assistance the Department will make available to the agency; and (6)(j)(2)(B)(ii) of the Act and 24 CFR 901.140 (a)(3) and (4)
 - c. Incentives or sanctions for effective implementation of such strategies. (6)(j)(2)(B)(iii) of the Act and 24 CFR 901.140(a) (6) and (7)

3/92

1-4

7460.5

Chapter 1, paragraph 1-2B (continued)

6. HUD and the PHA shall, to the maximum extent practicable, seek the assistance of local public and private entities in carrying out the MOA. (6)(j)(B) of the Act and 24 CFR 901.140(b)
7. Administer the PHMAP flexibly to ensure that PHAs are not penalized as a result of circumstances beyond their control. (6)(j)(1)(I)(i) of the Act
8. Reflect in the weights assigned to the various indicators the differences in the difficulty of managing individual developments that result from their physical condition and their neighborhood environment. (6)(j) (1)(I)(ii) of the Act and 24 CFR 901.125(b)

9. Upon the occurrence of events or conditions that constitute a substantial default by a PHA, HUD may: (6)(j)(3)(A) of the Act and 24 CFR 901.200
 - a. Solicit competitive proposals from other PHAs and private management agents to manage all, or part, of the housing administered by a PHA; (6)(j)(3)(A)(i) of the Act and 24 CFR 901.200(a)
 - b. Petition for the appointment of a receiver of the PHA; (6)(j)(3)(A)(ii) of the Act and 24 CFR 901.200(b)
 - c. Require the PHA to make other arrangements acceptable to the Department and in the best interests of the public housing residents for managing all, or part of such housing; and (6)(j)(3)(A)(iii) of the Act and 24 CFR 901.200(c)
 - d. Upon a determination that a substantial default has occurred, the Department may petition the court to appoint a receiver to conduct the affairs of the PHA. (6)(j)(3)(B) of the Act and 24 CFR 901.225
 10. Submit to the Congress annually a report in accordance with paragraph 1-1B7, above. (6)(j)(4) of the Act
- C. The Annual Contributions Contract (ACC) entered into by HUD and PHAs sets forth the specific obligations and responsibilities for implementation of the Public Housing Program. Among other obligations, it requires PHAs to:

1-5

3/92

7460.5

Chapter 1, paragraph 1-2C (continued)

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; and in such manner as to achieve the economic and social well-being of the residents thereof, Part II, 201 of the ACC
2. Maintain the low-rent character of each of the developments; Part II, 202 of the ACC
3. Ensure that the income limits as established by statute are adhered to; Part II, 204 of the ACC
4. Maintain the developments in good repair; and Part II, 209 of the ACC
5. Maintain the books and records in accordance with HUD

requirements. Part II, 309 of the ACC

1.3 REGULATORY AUTHORITY.

- A. 24 CFR Part 901, subparts A, B and C, dated January 17, 1992, identifies the purposes, definitions and operation of the PHMAP.
- B. 24 CFR Part 901 is included in the Foreword to this Handbook.

1-4 APPLICABILITY.

- A. This Handbook applies to the Public Housing Program (PHA-owned rental projects).
- B. This Handbook does not apply to the Section 23 Housing Assistance Payments Program, the PHA-administered Section 8 Programs, Section 23 and Section 10(c) Leased Housing Programs, the Turnkey III Homeownership Opportunities Program, the Non-Indian Mutual Help Homeownership Opportunities Program or to the Indian Housing Program. Policies and procedures for these programs are contained in appropriate program handbooks.

3/92

1-6

7460.5

Chapter 1 (continued)

1-5 MAJOR CONCEPTS.

- A. Maximum Flexibility. In addition to focusing on management assessment and the identification of problem areas, this Handbook is designed to allow for a yearly management assessment of all PHAs and to provide Field staff maximum flexibility in determining which PHAs will be reviewed more frequently and in greater depth. Finally, it focuses on both remote monitoring as well as the on-site confirmatory review as a means of maximizing the use of limited staff availability.
- B. On-site Confirmatory Review. An on-site confirmatory review may be performed by the Field Office on a risk analysis basis to verify some or all of the data certified to by the PHA as well as the accuracy of the data derived from Field Office files. 24 CFR 901.120(c)
- C. Technical Assistance. As a result of the management assessment, deficiencies may indicate the need for technical assistance in one or more program areas. To the extent Field Office staff cannot provide such assistance, staff shall refer the PHA to sources of such assistance (e.g., local government, the private sector, other PHAs, or other experts).
- D. Management Assessment and Program Areas. The purpose of the management assessment is to assess a PHA's management capabilities in all major areas of program operations. The goal of a PHA should be to move towards high-performing designation

with the ultimate objective of achieving high performer status.

- E. Negotiation of Performance Goals and Development of a Memorandum of Agreement (MOA). Once a management assessment has been performed and troubled and/or mod-troubled PHAs identified, HUD and the PHA shall negotiate performance targets to correct any identified deficiencies. (6)(j)(2)(B)(i) of the Act and 24 CFR 901.140(a)(2) and 901.145(d)(3)
1. Those targets shall be quantifiable, to the extent possible, or procedural. (6)(j)(2)(B)(i) of the Act and 24 CFR 901.140(a)(2) and 901.145(d)(3)
 2. Whatever their form, the performance targets shall be included, if applicable, in the Memorandum of Agreement (MOA). (6)(j)(2)(B)(i) of the Act and 24 CFR 901.140(a)(2) and 901.145(d)(3)

1-7

3/92

7460.5

Chapter 1, paragraph 1-5E (continued)

3. The MOA shall include the major steps, or targets, necessary to correct identified deficiencies, including time frames for completion. (6)(j)(2)(B)(i) of the Act and 24 CFR 901.140(a)(2) and 901.145(d)(3)
- F. The development of an Improvement Plan (IP) for PHAs to correct failed or deficient indicators, as appropriate, identified as a result of the PHMAP assessment when an MOA is not required.

3/92

1-8