

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4509-N-14]

Public Housing Assessment System Management Operations Scoring Process for Fiscal Years Ending September 30, 1999, and December 31, 1999, PHAS

AGENCY: Office of the Director, Real Estate Assessment Center, HUD.

ACTION: Notice.

SUMMARY: This notice provides additional information to public housing agencies and members of the public, regarding HUD's process for issuing Management Operations scores to PHAs under the Public Housing Assessment System (PHAS).

This notice is an update of the Management Operations Indicator scoring notice that was published on June 23, 1999, and takes into consideration public comment received on the June 23, 1999 notice, and provides the basis for scoring public housing agencies on their management operations as provided in the PHAS Transition Notice published on October 21, 1999. The Notice also reflects the differences in scoring between advisory scores and actual Management Operations scores. This notice is applicable only to PHAs with fiscal years ending September 30, 1999, or December 31, 1999. For PHAs with fiscal years ending on or after March 31, 2000, a separate Management Scoring Notice is published elsewhere in this **Federal Register**. The changes made to this notice are discussed in the **SUPPLEMENTARY INFORMATION** section of this notice.

FOR FURTHER INFORMATION CONTACT: For further information contact Wanda Funk, Real Estate Assessment Center, Department of Housing and Urban Development, 1280 Maryland Avenue, SW, Suite 800, Washington, DC 20024; telephone Technical Assistance Center at 1-888-245-4860 (this is a toll free number). Persons with hearing or speech impairments may access that number via TTY by calling the Federal Information Relay Service at (800) 877-8339. Additional information is available from the REAC Internet Site, <http://www.hud.gov/reac>.

SUPPLEMENTARY INFORMATION:

1. Purpose of This Notice

The purpose of this notice is to provide additional information about the scoring process for PHAS Indicator #3, Management Operations. The

purpose of the Management Operations assessment is to measure certain key management operations and responsibilities of a PHA for the purpose of assessing the PHA's management operations capabilities.

The information provided in this notice was originally published on May 13, 1999 (64 FR 26232), and republished on June 23, 1999 (64 FR 33708). HUD solicited public comment on both the May 13, 1999, and June 23, 1999, notices. This Management Operations Scoring Process notice, published in this edition of the **Federal Register**, has been revised, to reflect the public comments received on the previous notices and to provide the basis for scoring PHAs on their management operations as provided in the PHAS Transition Notice published on October 21, 1999 (64 FR 56676). This Management Operations Scoring Notice is applicable only to PHAs with fiscal years ending September 30, 1999, or December 31, 1999. For PHAs with fiscal years ending on or after March 31, 2000, a separate Management Operations Scoring Notice is published elsewhere in this **Federal Register**.

Additionally, this notice differs from the June 23, 1999, notice to reflect the difference in scoring between advisory scores and actual Management Operations scores. Eliminated from the notice published on June 23, 1999, are the last row and footnote in Table 2, Possible Grades; and the third paragraph under Sub-indicator Score. These two items only applied to PHAS advisory scores for fiscal year end September 30, 1998, December 31, 1998, March 30, 1999, and June 30, 1999, PHAs.

2. Changes From PHMAP To PHAS

The PHAS assessment of a PHA's management operations utilizes six of the eight PHMAP indicators:

- Vacancy rate and vacant unit turnaround time;
- Capital Fund;
- Rents uncollected;
- Work orders;
- PHA annual inspection of units and systems; and
- Security/economic self-sufficiency.

The adjustment for physical condition and/or neighborhood environment will be made under PHAS Indicator #1, Physical Condition. The same definitions and exemptions that apply to the PHMAP also apply to the PHAS, except as noted in 24 CFR 902, subpart D. The PHMAP indicator for financial management is assessed under PHAS Indicator #2, Financial Condition; and PHMAP indicator #7 for resident services is assessed under PHAS

Indicator #4, Resident Service and Satisfaction.

There are certain differences between the PHMAP score and the PHAS score calculated for a PHA's management operations. Under the PHAS, PHA requested modifications and exclusions no longer apply. Under the PHAS, a PHA will not be assessed under a sub-indicator and/or component if the PHA does not receive funding for that program, *i.e.*, Capital Fund. PHAs will certify to sub-indicator #2, Capital Fund, and all PHAs will certify to and be scored on sub-indicator #6, Security/economic self-sufficiency, under PHAS Indicator #3.

3. Submission of Management Operations Certification

Under the PHAS, a PHA is required to electronically submit certification on its performance under each of the management operations sub-indicators. If circumstances preclude a PHA from reporting electronically, HUD will consider granting short-term approval to allow a PHA to submit its Management Operations certification manually. A PHA that seeks approval to submit its certification manually must ensure that the REAC receives a request for manual submission in writing 60 calendar days prior to the submission due date of its Management Operations certification. The written request must include the reasons why the PHA cannot submit its certification electronically. The REAC will respond to such a request and will manually forward its determination in writing to the PHA.

4. Elements of Scoring

The Management Operations Indicator score provides an assessment of each PHA's management effectiveness. The computation of the score under this PHAS Indicator utilizes data that was submitted for PHMAP and requires three main calculations, which are:

- Scores are first calculated for all of the components that have been submitted by the PHA;
- Based upon the component scores, a score is then calculated for each sub-indicator; and
- From the six sub-indicator scores, an indicator score is then calculated.

The three calculations are performed on the basis of the following:

- The point value of the six sub-indicators and/or components, which are listed in Table 1; and
- The point equivalent to the grades assigned under PHMAP for each sub-indicator and/or component.

TABLE 1.—MANAGEMENT OPERATIONS SUB-INDICATOR AND COMPONENT POINTS

Sub-indicator	Sub-indicator points	Component	Component points
Vacancy Rate/Unit Turnaround Time (PHMAP Indicator #1).	8.0	Vacancy Rate	4.0
Capital Fund (PHMAP Indicator #2)	6.0	Unit Turnaround Time	4.0
		Unexpended Funds	1.0
		Timeliness of Fund Obligation	1.5
		Contract Administration	1.0
		Quality of Physical Work	2.0
		Budget Controls	0.5
Rents Uncollected (PHMAP Indicator #3)	4.0		
Work Orders (PHMAP Indicator #4)	4.0	Emergency Work Orders	2.0
		Non-Emergency Work Orders	2.0
Inspections of Units and Systems (PHMAP Indicator #5)	4.0	Inspection of Units	2.0
		Inspections of Systems	2.0
Security/Economic Self-Sufficiency (PHMAP Indicator #8).	4.0	Tracking/Reporting Crime-Related Problems	1.0
		Screening of Applicants	1.0
		Lease Enforcement	1.0
		Grant Program Goals	1.0

If the PHAS Capital Fund sub-indicator (PHMAP Indicator #2) is not applicable, then the 6 points for that sub-indicator are redistributed among the other five sub-indicators so that the total points add up to the 30 points for Management Operations under the PHAS. This is accomplished by multiplying 30/24 or 1.25 by each of the remaining sub-indicator scores, which is 125 percent of the original points. The new points for the sub-indicator “Vacancy Rate and Unit Turnaround Time” would be 10.0, and the new points for the other four sub-indicators would be 5.0.

The PHMAP grades for each sub-indicator/component are assigned values to indicate the percentage of the sub-indicator/component points that will be awarded in the calculations. The assigned values for the PHMAP grades, which are listed in Table 2, are the same for each sub-indicator/component that is being assessed. For example, a PHA with an E for the component “Inspection of Units and Systems” would receive 30% of the component points of 2, for a score of 0.6 for the component.

TABLE 2.—POSSIBLE GRADES

Grades	Value
A	1.00
B	0.85

TABLE 2.—POSSIBLE GRADES—Continued

Grades	Value
C	0.70
D	0.50
E	0.30
F	0.00

Calculations under the PHAS Management Operations Indicator are performed as follows:

Component Score. The component score equals its points multiplied by the value of the grade for the PHA. For example, a PHA with an E for the component “Inspection of Units and Systems” would receive 30% of the component points of 2, for a score of 0.6 for the component.

Sub-indicator Score. The sub-indicator score is the sum of the component scores with the points of non-assessed components being proportionately redistributed across components that have been assessed.

Indicator Score. The Indicator score equals the sum of the sub-indicator scores with the points of non-assessed sub-indicators being proportionately redistributed across sub-indicators that have been assessed. The Management Operations Indicator score equals the sum of the five other redistributed sub-indicator scores multiplied by 30/24 or 1.25, which is 125 percent of the original score.

If the Capital Fund sub-indicator (PHMAP indicator #2) is not applicable (the PHA does not have a Capital Fund Program), then the 6 points for that sub-indicator are redistributed among the other five sub-indicators in the calculation of the Management Operations Indicator score so that the total points add up to the 30 points for Management Operations under the PHAS.

5. Examples of Score Computations

An Example of Computing a Sub-Indicator Score With a Non-Assessed Component. The following provides an example for the calculation of a Capital Fund sub-indicator score and its component scores, when the Quality of Physical Work component has not been assessed. For this example, Table 3 provides the necessary information, which is:

- The weight of the Capital Fund sub-indicator components from Table 1;
- The sample grade for each component;
- The value of each grade from Table 2;
- The calculations for the component score; and
- The component scores.

The component score is calculated in this table by multiplying the points by the values in Table 3. These scores are included in the PHAS Report. Note that for reporting purposes, all scores are rounded to one decimal place.

TABLE 3.—EXAMPLE ASSESSMENT OF THE CAPITAL FUND SUB-INDICATOR

Component	Points	Grade	Value	Calculations	Score
#1 Unexpended Funds	1.0	A	1.0	$(1.0) \times (1.0) = 1.0$	1.0
#2 Timeliness of Fund Obligation	1.5	A	1.0	$(1.5) \times (1.0) = 1.5$	1.5
#3 Contract Administration	1.0	C	0.7	$(1.0) \times (0.7) = 0.7$	0.7
#4 Quality of Physical Work	2.0	NA	NA	NA	NA
#5 Budget Controls	0.5	F	0.0	$(0.5) \times (0.0) = 0.0$	0.0

In this example, the 4th component has not been assessed for sub-indicator #2, Capital Fund. Consequently, the points of the non-assessed component need to be redistributed proportionately

across assessed components in order to calculate the Capital Fund sub-indicator score. This redistribution is accomplished by multiplying the sum of the component scores by 6 (the points

for the sub-indicator) and dividing this result by the sum of the points of the components that have been assessed (4). This calculation for the Capital Fund sub-indicator score is provided below:

$$\text{Capital Fund Score} = \frac{(1.0 + 1.5 + 0.7 + 0.0) \times (6.0)}{1.0 + 1.5 + 1.0 + 0.5}$$

An Example of Computing the Indicator Score for a PHA Without a Capital Fund Program and That Has Less Than 250 Units. For this example, the PHA's sub-indicator scores are:

- The Vacancy Rate/Unit Turnaround Time score equals 6.8;
- The Capital Fund sub-indicator was not assessed;
- The Rents Uncollected score equals 4.0;
- The Work Orders score equals 2.8;

- The Inspection of Units/Systems score equals 3.7; and
- The Security/Economic Self-Sufficiency score equals 4.0.

The Capital Fund sub-indicator has not been assessed. Consequently, the points for the non-assessed sub-indicator need to be redistributed proportionately across assessed sub-indicators in order to calculate the

Management Operations Indicator score. This redistribution is accomplished by multiplying the sum of the sub-indicator scores by 30 (the points for the Management Operations Indicator) and dividing this result by the sum of the points of the sub-indicators that have been assessed (24). The calculation for the Management Operations Indicator is provided below:

$$\text{Management Operations Indicator Score} = \frac{(6.8 + 4.0 + 2.8 + 3.7 + 4.0) \times (30.0)}{8.0 + 4.0 + 4.0 + 4.0 + 4.0} = 26.6$$

Dated: June 20, 2000.

Donald J. LaVoy,

Director Real Estate Assessment Center.

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