



REPORT

DATE: For the Agenda of August 16, 2002 **ITEM 101**

REPORT NO.: HCR02-066

SUBJECT: Public Housing Assessment System (PHAS) for FY02 (Citywide)

SUMMARY

Issue: Should the Housing Commission authorize the submission of Indicator #3 – Management Operations Certification to HUD and approve a resolution in accordance with the Public Housing Assessment System (PHAS)?

Recommendation: Authorize the Chief Executive Officer to execute the PHAS Certification for Indicator #3 – Management Operations and submit to HUD-Los Angeles office with the approved resolution by mail and electronically before August 31, 2002.

Previous Related Action(s): The Housing Commission has approved submission of a PHMAP/PHAS Certification annually since 1992, most recently on August 17, 2001 for FY01.

BACKGROUND

Over the years the U.S. Department of Housing and Urban Development (HUD) has instituted various methods for measuring the performance of Public Housing agencies (PHAs). In 1990, Section 502 of the National Affordable Housing Act provided the statutory basis for the Public Housing Management Assessment Program (PHMAP), that measured agencies based on the following factors:

- Vacancy rate and vacant unit turnaround time;
- PHA's ability to administer HUD's modernization programs;
- Rent collection;
- PHA's performance with regard to completing maintenance work orders;
- Adequacy of the PHA's inspection system;
- Amount of cash reserves available to a PHA for operations;
- PHA's efforts to deliver quality customer services and to encourage partnerships with residents, resident organizations and the local community; and
- PHA's performance in tracking crime-related problems.



Under this system the Housing Commission received a "high performance rating" from HUD for fiscal years 91 through 99. In 1994, the Housing Commission received the **Sustained Performance Award** signed by HUD Secretary Henry Cisneros, for "excellence in overall management performance in the Public Housing Program."

On October 1, 1998, HUD began to implement a new measurement system, the Public Housing Assessment System (PHAS). Under the PHAS, HUD evaluates a PHA based on the following four indicators:

- Physical condition of the PHA's public housing properties as determined by an independent HUD-contracted inspector;
- PHA's entity wide financial condition based on audited financial statements;
- PHA's management operations, that include the statutorily required criteria tracked and certified by the PHA; and
- Residents' satisfaction, measured through an independent resident survey.

The PHAS has been the subject of much controversy because of the measurements used in the systems. In the fall of 2000, Congress directed HUD to assess the accuracy and effectiveness of the PHAS system, perform a statistically valid test of PHAS, conduct a thorough analysis of the results, and have the methodology and results reviewed by an independent expert. In order to accomplish this, HUD has met with public housing stakeholders including PHAs, public housing residents, governmental representatives and industry groups. This evaluation is continuing while alternative methods of measurement are explored.

DISCUSSION

HUD continues to delay full implementation of PHAS in order to ensure acceptable measures and meaningful standards for the assessment of the accuracy and effectiveness of the PHAS system. In March 2002, HUD adopted an interim scoring procedure for the Physical Condition and Financial Condition Indicators.

Housing Authorities are required to submit an annual Public Housing Assessment System Certification (Attachment #1) for Indicator #3 – Management Operations, within 60 days of the close of the fiscal year, that must be accompanied by an approved Board Resolution (Attachment #2). For fiscal year 2001, the Housing Commission's Management Operations achieved 29.4 points out of 30 points, and for fiscal year 2002, the subject of this report, 29.7 points out of 30 (Attachment #3). After collection of all data, HUD staff reviews the submitted information and may conduct an on-site confirmatory review to determine accuracy. HUD will notify the Housing Commission of its PHAS score by October 31, 2002.

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Respectfully submitted,

Approved by,

Signature on File with Original Document

Steve Snyder
Asset Management Manager

Elizabeth C. Morris
Chief Executive Officer

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Attachment 1 - Certification Form HUD-50072
Attachment 2 - Resolution
Attachment 3 - Scoring Report