

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA

TO: BOARD OF COMMISSIONERS

FROM: Joseph Villarreal, Executive Director

DATE: October 25, 2011

SUBJECT: STATUS OF HACCC'S MEMORANDUM OF AGREEMENT WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TO REMOVE THE AUTHORITY'S FINANCIALLY TROUBLED RATING UNDER THE PUBLIC HOUSING AUTHORITY ASSESSMENT SYSTEM

SPECIFIC REQUEST(S) OR RECOMMENDATION(S) & BACKGROUND AND JUSTIFICATION

I. RECOMMENDED ACTION:

ACCEPT report on the Housing Authority of the County of Contra Costa's (HACCC) progress in complying with the obligations set forth in the U.S. Department of Housing and Urban Development's (HUD) Memorandum of Agreement (MOA) and HACCC's Proposed Financial Recovery Plan designed to remove HACCC's financially troubled rating under the Public Housing Assessment System (PHAS).

II. FINANCIAL IMPACT:

No immediate impact.

CONTINUED ON ATTACHMENT: X YES

SIGNATURE _____
Joseph Villarreal, Executive Director

_____ RECOMMENDATION OF EXECUTIVE DIRECTOR _____ RECOMMENDATION OF BOARD COMMITTEE

_____ APPROVE _____ OTHER

SIGNATURE(S):

ACTION OF BOARD ON _____ APPROVED AS RECOMMENDED _____ OTHER _____

VOTE OF COMMISSIONERS

___ UNANIMOUS (ABSENT _____)
AYES: _____ NOES: _____
ABSENT: _____ ABSTAIN: _____

I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF AN ACTION TAKEN AND ENTERED ON THE MINUTES OF THE BOARD OF COMMISSIONERS ON THE DATE SHOWN.

ATTESTED _____
JOSEPH VILLARREAL, CLERK OF THE BOARD OF COMMISSIONERS AND EXECUTIVE DIRECTOR

BY _____, DEPUTY

III. REASONS FOR RECOMMENDATION/BACKGROUND

HUD evaluates a local public housing authority's (PHA) management of the public housing program by using indicators and scoring. This methodology utilizes four evaluation tools, collectively referred to as the Public Housing Assessment System (PHAS). The four indicators that comprise the PHAS score are the physical condition, the financial condition, the management operations, and the resident service and satisfaction. Each indicator is evaluated and scored separately. The physical condition, financial condition, and management operations indicators are worth 30 points each, while the resident service and satisfaction indicator is worth 10 points, for an overall score of 100 points.

A PHA that receives a score of less than 60% either overall or in any one indicator is designated as troubled. A PHA that is designated as troubled must enter into a Memorandum of Agreement (MOA) with HUD for the purpose of improving the PHA's score to 60% or above. In 2009, HACCC was designated as financially troubled based on its Fiscal Year (FY) 2008-2009 PHAS score. HACCC received an overall score of 73, which would normally categorize HACCC as a standard performer. However, HACCC

received only 17 points out of 30 (57%) in the financial indicator, causing HACCC to be classified as financially troubled. The low financial indicator score was primarily due to the 0 out of 9 points HACCC received for reserve balances. HACCC entered into a Memorandum of Agreement (MOA) with HUD on September 21, 2009 to improve its score.

On April 13, 2011 HUD informed HACCC that the agency received a PHAS score of 74 for FY 2009-2010. One day later HUD revised that score to 76. As with HACCC's score for FY 2008-2009, either score would normally categorize HACCC as a standard performer. However, HACCC again received only 17 of 30 points in the financial indicator, and thus maintained a financially troubled rating. While HACCC improved its reserve balance score, it lost points in the "Tenant Receivable Outstanding" and "Net Income or Loss" sub-components of the financial indicators. In response to the low score, HACCC submitted a recovery plan to HUD that outlined HACCC's approach to improving the "Tenant Receivable Outstanding" and "Net Income or Loss" sub-component scores. HUD met with HACCC staff and accepted the proposed recovery plan. The recovery plan is in addition to the existing MOA. Staff continue to respond to the action items in both documents.

Since the Board of Commissioner's last meeting, HUD has approved the following target items submitted by HACCC in response to the MOA:

- 4.2 Develop written SOP's to ensure program stability
- 4.5 Update forms & letters to include PHA contact information, FHEO logo, and TTD line information for the deaf.
- 6.1B Immediately begin actions to bring all non-compliant residents into compliance with Community Service Requirements based on HUD requirements or initiate lease enforcement.
- 6.1C Identify staff individual(s) responsible to ensure Community Service Requirements are followed accordingly.
- 6.1D Provide training to staff and brief residents on Community Service requirements.
- 6.3 Expand resident involvement by inviting expansion/addition of Resident Councils.

A copy of the letter and MOA chart received from HUD is attached.

Also since the Board of Commissioner's last meeting, HACCC has submitted the following items to HUD for approval:

- 1.1 Provide oversight of Executive Director's performance
- 3.1A Establish tracking system for FASS indicators.
- 5.2A Compare local codes to UPCS standards and document any differences.
- 6.2 Develop and implement strategies for maintaining resident services despite anticipated funding cutbacks.

IV. CONSEQUENCES OF NEGATIVE ACTION

This item is an information item only.