

programs is key to their potential for success.

- The standards for rating vacant unit turnaround time, work orders, and the annual inspection of dwelling units and systems are proposed to be changed. The maximum time permitted before a PHA will receive a grade of F for vacant unit turnaround time and completion of work orders would be decreased, as would the maximum time permitted in order to receive the highest grade. The grades between these two extremes would be distributed accordingly. Similarly, the percent of dwelling units and systems that are required to be inspected before the PHA will receive a grade of F would be increased. These proposed standards more closely reflect the standards in the private rental market.

- Under the previous version of the PHAS, five of the available ten points in the RASS assessment went to the PHA for the follow-up plan and the implementation plan. To obtain a more accurate accounting of resident satisfaction, this assessment and the PHA's RASS grade would be based entirely on the responses to the resident survey, although, as a threshold matter, a PHA would receive a zero and a grade of F if it fails to implement the survey as HUD directs.

- As in the three other PHAS indicators, a PHA that receives a grade of F under the RASS indicator would be designated a Grade F PHA. All Grade F PHAs are referred to the appropriate HUD office for remedial action, including execution of a Memorandum of Agreement.

- The penalties for late submissions would be changed from point reductions to grade reductions. The time period before a PHA will receive a presumptive rating of zero for failing to make a submission would be reduced. In addition, the late penalties would apply to late submissions under each indicator. Accordingly, when a PHA submits its unaudited financial information or management certification more than 7 days after the submission due date, but no more than 21 days after that date, the PHA's grade for each indicator submitted late would be lowered one letter grade. When a PHA submits its unaudited financial information or management certification more than 21 days, but no more than 35 days after the submission due date, the PHA's grade for each indicator submitted late would be lowered two letter grades. When a PHA submits its unaudited financial information or management certification more than 35 days, but no more than 49 days after the submission due date, the PHA's grade

for each indicator submitted late would be lowered three letter grades. After 49 days, the PHA would receive a late presumptive rating of zero and a grade of F for each indicator submitted late.

#### IV. Section-by-Section Overview of the PHAS Amendments

To assist the reader in identifying those sections of the existing PHAS regulation that are proposed to be revised and the new sections that would be added, the following provides a section-by-section overview of the amendments being proposed by this rule.

##### Subpart A—General Provisions

*Section 902.1 (Purpose and general description).* Paragraph (a) would be amended to remove superfluous editorial comments pertaining to the purpose of the PHAS. Paragraph (b) would be removed because the Real Estate Assessment Center (REAC) is no longer independent of the Office of Public and Indian Housing (PIH). Following the administrative reorganization of HUD, REAC was incorporated into PIH. Paragraph (c), which briefly describes the PHAS Indicators, would be redesignated paragraph (b) and amended to add information pertaining to the objectives of each of the PHAS Indicators in former paragraphs §§ 902.20(a), 902.30(a), 902.40(a) and 902.50(a). Paragraph (d) would be redesignated paragraph (c) and amended to reflect the proposal that PHAs be graded and not numerically scored. The proposed rule would remove paragraph (e) pertaining to changes in a PHA's fiscal year end because it is no longer applicable.

*Section 902.3 (Scope).* This section proposes minor editorial changes.

*Section 902.5 (Applicability).* This section would be amended to clarify the applicability of the PHAS to resident management corporations (RMCs), direct-funded resident management corporations (DF-RMCs) and alternate management entities (AMEs). Paragraph (a) would be divided into new paragraphs (a) and (b). The information in paragraph (b) pertaining to implementation of the PHAS is proposed to be placed in paragraph (d). The information in paragraph (b) pertaining to the issuance of PHAS advisory scores is removed because it is no longer applicable.

*Section 902.7 (Definitions).* The proposed rule would delete the following definitions that are no longer applicable or are not used in the regulation: Occupancy loss; reduced actual vacancy rate within the previous three years; and tenant receivable

outstanding. The following definitions are proposed to be added: Annual contributions contract (ACC); Assistant Secretary; certification review; decent, safe, sanitary, and in good repair; entity-wide; family self-sufficiency; Grade A PHA; Grade B, C, or D PHA; Grade F PHA; Memorandum of Agreement (MOA); the acronym PIH-REAC; and self-sufficiency. The following definitions would be clarified and rewritten in plain language: adjustment for physical condition and neighborhood environment; deficiency; reduced average number of days non-emergency work orders were active during the previous three years; and work order deferred to the Capital Fund Program. Section 902.9 (PHAS grading). This proposed new section would explain the letter-based grading system and organize PHAS scoring information in a more logical fashion. Additionally, this section would consolidate general grading information in one location, rather than placing it at the end of the subpart for each Indicator. Proposed paragraph (a) briefly describes the grading process. Proposed paragraphs (b) and (c) include information about the distribution of PHAS indicator grades among the four indicators, and availability of grading notices that is in current §§ 902.25(a), 902.27, 902.35(a)(1), 902.37, 902.45(a), 902.47, 902.53(a)(2) and 902.55.

*Section 902.10 (PHAS designation).* This proposed new section presents the PHAS designation information in the first part of the regulation. The performance designations high performer, standard performer, and troubled, would be replaced by a grading system of the following letter grades: A, B, C, D, and F. Paragraphs (a) through (e) of this proposed section would contain amended information about the performance requirements for the PHAS designations that is in § 902.67(a), (b) and (c) of the current rule. Under this proposal, a PHA's designation would be A, B, or C, when its overall grade is an A, B, or C, and there are no indicator grades of D or F. A PHA would be designated a Grade D PHA if any of the indicator grades are a grade of D. A PHA would be designated a Grade F PHA if any of the indicator grades are a grade of F. If a PHA has a grade of F under the Capital Fund component of the management operations indicator, the PHA would be designated a Capital Fund Grade F PHA.

*Section 902.13 (Frequency of PHAS assessments).* This proposed new section would describe the revised frequency of PHAS assessments. Under the new PHAS, the frequency of