

This section would make one important change to current practice. Where it is currently HUD's practice to exempt employee occupied units from the unit turnaround time calculation, as provided at 24 CFR § 901.10, proposed § 902.41(a) would not retain that exemption. Proposed § 902.41(e) would state the standards for grades A, B, C, D, and F.

Section 902.42 (Management operations sub-indicator #2—Capital Fund). This sub-indicator would be changed from five components to two components in accordance with § 9(j) of the 1937 Act as amended by § 519 of the Quality Housing and Work Responsibility Act of 1998, Pub. L. 105–276 (approved Oct. 21, 1998) (QHWRA). Section 9(j) specifically states the time limits for expenditure and obligation of funds to be four years and two years, respectively, except for extensions or waivers as approved by the Secretary. Section 9(j) also provides that the Secretary shall enforce the expenditure and obligation requirements. Therefore, the proposed rule would follow closely the requirements of section 9(j). The three components that would be eliminated are budget controls, quality of the physical work, and contract administration. The two components that would be measured are timeliness of expenditure of funds and timeliness of obligation of funds. This sub-indicator, and its components, would be graded on an A and F scale. This sub-indicator would be automatically excluded if a PHA chooses not to receive capital funding under § 9(d).

Section 902.43 (Management operations performance standards). The title for this section would be changed to "Management operations sub-indicator #3—work orders." This proposed rule would redesignate §§ 902.43(a)(1) through 902.43(a)(5), which describe the management operations sub-indicators, as §§ 902.41 through 902.46, respectively, and would move § 902.43(b)(2) pertaining to requests for manual rather than electronic submissions to § 902.60(a).

As proposed, § 902.43 describes work orders, and states the standards for grades A, B, C, D, and F. The standards for component #1, emergency work orders, would remain the same as the current standard, which is similar to the standard for indicator number four in the Public Housing Management Assessment Program (PHMAP) regulation, 24 CFR 901.25(a). The Grade F standard would apply when less than 96 percent of emergency work orders were completed or the emergency was abated within 24 hours or less. The standards for non-emergency work

orders (component #2) would be shortened. The standard for a Grade A for this component would be shortened to seven days, and, for a Grade F, the standard would be shortened to greater than 30 calendar days rather than greater than 60 calendar days. These new standards more realistically reflect the standards in the private market.

Section 902.44 (Management operations sub-indicator #4—annual inspection of dwelling units and systems). This section would incorporate the information in § 902.43(a)(4) of the current rule. This section would state the specific exemptions for this sub-indicator, as well as provide guidance for maintaining documentation to support such exemptions. It would state the standards for grades A, B, C, D, and F. The standards for a Grade F for component #1, annual inspection of dwelling units, and component #2, annual inspection of systems, would be less than 96 percent of inspected component #1, annual inspection of dwelling units, and to less than 85 percent for component #2, annual inspection of systems, to more closely reflect the standards in the private market.

Section 902.45 (Management operations scoring and thresholds). The title for this section would be changed to "Management operations sub-indicator #5—security." The information in paragraph (a) pertaining to the Federal Register Scoring Notice (as proposed, the "grading notice") for the management operations indicator is moved to the new § 902.9(c). Paragraph (b) pertaining to scoring thresholds would be moved to new § 902.49 and rewritten to reflect the proposed new grading system.

Proposed § 902.45 incorporates the information in § 902.43(a)(5) regarding the security sub-indicator, and lists the standards for grades A, B, C, D, and F for component 1, tracking and reporting crime and crime-related problems by category of crime and date, time, and place of incident, and the standards for A and F for components #2 and #3, screening of applicants and lease enforcement, respectively. Component #4, grant program goals, would be removed from this sub-indicator. The standards for components #1, tracking and reporting crime-related problems by category and date, time, and place of incident, would be stated as grades A, B, C, D, and F, and would require tracking of crimes by category as well as tracking of actions taken by the PHA to address the crime-related issue. The standards for components #2 and #3, screening of applicants and lease

enforcement, respectively, would be stated as A and F, revising the approach taken in 24 CFR 901.45(b) and (c) of PHMAP.

Section 902.46 (Management operations sub-indicator #6—self-sufficiency). This proposed new section would incorporate the information in § 902.43(a)(6) on the self-sufficiency sub-indicator. This sub-indicator would be changed in its entirety. There would be four new components: component #1, economic self-sufficiency; component #2, Family Self-Sufficiency (FSS); component #3, resident job training and employment; and component #4, resident participation in management, business development, and public housing administration. Each of these components would be graded A, C, or F. The FSS component is proposed to be analogous to the FSS component under SEMAP, 24 CFR § 985.3(o), and would be based on percentage of participation and percentage of participating families who have escrow accounts greater than zero.

Section 902.47 (Management operations sub-indicator #7—income verification). This sub-indicator would be new, and would evaluate the PHA's performance in properly verifying all residents' income, including such matters as exclusions from income and utility allowances. The grades would be either A or F. The information in current § 902.47 would be moved to proposed § 902.9(b).

Section 902.48 (Management operations sub-indicator #8—rent calculation). This new sub-indicator would evaluate a PHA's performance in correctly calculating tenant rent for all tenants. The possible grades would be A or F.

Section 902.49 (Threshold). This proposed new section describes the grading threshold for the Management Operations Indicator. It contains information pertaining to the scoring threshold currently in § 902.45(b), revised to reflect the proposed grading system.

Subpart E—PHAS Indicator #4: Resident Service and Satisfaction

This subpart would be substantially revised to present the information in a clearer manner and to reflect that the grade is based primarily on the survey results, although a PHA will receive an F if it fails to implement the survey according to HUD's instructions. Under this proposed rule, a PHA would continue to receive the media package from HUD and is required to certify to the implementation of the survey in the RASS. However, a PHA would not be graded for the performance of the