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Authority: 42 U.S.C. 1437d(j) and 3535(d).

Subpart A—General Provisions

§ 902.1 Purpose and general description.

(a) *Purpose.* The Public Housing Assessment System (PHAS) provides a management tool for effectively and fairly measuring the performance of a public housing agency (PHA) in essential housing operations, including rewards for strong performers and consequences for poor performers.

(b) *PHAS Indicators.* PHAS assesses and grades a PHA's performance based on four indicators.

(1) PHAS Indicator #1 assesses the physical condition of a PHA's properties (see subpart B of this part). The objective of the Physical Condition Indicator is to determine whether a PHA is meeting HUD's standard for acceptable basic housing conditions—decent, safe, sanitary and in good repair (DSS/GR)—and the level to which the PHA is maintaining its public housing in accordance with this standard.

(2) PHAS Indicator #2 assesses the financial condition of a PHA (see subpart C of this part). The objective of the Financial Condition Indicator is to measure the financial condition of a PHA to evaluate whether it has sufficient financial resources and is capable of managing those financial resources effectively to provide housing that is DSS/GR.

(3) PHAS Indicator #3 assesses the management operations of a PHA (see subpart D of this part). The objective of the Management Operations Indicator is to measure certain key management operations and responsibilities of a PHA for the purpose of assessing the PHA's management operations performance.

(4) PHAS Indicator #4 assesses the resident service and satisfaction feedback on a PHA's operations (see subpart E of this part). The objective of the Resident Service and Satisfaction Indicator is to measure the level of resident satisfaction with living conditions at the PHA.

(c) *Assessment tools.* HUD shall use uniform and objective protocols for the physical inspection of properties and the financial assessment of the PHA, and shall gather relevant data from the PHA and the PHA's public housing residents to assess management operations and resident service and satisfaction, respectively. On the basis of this data, HUD shall assess and grade the results, advise PHAs of their grade and identify low graded PHAs so that these PHAs shall receive the appropriate guidance to improve performance and provision of services to residents.

§ 902.3 Scope.

(a) The PHAS measures a PHA's essential housing operations. All PHAs remain responsible for complying with requirements such as fair housing and equal opportunity requirements, requirements under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and requirements of programs under which the PHA is receiving assistance even though these other requirements are not specifically referenced in this part. A PHA's adherence to all requirements will be monitored in accordance with the applicable program regulations, HUD compliance and review policies, and the PHA's Annual Contributions Contract (ACC).

(b) All PHA certifications, year-end financial information, and supporting documentation are subject to HUD verification at any time, including an independent auditor review. Failure to maintain and provide supporting documentation for any indicator(s), sub-indicator(s) and/or component(s) shall result in a zero and grade of F for the indicator(s), sub-indicator(s) and/or component(s), and a lower overall PHAS grade. Appropriate sanctions for false certifications shall be imposed, including civil penalties, limited denial of participation, suspension or debarment of the signatories, the loss of Grade A PHA designation, pursuant to § 902.67, and a lower grade under the PHAS indicators. See § 902.63.

§ 902.5 Applicability.

(a) *PHAs, RMCs, DF-RMCs, and AMEs.* This part applies to PHAs (as described in §§ 902.1 and 902.3) and to Resident Management Corporations (RMCs), RMCs that receive direct funding from HUD in accordance with § 20 of the Act (DF-RMCs) (42 U.S.C. 1437r) and alternate management entities (AMEs). When management operations of a PHA's properties have been assumed by an RMC, the PHA's certification shall identify the property

and the management functions assumed by the RMC.

(b) *Assessments of RMCs, DF-RMCs and AMEs.* (1) RMCs and DF-RMCs will be assessed and issued grades under PHAS based on the public housing properties or portions of public housing properties that they manage and the responsibilities they assume that can be graded under PHAS. All RMCs and DF-RMCs are subject to the requirements of this part.

(2) AMEs are not issued PHAS grades. The performance of the AME contributes to the PHAS grade of the PHA or PHAs for which the AME assumed management responsibilities. The PHA shall obtain a certification from the AME of the management functions undertaken by the AME. The PHA shall include the information regarding the management functions undertaken by the AME as part of its own management operations certification under subpart D.

(3) For an RMC, the PHA shall obtain a certified questionnaire from the RMC as to the management functions undertaken by the RMC. Following verification of the RMC's certification, the PHA shall submit the RMC's certified questionnaire along with its own. The RMC's Executive Director, Chief Executive Officer, or other responsible party must approve its certification.

(4) A DF-RMC shall submit directly to HUD its certified statement concerning the management functions that it has undertaken. The DF-RMC's Executive Director, Chief Executive Officer, or other responsible party must approve the certification prior to submission to HUD.

(c) *PHA responsible entity under ACC, except where DF-RMC assumes management operations.* (1) Because the PHA and not the RMC or AME is responsible to HUD under the ACC, the PHAS grade of a PHA shall be based on all of the properties covered by the ACC, including those with management operations assumed by an RMC or AME (including a court ordered receivership agreement, if applicable).

(2) A PHA's overall PHAS grade will not be based on properties managed by a DF-RMC.

(d) *Implementation of PHAS.* The regulations in this part are applicable to PHAs with fiscal years ending on and after September 30, 2003.

§ 902.7 Definitions.

As used in this part:

Act means the U.S. Housing Act of 1937 (42 U.S.C. 1437 *et seq.*)

Adjustment for physical condition and neighborhood environment is one