

letter grade increase in the property grade. The letter grade increase, however, shall not result in a property grade of more than an A.

*Alternative management entity (AME)* is a receiver, private contractor, private manager, or any other entity that is under contract with a PHA, under a Regulatory or Operating Agreement with a PHA, or that is otherwise duly appointed or contracted (for example, by court order or agency action) to manage all or part of a PHA's operations.

*Annual Contributions Contract (ACC)* means the written contract between HUD and a PHA under which HUD agrees to provide funding for a program under the Act and the PHA agrees to comply with HUD requirements for the program.

*Assessed fiscal year* is the PHA fiscal year that is being assessed under the PHAS.

*Assistant Secretary* means the Assistant Secretary for Public and Indian Housing.

*Average number of days non-emergency work orders were active* is calculated:

(1) By dividing the total of—

(i) The number of days in the assessed fiscal year it takes to close active non-emergency work orders that were carried over from the previous fiscal year;

(ii) The number of days it takes to complete non-emergency work orders issued and closed during the assessed fiscal year; and

(iii) The number of days all active non-emergency work orders were open in the assessed fiscal year, but not completed;

(2) By the total number of non-emergency work orders that were used in the calculation of paragraphs (1)(i), (ii) and (iii) of this definition.

Certification review means the HUD on-site property review of the exigent health and safety deficiencies observed in the property inspection against the PHA's certification that these deficiencies have been corrected.

*Days* means calendar days unless otherwise specified.

*Decent, safe, sanitary and in good repair (DSS/GR)* is HUD's standard for acceptable basic housing conditions and the level to which a PHA is to maintain its public housing.

*Deficiency* means any PHAS indicator, sub-indicator, or component for which the PHA has received a PHAS grade of F. In the context of PHAS Indicator #1, deficiency is an observed physical condition of an inspectable item that is recorded during a physical condition inspection. Examples of

deficiencies are a hole in the wall or a damaged refrigerator in the kitchen (see § 902.24).

*Entity-wide* means all programs and activities regardless of funding source (federal and non-federal) of a PHA. The determination of entity-wide shall be made in accordance with generally accepted accounting principles (GAAP) authoritative literature.

*Family self-sufficiency (FSS)* program means the program established by a PHA within its jurisdiction to promote self-sufficiency among participating families, including the provision of supportive services to these families, as authorized by section 23 of the Act.

*Improvement Plan* is a document developed by a PHA that sets forth the required actions to be taken, including timetables, to correct deficiencies in any of the PHAS indicators, sub-indicators and components identified during the PHAS assessment. An Improvement Plan may be required when a Memorandum of Agreement (MOA) is not required.

*Memorandum of Agreement* is a binding contractual agreement between a PHA and HUD that is required for each Grade F PHA as described in this subpart. The MOA sets forth target dates, strategies, and incentives for improving management performance, and provides sanctions if improved performance does not result.

*Memorandum of Understanding (MOU)* is a binding agreement by and among a PHA and other parties outlining activities, responsibilities, and timelines for social services and property management and maintenance services.

*PIH-REAC* means HUD's Office of Public and Indian Housing Real Estate Assessment Center.

*Property* is a project or development with a separate identifying project number.

*Reduced average number of days non-emergency work orders were active during the previous three years* is a comparison of the average time non-emergency work orders were active in the assessed fiscal year to the average number of days non-emergency work orders were active in the fiscal year two years prior to the assessed fiscal year. It is calculated by subtracting the average number of days non-emergency work orders were active in the assessed fiscal year from the average number of days non-emergency work orders were active in the earlier year. If a PHA elects to certify to the reduction of the average time non-emergency work orders were active during the previous three years, the PHA shall retain justifying documentation to support its

certification for HUD review as described in subpart F.

*Self-sufficiency* means that an FSS family is no longer receiving Section 8, public or Indian housing assistance, or any federal, state, or local rent or homeownership subsidies or welfare assistance. Achievement of self-sufficiency, although an FSS program objective, is not a condition for receipt of the FSS account funds.

*Unit months available* is the total number of units managed by a PHA multiplied by 12 (adjusted by new units entering a PHA's public housing stock during the assessed fiscal year) exclusive of units months vacant due to demolition, conversion, ongoing modernization, and units approved for non-dwelling purposes.

*Unit months leased* is the actual number of months each unit was rented during the fiscal year based on the PHA's tenant rent rolls or Housing Assistant Payment (HAP) records.

*Work order deferred to the Capital Fund Program* is any work order that is combined with similar work items under the PHA's Capital Fund Program or other PHA capital improvements program and is completed within the assessed fiscal year, or shall be completed in the following fiscal year when there are fewer than three months remaining before the end of the assessed fiscal year from the time the work order was generated.

#### § 902.9 PHAS grading.

(a) *Overall PHAS grade.* Each PHA will receive an overall PHAS grade of A, B, C, D, or F. Sub-indicators and components within each of the four PHAS indicators are graded individually, and the grades for the sub-indicators and components are used to determine a single grade for each of the four PHAS indicators. Then, the four indicator grades are combined to determine a PHA's final overall PHAS grade.

(b) *Indicator grades.* The overall PHAS grade is derived from a weighted average of grade values for the four indicators as follows:

(1) *Physical Condition Indicator #1—* Weighted 30 percent of the overall PHAS grade. The PHA's grade is based on the results of the physical inspections of PHA properties performed by contract inspectors using HUD's Uniform Physical Condition Standards (UPCS) inspection protocol. The results of the inspections are electronically submitted to HUD.

(2) *Financial Condition Indicator #2—* Weighted 30 percent of the overall PHAS grade. The PHA's grade is based on year-end financial information,