

CHAPTER 2. INDICATOR #1, VACANCY RATE AND UNIT TURNAROUND TIME

2-1 GENERAL.

- A. This indicator examines the PHA's vacancy rate (actual and adjusted), and if applicable, the PHA's progress in reducing vacancies. If the PHA scores below a grade C, for component #1, vacancy rate, it must also be scored on component #2, unit turnaround time.
- B. The calculation of the two vacancy rates is performed by the IBS PHMAP module using data provided by and certified to by the PHA. The burden of documentation of these numbers is the responsibility of the PHA. The PHA-supplied numbers are confirmed by HUD staff by reviewing the documentation maintained by a PHA to support its certification.
- C. PHAs will supply all of the raw numbers relating to days available and eligible exemption days, which are the basis for the score. Since PHAs have been certifying to turnaround time since the inception of PHMAP, the record system they developed to support the certification for that indicator (previously indicator #5) can be used to capture the information for the vacancy indicator.
- D. Adequacy of a PHA's system to track the duration of vacancies and unit turnaround time. The adequacy of a PHA's system to track the duration of vacancies and unit turnaround time shall be part of the on-site confirmatory review in terms of:
1. A PHA's timeliness in referring vacant units to the maintenance department (down time);
 2. A PHA's timeliness in the rehabilitation of units (make ready time); and
 3. A PHA's timeliness in re-leasing units to new tenants (lease up time).
 4. What is adequate for one PHA may not be adequate for another PHA. Therefore, tracking systems for vacancies and unit turnaround time necessarily differ among PHAs, especially PHAs of different size.
 5. For example, a large PHA (1250+ units) or medium size PHA (500-1249 units) may have an automated

system that identifies and tracks all facets of the vacancy and unit turnaround process, including periodic review of the system(s) to identify areas that need improvement, either specific aspects of the tracking process or activities at specific developments. The automated system would include information, by development, regarding all aspects of the process, such as:

- a. Date a unit became vacant;
 - b. Date the maintenance section was directed to rehabilitate a unit;
 - c. Date the maintenance department informed the occupancy section that a unit was ready for occupancy; and
 - d. Date a new lease went into effect.
6. In a second example, a small PHA (100-499 units) and very small PHA (1-99 units) may have a manual tracking system that includes a formal vacancy and unit turnaround log that identifies the all of the pertinent dates specified in subparagraph 5, above.
 7. In order to verify the information in either the automated or manual system, the reviewer should select a sampling of units and compare the information generated by the tracking system with unit files, resident files for occupancy data, and work orders.
 8. HUD does not mandate the type of system to be used to track vacancies and unit turnaround time, but the on-site confirmatory review should establish if a system exists that records work order activity and repair data, and allows for the retrieval of PHMAP related information.

2-2 COMPONENT #1, VACANCY RATE (ACTUAL AND ADJUSTED).

- A. Calculation overview. The vacancy rate is determined from data collected and reported by the PHA on: (1) the number of dwelling units available for occupancy and the number of days these units were available during the assessment year; (2) the number of days during the assessment year the available units were

vacant; and (3) the distribution of the vacancy days into various exempted categories, if appropriate. The actual vacancy rate is based on data elements (1) and (2) and the adjusted vacancy rate is based on all three

elements.

B. A dwelling unit is considered available for occupancy from the date that it reaches the End of Initial Operating Period (EIOP) until such time that it is: (1) approved by HUD for deprogramming (demolition, disposition, or combined/converted into other size units) and is vacant; or (2) approved by HUD for nondwelling use, including use by a non-income eligible employee of the PHA.

1. To properly determine the number of days during the assessment year that units were available for occupancy, a PHA will need to first ensure that its inventory of available days at the beginning of its assessment year (available days inventory) does not contain any exemptible units. This beginning inventory will then be multiplied by 365 days.

2. The beginning inventory will need to be adjusted to recognize increases or decreases to its available days inventory during the assessment year. Increases may result from newly developed units reaching EIOP during the assessment year. Decreases may result from such actions as HUD approving the demolition of a dwelling unit(s) or approving the use of a dwelling unit to be used to promote economic self-sufficiency and anti-drug activities. The PHA will calculate the number of days in the assessment year associated with these increases and decreases and adjust the beginning inventory accordingly. More detail on what types of dwelling units need to be included or excluded from the available days inventory can be found in paragraph 2-4 of this Chapter.

C. Data on the number of days that available units are vacant during the assessment year will be collected and reported by the PHA. The data will also be categorized as to whether the vacancy (and the resulting vacancy days) was the result of a circumstance or action beyond the PHA's control or the result of the unit undergoing modernization.

D. To calculate the actual vacancy rate, the PHA will take the total number of days during the assessment year that available units were vacant and divide by the total number of days that dwelling units were available for occupancy.

E. To calculate the adjusted vacancy rate, the PHA will take the total number of days during the assessment

year that available units were vacant and subtract the number of vacancy days associated with units that were undergoing modernization or were vacant due to actions or circumstances beyond its control. The result will be divided by the total number of days that dwelling units were available for occupancy.

2-3 REDUCTION OF VACANCY RATES OVER LAST THREE YEARS.

- A. PHAs have the option to resort their achievement in reducing vacancies during the last three years by comparing the actual vacancy rate in the current PHMAP assessment year to the actual vacancy rate in the first year of the three year period (including the assessment year). Generally, PHAs that have reduced their actual vacancies by at least five percentage points during the three year period may benefit from this calculation. These PHAs certify to the actual percentage of reduction and must maintain documentation in their files to support the ratio entered on the certification form.
- B. A PHA that elects to use this option must recompute the vacancy rate for the first year of the three year period using a vacancy day and available day approach rather than the snapshot approach of the previous PHMAP rule. Using the same methodology will enable the PHA to make valid comparisons of the first year and last year vacancy rates. Recomputation will not be necessary once a PHA has gone through three assessment cycles using the methodology of the current rule.

2-4 REVIEW AND VERIFICATION OF AVAILABLE DAYS INVENTORY. This paragraph describes how the reviewer may use original and other data sources to ensure that the available days inventory has been properly calculated.

- A. Units available for occupancy at the start of year. A PHA will have certified to the number of units it had available for lease as of the first day of the assessment year. The source documents and the methodology used will be reviewed. The reviewer will

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compare the number to other forms submitted by the PHA to HUD that also report on the available unit inventory, although not at the beginning of the assessment year. If the comparison shows a difference that is not readily explainable, then the reviewer will undertake further analysis and discussion with the PHA to ensure that the beginning inventory number is appropriate. The available inventory number can be compared to these other sources:

1. Number of units reported in the header section of

form [HUD-52723](#), Calculation of Performance Funding System Operating Subsidy (PFS). Use the last approved form [HUD-52723](#) for the subject assessment year. The PFS and PHMAP both use the same criteria for determining units available for occupancy.

2. Number of units reported under the column heading titled Total Units Available for Occupancy of the form [HUD-51234](#), Report on Occupancy for Public and Indian Housing. This report provides a snapshot of occupancy and vacancy activity as of that date which is six months prior to the start of the PHA's fiscal year. Compare the PHA's beginning inventory number with units available data from form HUD-51234, both the one that is six months before the start of the assessment year and the one submitted for the following year (which would be that date six months after the assessment year starts).

- B. Increases to units available during assessment year. A PHA will have to take into account dwelling units that become available for occupancy during the year. These additional units may be the result of new development, acquisition, or the reversion of dwelling units that had been temporarily approved for nondwelling use back into dwelling units. Sources of data to review include:

1. Line 29 of the form HUD-52728, PHA calculation of Occupancy percentage for a Requested Budget Year (RBY), submitted as part of its subsidy calculation for the assessment year. For assessment years ending March 31, 1997 and June 30, 1997 only, the PHA may have been using the older version of the form (HUD-52728A). The equivalent line on the older form is line 14.

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2. Form HUD-52344, Notice of End of Initial Operating period (EIOP).

- C. Decreases to units available during assessment year. A PHA will have to take into account dwelling units that become unavailable for occupancy during the year. The types of decreases that can be experienced by a PHA and the sources of data to review are described below:

1. Units approved for non-dwelling use. This term refers to units approved by State/Area Offices for non-dwelling status for use to promote economic self-sufficiency and anti-drug activities in accordance with 24 CFR S 990.108(b)(2). State/Area Office may also approve units for conversion for

resident-related purposes. Examples of approved non-dwelling purposes include, but are not limited to, police substations, day care centers, public safety activities, resident job training, etc. Sources of data that may be reviewed include:

- a. Approval letters in State/Area office files are an original source of information to determine the number and purpose for which HUD has approved non-dwelling units for the PHA during the assessment year.
 - b. Non-dwelling units should also be reflected on the most recent form HUD-51234.
 - c. Ideally, a PHA would list all units approved for non-dwelling use, along with the date they were first classified as such. Since proration of time may be necessary, the actual date of the approval for nondwelling use is important.
2. Employee occupied units. Not all units occupied by employees should be exempted. Units occupied by residents who meet the eligibility criteria but are also employed by the PHA should not be exempted from the number of units available. Only those units occupied by persons whose occupancy is contingent upon their continued employment by the PHA should be exempted. Sources of data on this special type of unit approved for non-dwelling use include:

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- a. Approval letters in State/Area Office files and form HUD-51234 are sources of information supporting these exemptions.
 - b. Because PHAs may have been reporting this figure incorrectly, specific questions to the PHA to determine the accuracy of the reporting may be warranted. The date of approval is important since the time exempted may need to be prorated.
3. Units approved for deprogramming. Only those units that have been approved in writing by HUD for demolition, disposition, or units that have been lost because they were combined/converted into other size units and are vacant will be exempted in accordance with 24 CFR S 990.102. The date of approval is important since the time exempted may need to be prorated. Sources of data include:
- a. State/Area Office files relative to

demolition or disposition of units should be reviewed in order to determine if the requests have been approved.

- b. Modernization records should be reviewed to determine if units have been converted.
- c. Compare with form HUD-52728, line 30.
- d. Form HUD-51234 and form HUD-52295 should reflect the number of units available.

2-5 REVIEW AND VERIFICATION OF VACANCY DAYS IN ASSESSMENT YEAR.

- A. Vacant units undergoing modernization. Only vacancy days associated with a vacant unit that meets the conditions of being a unit undergoing modernization, as defined in 24 CFR S 990.102, will be exempted when calculating the adjusted vacancy rate or unit turnaround time. Construction work can be funded by any of the following programs: Vacancy Reduction Program; HOPE VI; Comprehensive Improvement Assistance Program (CIAP); Comprehensive Grant Program (CGP); any successor program to the CIAP or the CGP; and any other similar program funded by a PHA or private sources.

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- 1. In an ongoing modernization program, the work necessary to reoccupy a vacant unit is either under construction (contract has been awarded or force account work has started in the unit or block of units) or the treatment of the vacant unit is included in a HUD-approved modernization budget, but the time for placing the vacant units under construction has not yet expired. Days that units are kept vacant for use as a relocation resource ARE NOT eligible for exemption as vacancy days. A PHA shall either be following a HUD-approved relocation plan or submit a modification request at the time of its certification if unusual circumstances exist.
- 2. The vacancy days accruing prior to the unit being included in the HUD-approved modernization budget and the days accruing after the unit has been turned over by the contractor are not exempted in the adjusted vacancy rate and turnaround time calculations.
- 3. Unit by unit documentation must be maintained showing the following dates for vacant units:
 - a. When the unit became vacant;
 - b. When the unit was included in the HUD-approved

modernization budget. In accordance with Sec 990.102, this means form HUD-52837 for the CGP, and form HUD-52825 for the CIAP and any successor program to the CIAP or the CGP;

- c. When the unit was released by the PHA to the contractor, or released to a PHA's forced account labor section;
 - d. When the construction work was completed and the unit was returned to the PHA by the contractor or by a PHA's forced account labor section; and
 - e. When a new lease for the unit became effective.
4. In order to be eligible for exemption, units remaining vacant more than two FFYs after the FFY in which the modernization funds are approved, may no longer be exempted from the calculation of the adjusted vacancy rate if the

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construction contract has not been let. These units may be exempted again, but only after a contract is let.

5. Sources. The modernization implementation schedules should be reviewed to determine which units should be exempted and for what period of time. Contract logs will need to be reviewed to validate that the time exempted adheres to the definition outlined above. Vacancy days not documented are not exempted.
- B. Units vacant for reasons beyond a PHA's control. Many of these exemptions were previously submitted as modification requests under the first interim PHMAP regulation. Under the current regulations, PHAs may certify to reasons beyond their control and avoid the modification process. Consistent with requirements for calculating vacant units for the Performance Funding System (PFS), units vacant for the following reasons are considered eligible for exemption from the calculation for adjusted vacancy rate and unit turnaround time:
- 1. Litigation. Examples under this category are:
 - a. A legally enforceable court order or settlement agreement which establishes time frames or numbers of offers, etc., that must be adhered to in order for the PHA to be in

compliance with the specified court order/agreement/desegregation effort; and

- b. Units that must remain vacant pending the outcome of a fire/police investigation, coroner's seal, etc.
 - c. Sources. State/Area Office files and copies of court orders relative to litigation will document the time that could be exempted. It will be necessary to review PHA records to support the actual time frames.
2. Laws. Time periods required to comply with State and/or Federal laws relative to occupancy can be exempted. Examples under this category are:
- a. Units containing high/unsafe levels of hazardous/toxic materials, units vacated by

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order of the health department or Environmental Protection Agency (EPA), or units that are kept vacant because they became structurally unsound. Structural failure may be caused by shrinking or swelling subsoil or similar situations.

- b. Another example of an exemption is the amount of time required by State law that the property of a resident must be left in an abandoned apartment before the PHA can dispose of the property.
- c. Sources: State law will mandate the requirements relative to abandoned property. PHA records will need to be reviewed to support the actual time period requested for exemption on a unit-by-unit basis.
 - (1) Reviewers will have to determine that the conditions under which the unit was held vacant match those described in the State law. Unless State laws prohibit it, PHAs may secure the possessions at a location other than the vacated unit, to enable the PHA to prepare the unit for re-occupancy.
 - (2) Letters from the local health department or the EPA ordering units to be vacated should be reviewed as supporting documentation.
 - (3) State/Area Office records relative to

the physical condition of the unit, i.e., CIAP application, CGP five-year plan, etc., should reflect the need for modernization, demolition, etc.

3. Changing market conditions.
 - a. PHAs in communities that undergo dramatic population loss or economic dislocations may experience vacancies and can utilize this exemption as long as the vacant units are marketable units.
 - b. Sources. The PHAs should maintain documentation of the specific condition, i.e., population loss, business relocations, etc., along with evidence of the marketing and outreach approaches utilized by PHAs.

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- (1) Documentation must show exhaustive marketing efforts.
 - (2) Efforts to modernize the units to make the units more closely match market demand in terms of size, type or amenities should be reflected.
 - (3) A PHA must give consideration to deprogramming if the market does not respond to marketing or modernization efforts.
4. Natural disasters.
 - a. Vacant units determined to be uninhabitable because of damage caused by a natural disaster (declared by either Federal or State authorities) such as flood, earthquake, hurricane, tornado, forest fire, etc.
 - b. Sources: A declaration and/or proclamation of the disaster by the President or Governor should be maintained to support the claim along with PHA records relative to the units actually damaged and the time exempted.
5. Insufficient CIAP funding. This exemption is only to PHAs with less than 250 the PHA applied for CIAP funds, but of funding available to a State/Area not sufficient to fund all applications, and the units cannot be repaired until funding is received, these vacant units may be exempted from both adjusted vacancy rate and unit turnaround time calculations.

- a. Sources: A review of State/Area Office files should be completed to document that the PHA did submit an application for funding for the repair and modernization of the vacant units. The CIAP application submitted must be otherwise approvable in order to meet the exemption criteria.
- b. The PHA's operating budget is another source of information relative to the PHA's

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ability to repair the units. For example, a PHA with cash reserves available for operations greater than 15 percent of total actual routine expenditures would be expected to use those funds for capital improvements in the event CIAP funds were not available.

6. Casualty damage.

- a. The amount of time that units are vacant as a result of casualty damage can be exempted from the calculation for adjusted vacancy rate or unit turnaround time beginning with the date of the occurrence or the date the units were vacated (whichever is later) until the funds (in whole or in part) are received to repair the units.
- b. Source. PHA records relative to the date of the damage and settlement of the claim should be available to support the request for exemption.

7. The following chart indicates units that may be exempted from the computations of actual vacancies, adjusted vacancies and, if applicable, unit turnaround time. Any units exempted under these categories may not be counted again when claiming an additional adjustment for units subject to the definitions for physical condition and/or neighborhood environment.

Unit Days Eligible for Exemption from Indicator #1 Calculations

	Adjusted Vacancy Rate and Unit Turnaround Time
Actual Vacancy Rate	
Unit days/non-dwelling purposes	Unit days/non-dwelling purposes
Employee occupied unit days	Employee occupied unit days

Approved deprogrammed days

Approved deprogrammed
days
Modernization days

Beyond PHA's Control:
Litigation;
Federal or State
law;
Changing market;
Natural disasters;
Insufficient CIAP
funds; and
Casualty damage

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2-6 DOCUMENTATION REQUIREMENTS.

- A. Documentation of exemptions. In order to document the exemptions, PHAs must maintain records of the following:
1. Date of move-out/legal expiration date of lease (whichever is later);
 - a. The term "legal expiration of the lease" assumes a month-to-month lease, therefore, no later than the end of the month.
 - b. If a yearly lease is utilized by a PHA, the PHA would then utilize either the date a unit becomes vacant or the date the PHA becomes aware of a vacancy.
 2. Effective date of lease for new resident;
 3. Approval of specific HUD action, i.e., approval of non-dwelling use, deprogramming, conversion, occupancy by employee, etc.; and
 4. Specific information to document reason for vacancy.
- B. A PHA must maintain records that document all of the vacancy days exempted for eligible reasons. It is important that the units comply with the definitions outlined in this Chapter, AND that the documentation supports all of the vacancy days deducted. Using PHA records, reviewers should be able to verify the number of vacancy days exempted as certified to by the PHA.

2-7 CALCULATION METHODS. With the exception of reduction in vacancies during the three year period, the PHMAP software makes all calculations relating to this indicator. Even though the calculation is automated, the reviewer should still have a thorough understanding of how these

calculations are made and of the exemptions that may be taken by the PHA. Changes resulting from an on-site confirmatory review must be made by the local State/Area office after the conclusion of the on-site confirmatory review by inserting the revised data into the PHMAP module, in the appropriate iteration, for automated calculation and rescoreing.

- A. Actual vacancy rate. The actual vacancy rate calculation is begun by excluding those units (prorated if necessary) that are not

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available for occupancy, i.e., non-dwelling units, employee occupied units, and deprogrammed units. This establishes the number of units available for occupancy. The calculation is completed by dividing the total number of vacancy days in the assessment year by the total number of unit days available for occupancy in one year. Unlike the unit turnaround time calculation, vacancy days from prior assessment years are not included.

- 1. For example, using the information collected by the PHA to certify to turnaround time, a 50 unit PHA with one non-dwelling unit and one employee occupied unit would total the number of vacancy days for the year and divide by the number of days available for 48 units $\times .365 = 17,520$. In this example, the PHA reported that it experienced a total of 73 days of vacancy.

Actual Vacancy Rate for a PHA Without Modernization

73 total actual vacancy days = .4% actual vacancy rate
17,520 total days available for occupancy

- 2. Since this PHA has less than a one percent vacancy rate, it would not be scored on component 12, unit turnaround time. Further, since this PHA had only vacancies attributed to normal make ready work caused by move-outs, the actual vacancy rate and adjusted vacancy rate would be the same.
- 3. Another situation is a 48-unit PHA that has an ongoing modernization program covering 20 of its units. A review of the vacancy records indicates that the total number of days the units were vacant was 2,230 days. The calculation would be as follows:

Actual Vacancy Rate for a PHA With Modernization

2,230 actual vacancy days = 12.7% actual vacancy rate

17,520 days available for
occupancy

4. In this example, the PHA would receive a grade of F for its actual vacancy rate. However, since this PHA also supplied numerical data showing units undergoing modernization, the

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PHMAP software will base the score on the adjusted vacancy rate which is calculated as shown in the following illustration.

- B. Adjusted vacancy rate. After establishing the actual vacancy rate, the adjusted vacancy rate is calculated by first exempting the vacancy days associated with units undergoing modernization or were vacant due to circumstances or actions beyond a PHA's control.
 1. Using the example for an actual vacancy rate for a PHA with modernization, assume that based on the PHA's records, a total of 2,146 days were attributable to modernization. These days are deducted from the total number of actual vacancy days for an adjusted total of only 84 days of vacancy. This adjusted figure is divided by the total days available for occupancy. The calculation is as follows:

Adjusted Vacancy Rate

2,230 - 2146 = 84 adjusted vacancy days = .48% adjusted
17,520 total days available for occupancy vacancy rate

2. Based on this calculation, the PHA has less than a one percent adjusted vacancy rate and would receive a grade of A for this component.
- C. Reduced vacancies within the previous three years. PHAs have the option of reporting on the progress they have made within the previous three years to reduce actual vacancies. PHAs do this by comparing the vacancy rate in the current PHMAP assessment year to the vacancy rate in the first year of the three year period, which includes the assessment year. For example, if the current assessment year is FY 1996, the first year of the three year period is FY 1994. The actual vacancy rate of the current assessment year is subtracted from the actual vacancy rate of the PHA for the assessment period two years earlier. Generally, PHAs that have reduced actual vacancies by at least five percentage points within the three year period will benefit from this calculation.
 1. A PHA that elects to use this option must

recompute the vacancy rate for the first year of the previous three year period using a vacancy day and available day approach rather than the snap-shot approach of the previous PHMAP rule. In

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other words, a PHA cannot compare the snapshot figure from form HUD-51234 for the base year to the actual vacancy rate for the year currently being assessed.

- 2. An example of this calculation based on information provided by a PHA is as follows:

Reduced Vacancies Within the Previous Three Years

Fiscal Year	Actual Vacancy %	Adjusted Vacancy %
FYE 1995 Vacancy %	26%	8%
FYE 1997 Vacancy %	11%	5%
Reduction	15%	

- 3. In this example, the PHA would receive a grade of C for this indicator since it reduced its actual vacancies by at least 15 percent and had an adjusted vacancy rate of not more than five percent. This is an advantage to the PHA. By using the other two criteria, the PHA would otherwise receive a grade of F based on the actual vacancy rate of 11 percent, or a grade of D based on the adjusted vacancy rate of five percent.

2-8 COMPONENT #2. UNIT TURNAROUND TIME.

- A. Only those PHAs that score a grade of D, E. or F for component #1, vacancy rate, will be scored on this component which measures the annual average amount of time it takes a PHA to turn around its vacant units. Although PHAs that score a grade of C or above on component #1, vacancy rate, would not be scored under component #2, unit turnaround time, all PHAs are required to certify to the three aspects of unit turnaround time.

- 1. Component #2 measures the PHA's efficiency in both maintenance and leasing activities. The calculation of this component includes all of the calendar days from one resident to the next. It is a calculation of:
 - a. Down time: the number of calendar days a unit is vacant between the latter of the legal expiration date of the immediate past lease or the actual move-out date of the

former resident, and the date the work order is issued to the maintenance section;

b. Make read time: the number of calendar days between the date the unit is referred to maintenance for repair by a work order and occupancy is notified that the unit is ready for re-occupancy; and

c. Lease up time: the number of calendar days between the time the repair of a unit is completed and a new lease takes effect.

2. Do not count the day the unit was last occupied or the date the new tenancy began: only the days in between. In some cases this may include vacancy days from prior fiscal years.

B. The annual average of the total number of unit turnaround days is calculated by first counting the total number of days between the expiration date of the lease, the move-out date, or the date the PHA became aware that the resident moved out, (whichever is later) and the date the new lease becomes effective for all units that were re-occupied during the assessment year. This figure is then adjusted for eligible exemptions and divided by the number of units that were re-occupied in the assessment year.

1. An example of a calculation for unit turnaround time would be as follows:

Unit Turnaround Time Calculation

1. Enter number of units re-occupied this assessment year.	28
2. Enter vacancy days for these units for this assessment year.	2,230
3. Enter total vacancy days for these units for prior year(s).	1,018
4. Total vacancy days for re-occupied units.	3,248
5. Enter eligible exemption days.	(3,042)
6. Adjusted turnaround days (subtract Line 5 from Line 4).	206
7. Average turnaround time in days (divide Line	

6 by Line 1).

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2. Based on the preceding example, this PHA would receive a grade of A for component #2.

2-9 ADDITIONAL ADJUSTMENTS.

A. A PHA with at least five percent of its units subject to either or both of the conditions defined in subparagraph B. below, shall, if it so chooses, be issued an adjusted PHMAP score in addition to the regular score for indicator #1. These additional points compensate for differences in the difficulty of managing developments impacted by the physical condition of the units and/or the neighborhood environment surrounding the properties. This additional adjustment must be requested by the PHA on form HUD-50072.

1. A PHA that receives the maximum potential weighted points on indicator #1 may not claim an additional adjustment for this indicator.
2. Application of these additional adjustments may not result in a score higher than the maximum score authorized for this indicator.
3. A PHA that obtains a grade of A for indicator #4, work orders, and/or indicator #5, annual inspection of units and systems, MAY NOT claim the additional adjustment for indicator #1 based on physical condition of its developments, but MAY claim an additional adjustment based on neighborhood environment.
4. If only certain units or developments received substantial rehabilitation, the additional adjustment shall be prorated to exclude the units or developments with substantial rehabilitation.
5. The Date of Full Availability (DOFA) shall apply to scattered site units, where the age of the units and buildings vary, to determine whether the units have received substantial rehabilitation within the past ten years and are eligible for an adjusted score for the physical condition factor. DOFA also applies when scattered site units are built under new construction.
6. Units that fall into this category but have already been exempted from consideration for any other reasons shall not be counted again in this

calculation.

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- B. Definitions for physical condition and neighborhood environment.
1. Physical Condition. Units located in developments that are over ten years old that require major capital investment in order to meet local code or minimum HQS standards, whichever is applicable, can qualify for an additional adjustment. Units located in developments that have been comprehensively modernized within the past ten years cannot be included in the total for this adjustment.
 2. Neighborhood Environment. Units located in developments where the immediate surrounding neighborhood (majority of the census tracts or census blocks on all sides of the development) has at least 51 percent of the families with incomes below the poverty rate, as documented by the latest census data, qualify for an additional adjustment.
 3. Additional points, or fraction thereof, may be added to the score for this indicator and shall be adjusted as shown on the following chart:

Additional Adjustment

Percent of Total PHA Units	Extra Points
At least 5% but less than 10% of all PHA units	.5
At least 10% but less than 20% of all PHA units	.6
At least 20% but less than 30% of all PHA units	.7
At least 30% but less than 40% of all PHA units	.8
At least 40% but less than 50% of all PHA units	.9
At least 50% of all PHA units	1.0

4. PHAs shall maintain supporting documentation to show how they arrived at the number and percentage of units out of their total inventory that are subject to the additional adjustment.
- C. Calculation for Physical condition and neighborhood environment. The percent of units to which the additional adjustment applies is computed as the total number of units for which the physical

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condition and neighborhood environment apply, with each unit counted only once if both conditions apply.

1. For example, a PHA that achieves less than a grade A on indicators 11, 14 and #5 would calculate the adjustment for physical condition and neighborhood environment for indicator #1 as follows:

PHAs that Achieve Less than a Grade A
on Indicators #1, #4 and #5

Number of units that qualify under both physical condition and neighborhood environment:	10
Number of units that qualify under physical condition only:	+ 5
Number of units that qualify under neighborhood environment only:	+ 5
Total eligible units:	20

2. If this were a 100 unit PHA in the above example that otherwise had not exempted these units for any other reason, .7 percentage points would be added to the score for this indicator.
3. For example, a PHA that achieves a grade of A on indicators #4 and #5 would calculate the adjustment for physical condition and neighborhood environment for indicator #1 as follows:

PHAs that Achieves a Grade of A on Indicators #4
and #5

Number of units that qualify under both physical condition and neighborhood environment:	10
Number of units that qualify under neighborhood environment only:	5 +
Total eligible units:	15

4. If this were a 100 unit PHA in the above example that otherwise had not exempted these units for any other reason, .6 percentage points would be added to the score for this indicator.

2-10 SOURCES OF DOCUMENTATION FOR VACANCY RATE AND UNIT TURNAROUND TIME. PHAs should have been maintaining records of their vacancies and unit turnaround time. The first interim PHMAP regulation required PHAs to use a snapshot of the vacancies as of the end of the month, six months before their FYE. This is no longer the case. PHA records will still be the main source for verifying the PHMAP scores. Following is a list of additional records that may be utilized to verify units that have been exempted:

- A. Rent register. Sometimes this is called a rent roll. This document provides a summary of the transactions for each unit under lease in the PHA's inventory. By comparing this register of leased units against the information collected by the PHA for vacancies and unit turnaround time, an accurate picture of the PHA's vacancies can be established.
- B. Form HUD-51234, Report on occupancy. This report identifies units available for occupancy, nondwelling units, employee occupied units and vacant units. It does not, unless otherwise modified, identify other reasons for the vacant units, such as litigation, casualty damage or modernization. Also, it only reflects the occupancy at the midpoint in the PHA's fiscal year.
- C. Modernization logs. Modernization logs may be used to determine when the vacant units were put under contract and when the units were returned to the PHA by the contractor.
- D. Modernization implementation schedule. This schedule will be used to determine if the modernization work is on schedule for the units exempted from the calculation. It will also document whether vacant units were put under contract within two FFY's after the FFY in which funds were awarded.
- E. Modernization budget. Form HUD-52837 for the CGP and form HUD-52825 for the CIAP, or successor forms.
- F. PHMAP worksheets. PHAs should be maintaining records in such a way that they can utilize the information to complete form HUD-50072, PHMAP Certification. The worksheet should include information on vacant units, number of vacancy days, reasons for vacancies, etc.
- G. Maintenance records. Information on make ready times will be included in maintenance records.

- H. Demolition, disposition and conversion records. These

records must be reviewed to determine if HUD has approved these changes to the PHAs inventory to demolish, convert or otherwise dispose of dwelling units. Also, the PHA's operating budget and form HUD-51234 should reflect approval of non-dwelling space requests.

- I. Census data. If a PHA requested an additional adjustment based on neighborhood environment, documentation (appropriate maps showing the census tracts or census block groups surrounding the developments) in question) must support that 51 percent of the families in the census block groups or tracts surrounding the developments) have incomes at or below the poverty rate.
- J. Development data/previous modernization programs. If a PHA requested an additional adjustment to the grade based on physical condition of the units, a review of State/Area Office records would document the age and condition of the units and which developments have not had comprehensive modernization' within the past ten years.
- K. Form HUD-52295, Tenant Accounts Receivable Report. Another good source of information on occupied units is the information contained in item Bi on this form.
- L. Form HUD-52564, Operating Budget. The operating budget is a great source of information relative to the PHA's ability to repair units if CIAP is not available, the number of employee units, number of non-dwelling units, units available for occupancy, etc. Form HUD-52728, Calculation of occupancy Percentage for a Requested Budget Year, which is a part of the budget submission, also is a basis for determining which units should be exempted.
- M. Form HUD-50058, Multifamily Tenant Characteristic System (MTCS). Data collected from form HUD-50058 may be beneficial to determine occupied units. While this data is not currently complete, as improvements are made to the system, the value to HUD reviewers will increase.