



# Public Housing Assessment System (PHAS) Interim Rule

## Management Operations Indicator (MASS)

April 12, 2011



# MASS: PHAS Interim Rule Areas To Be Covered

Background

MASS

MASS Indicator

Scoring

MASS Sub-indicators

What are they? What do they mean?

Case Studies

Individual project scores & Entity-wide weighted average

PCNE

Adjustment Factor Case Study



# Background

## MASS Indicator

- Overall MASS score is based on weighted average of project level scores
- A score is calculated for each project



## MASS Sub-Indicators

- PHA self-certification was eliminated
- MASS sub-indicators are derived from the PHA's FDS
- 2 out of 3 of the new sub-indicators were previously FASS indicators



## Financial Data Schedule (FDS)

- MASS score is calculated from unaudited and audited submissions
- Late Penalty points and Late Presumptive Failure (LPF) do not apply to MASS Indicator score



# PHAS Interim Rule Score by Indicator

Physical Condition

• 40 points

Financial Condition

• 25 points

Management Operations\*

• 25 points

Capital Fund Program

• 10 points

Overall PHAS score

100 points

**\* Threshold score for this indicator must be at least 15 points, or 60% of maximum number of points (25).**



# MASS Scoring

Occupancy Rate

• 16 points

Tenant Accounts Receivable

• 5 points

Accounts Payable

• 4 points

---

Total MASS

25 points



# MASS Sub-Indicators

## Occupancy

Emphasizes & measures project's performance in keeping available units occupied

Higher rate = higher score

Maximum 16 points

## Tenant Accounts Receivable

Represents the amount of tenant accounts receivable against tenant revenue

Lower ratio = higher score

Maximum 5 points

## Accounts Payable

Measures total vendor accounts payable, both current and past due against total monthly operating expenses

Lower ratio = higher score

Maximum 4 points

**N  
E  
W  
  
T  
O  
  
P  
H  
A  
S**



# Occupancy Computation

FDS 11210\*  
Unit Months Leased

**NUMERATOR**

---

**DENOMINATOR**

FDS 11190  
Unit Months  
Available

*\*Henceforth, FDS##### refers to FDS line items.*



# How Occupancy is scored

$\geq 98\%$

16 Points

$< 98\%$  but  $\geq 96\%$

12 Points

$< 96\%$  but  $\geq 94\%$

8 Points

$< 94\%$  but  $\geq 92\%$

4 Points

$< 92\%$  but  $\geq 90\%$

1 Point

$< 90\%$

0 Points





# Tenant Accounts Receivable Computation

FDS 126  
Accounts Receivable-  
Tenants

**NUMERATOR**

---

**DENOMINATOR**

FDS 70500  
Total Tenant  
Revenue\*

*\*Includes rents and other charges to the tenants*



# How Tenant Accounts Receivable is scored

$< 1.5\%$

5  
points

$\geq 1.5\%$  but  $< 2.5\%$

2  
points

$\geq 2.5\%$

0  
points



# Accounts Payable (AP) Computation

$$\frac{\left( \begin{array}{l} \text{FDS 312} \\ \text{(Current) Accounts} \\ \text{Payable < 90 Days} \end{array} + \begin{array}{l} \text{FDS 313} \\ \text{(Past Due) Accounts} \\ \text{Payable > 90 Days} \end{array} \right)}{\left( \begin{array}{l} \text{FDS 96900} \\ \text{Total Operating} \\ \text{Expenses} \end{array} \div 12 \right)}$$

NUMERATOR

DENOMINATOR



# How Accounts Payable is scored

$< 0.75$

4  
points

$\geq 0.75$  but  $< 1.5$

2  
points

$\geq 1.5$

0  
points



# Case Study

## **FACTS:**

PHA Name: SAMPLE County PHA

FYE 12/31/2009

Has 3 projects

## **WHAT WE WILL DEMONSTRATE:**

How individual project scores are calculated

How weighted average score is calculated



# Case Study: Project #ZZ014000001

- Occupancy Rate\*

$$\frac{\text{FDS 11210}}{\text{FDS 11190}} = \frac{\text{Unit Months Leased}}{\text{Unit Months Available}} = \frac{684}{684} = 100\% \rightarrow \text{16 points}$$

- Tenant Accounts Receivable

$$\frac{\text{FDS 126}}{\text{FDS 70500}} = \frac{\text{Accounts Receivable-Tenants}}{\text{Total Tenant Revenue}} = \frac{\$1,602}{\$89,844} = 1.8\% \rightarrow \text{2 points}$$

- Accounts Payable

$$\frac{\text{FDS 312+313}}{\text{FDS 96900/12}} = \frac{\text{(Current) Accounts Payable} + \text{(Past Due) Accounts Payable}}{\text{Total Operating Expenses} \div 12} = \frac{\$3,536 + 0}{\$508,680/12} = \frac{3536}{42,396} = 0.083 \rightarrow \text{4 points}$$

\*57 units

**TOTAL:** 22 points



# Case Study: Project #ZZ014000002

- Occupancy Rate\*

$$\frac{\text{FDS 11210}}{\text{FDS 11190}} = \frac{\text{Unit Months Leased}}{\text{Unit Months Available}} = \frac{855}{900} = 95\% \rightarrow \text{8 points}$$

- Tenant Accounts Receivable

$$\frac{\text{FDS 126}}{\text{FDS 70500}} = \frac{\text{Accounts Receivable-Tenants}}{\text{Total Tenant Revenue}} = \frac{\$1,295}{\$205,445} = 0.60\% \rightarrow \text{5 points}$$

- Accounts Payable

$$\frac{\text{FDS 312+313}}{\text{FDS 96900/12}} = \frac{(\text{Current}) \text{ Accounts Payable} + (\text{Past Due}) \text{ Accounts Payable}}{\text{Total Operating Expenses} \div 12} = \frac{\$49,504 + 3,984}{\$407,958/12} = \frac{53,488}{33,917} = 1.577 \rightarrow \text{0 points}$$

\*75 units

**TOTAL:** 13 points



# Case Study: Project #ZZ014000003

- Occupancy Rate\*

$$\frac{\text{FDS 11210}}{\text{FDS 11190}} = \frac{\text{Unit Months Leased}}{\text{Unit Months Available}} = \frac{1034}{1068} = 96.82\% \rightarrow \text{12 points}$$

- Tenant Accounts Receivable

$$\frac{\text{FDS 126}}{\text{FDS 70500}} = \frac{\text{Accounts Receivable-Tenants}}{\text{Total Tenant Revenue}} = \frac{\$3,130}{\$134,674} = 2.3\% \rightarrow \text{2 points}$$

- Accounts Payable

$$\frac{\text{FDS 312+313}}{\text{FDS 96900/12}} = \frac{\text{(Current) Accounts Payable} + \text{(Past Due) Accounts Payable}}{\text{Total Operating Expenses} \div 12} = \frac{\$18,584 + 8,874}{\$404,148/12} = \frac{27,458}{33,679} = 0.815 \rightarrow \text{2 points}$$

**+**

\*89 units

**TOTAL:**

**16 points**





# Case Study: Overall MASS Score\*

\*without PCNE Adjustment Factor

Project #	Project Score	X	# of Units	=	Product
ZZ014000001	22		57		1254
ZZ014000002	13		75		975
ZZ014000003	16		89		1424
TOTALS	---		<b>221</b>		<b>3653</b>

## Overall Weighted Average Score

$$\frac{\text{Total Product}}{\text{Total \# of Units}} = \frac{3,653}{221} = 16.53$$



# Physical Condition & Neighborhood Environment (PCNE)

## Physical Condition (PC)

Projects **at least 28 years** old, based on the unit-weighted average Date of Full Availability (DOFA) date

Maximum 1 point

## Neighborhood Environment (NE)

Projects in census tracts in which **at least 40%** of families have an income below poverty rate

Maximum 1 point



# Prior and Interim PCNE

## Prior PHAS

3 points maximum

Category under PASS

PC: 10 years

NE: 51%

Via PHA certification

## Interim PHAS

2 points maximum

Category under MASS

PC: at least 28 years

NE: at least 40%

Via data from PIC



# Calculation of PCNE points

Line	Points	Project #1	Project #2	Project #3	Project #4
1	Project Score	24	13	10	17
2	Physical Condition Points	1	0	1	0
3	Neighborhood Environment Points	1	1	0	0
<b>4</b>	<b>Project score with PCNE Adjustment Factor</b>	<b>25*</b>	<b>14</b>	<b>11</b>	<b>17</b>

*\*PCNE adjustments can not exceed the maximum number of 25 points available for the management operations indicator for a project.*

The PCNE adjustments will be made to individual project scores **before** calculating the overall weighted average/MASS score.



# MASS score with PCNE Adjustment Factor

Project #	Project Score w/PCNE Adjustment Factor	X	# of Units	=	Product
1	25		133		3325
2	14		65		910
3	11		89		979
4	17		25		425
TOTALS	---		312		5639

## Overall Weighted Average/MASS Score

$$\frac{\text{Total Product}}{\text{Total \# of Units}} = \frac{5,639}{312} = 18.07$$



# Summary

## Management Operations Indicator (MASS)

- Up to **25 points**
- Threshold score is at least **15 points**

## 3 Sub-Indicators

- Occupancy Rate - **16 points**
- Tenant Accounts Receivable - **5 points**
- Accounts Payable - **4 points**

## Scoring

- MASS score is an **overall weighted average of project scores**
- **Late Penalty Points** and **Late Presumptive Failure** will not be applied to **the MASS indicator** even though the MASS information is derived from the Financial Data Schedule (FDS)
- PCNE adjustment factor points are **added at the project level**, before calculating the overall weighted average



# MASS Resources & Contacts

- **Management Operations Homepage**

<http://www.hud.gov/offices/react/products/prodmo.cfm>

- **MASS e-mail address**

[REAC\\_MASS@hud.gov](mailto:REAC_MASS@hud.gov)

- **Technical Assistance Center (TAC)**

*(7:00 am-8:30 p.m., EST, M-F)*

**1(888)245-4860**

[REAC\\_TAC@hud.gov](mailto:REAC_TAC@hud.gov)