

Memorandum



Date: November 15, 2012

To: Honorable Joe A. Martinez, Chairman
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Update on Public Housing & Community Development's (PHCD) Public Housing Assessment System Score for 2010

On October 12, 2012, the local office of the U.S. Department of Housing and Urban Development (USHUD) sent a letter to me, the Chairman and members of the Board of County Commissioners (Board) regarding the Public Housing Assessment System (PHAS) score for PHCD, formerly the Miami-Dade Public Housing Agency, for the fiscal year ending September 30, 2011. Please refer to the attached November 1, 2012 email exchange with Karen Cato-Turner, USHUD Regional Director of Public Housing, clarifying the appeal process and validating that any designation is not final until the appeal process is exhausted.

On February 6, 2012, I issued a memorandum updating the Board on developments regarding USHUD's review of the PHAS scores for the fiscal years ending September 30, 2009 and September 30, 2010 (attached). As previously reported to the Board in the aforementioned memorandum, each public housing agency nationwide receives an annual PHAS score which included the following four components:

1. Physical condition of the agency's public housing stock;
2. Financial condition of the agency,
3. Management operations; and
4. Resident Satisfaction.

Beginning in fiscal year 2011, USHUD changed the scoring methodology. The Resident Satisfaction indicator was removed and replaced with the Capital Fund indicator designed to measure the ability of a Public Housing Authority (PHA) to manage its Capital Fund resources. The Capital Fund is a funding stream provided by USHUD to be used primarily for major rehabilitation and renovation of public housing properties. Additionally, the Financial condition indicator and Management operations indicator were substantially changed. The Financial condition indicator was changed to assess a PHA only on the basis of the public housing program and not entity-wide. This change excludes from its scoring methodology key non-public housing financial resources available to the PHA to support its operations. The Management operations indicator previously included certain key management indicators including work order processing, vacancy management and others. All of the previous metrics have been eliminated and three new metrics were added to the Management indicator under the new scoring methodology. They include tenant accounts receivable, accounts payable and occupancy rate. Two of these metrics, occupancy rate and tenant accounts receivable, were previously scored under the financial indicator. Accounts payable has never been scored.

PHCD was recently notified by US HUD of the "substandard" designation for fiscal year ending September 30, 2011. The notification arrived on October 15, 2012, more than one year after the end of fiscal year 2011. A "substandard" designation is given if the PHA's overall PHAS score is at least 60 percent of the total points available; and the PHA achieves a score of less than 60 percent under one or more of the Physical (40 points maximum), Financial (25 points maximum), or Management (25 points maximum) indicators. As you can see on the attached PHAS score report received from USHUD, PHCD is a single point away from 60% for the Financial indicator and two (2) points away from 60% on the Management indicator. USHUD policy allows a PHA to appeal its designation. The appeal must be submitted no later than 30 days after receipt of the scoring notice. PHCD is in the process of preparing an appeal to be submitted to USHUD no later than November 15, 2012. PHCD will highlight the fact that past USHUD practice was to issue advisory scores when the scoring methodology changed. Additionally, the PHCD will point out that although the factors contributing to this substandard designation are a result of scoring less than 60 percent of the maximum score available in the Financial and Management indicators; it will note that the fiscal year 2011 Financial score would have been 24 out of 30 points and Management score would have been 26 out of 30 points under the old scoring methodology. PHCD will also note that the total score has improved over the past three years as illustrated by the following chart:

PHAS Indicator	2009 Score	2010 Score	2011 Score (under previous scoring methodology)	Maximum score
Physical	24	24	22	30
Financial	6	16	24	30
Management	26	30	26	30
Resident	9	9	9	10
PHAS Total Score	65	79	81	100

The appeal will also challenge the practicality of the new occupancy rate metric included in the Management indicator. Under the old scoring system, full points were received if the occupancy rate was greater than or equal to 93% for PHAs considered "extra large" (greater than 10,000 units). Under the current system, full points can only be attained with an occupancy rate greater than or equal to 98%. This metric is inconsistent with all other multifamily housing programs administered by USHUD, in which, "full occupancy" is considered to be 95%.

We will keep you updated as this situation progresses. If you have any questions or concerns, please feel free to contact Gregg Fortner, PHCD Executive Director, at 786-469-4106.

Attachments

- c: Russell Benford, Deputy Mayor
- Robert A. Cuevas, Jr., County Attorney
- Gregg Fortner, Executive Director, Public Housing and Community Development
- Charles Anderson, Commission Auditor
- Christopher, Inspector General

Fortner, Gregg (PHCD)

From: Fortner, Gregg (PHCD)
Sent: Thursday, November 01, 2012 2:12 PM
To: Cato-Turner, Karen
Cc: Reames, Lindsey S
Subject: RE: PHAS Interim Rule Substandard Performer PHAS score report - FL005 - 09/30/11 - JA

We are planning to submit an appeal by the Nov 15 deadline. Thanks for all your help and consideration on this. I will share your email with the Mayor and Board.

Thanks again for the quick response.....Gregg

From: Cato-Turner, Karen [mailto:karen.catoturner@hud.gov]
Sent: Thursday, November 01, 2012 1:17 PM
To: Fortner, Gregg (PHCD)
Cc: Reames, Lindsey S
Subject: RE: PHAS Interim Rule Substandard Performer PHAS score report - FL005 - 09/30/11 - JA

Has an appeal been submitted or are you planning to submit? If yes and since we are already in the appeal timeframe I will ask the Miami OPH to allow additional time to submit the recovery plan pending the outcome of your appeal.

Karen Cato-Turner
Regional Director of Public Housing - Region IV
Office of Public and Indian Housing - Field Operations - Headquarters
U.S. Department of Housing and Urban Development
202 368-6019

From: Fortner, Gregg (PHCD) [fortner@miamidade.gov]
Sent: Thursday, November 01, 2012 11:10 AM
To: Cato-Turner, Karen
Cc: Reames, Lindsey S
Subject: RE: PHAS Interim Rule Substandard Performer PHAS score report - FL005 - 09/30/11 - JA

Thanks Karen. This is very helpful and I appreciate the quick response. One final question: The letter to the Mayor calls for "a proposed recovery plan within 30 days." Is the appeal satisfactory to meet/stay this request?

From: Cato-Turner, Karen [mailto:karen.catoturner@hud.gov]
Sent: Thursday, November 01, 2012 10:53 AM
To: Fortner, Gregg (PHCD)
Cc: Reames, Lindsey S
Subject: RE: PHAS Interim Rule Substandard Performer PHAS score report - FL005 - 09/30/11 - JA
Importance: High

Greg - I apologize for the delay. As you may be aware HUD HQ has was closed earlier this week. However, yesterday I received copies of all relevant info and have completed my review of your agency's sub-standard designation for FY 2011, including your concerns regarding the letter, based on the unaudited submission, that was sent by the Miami Office to your Board and the Mayor of Miami-Dade County. It appears that your primary concern is that during the same time period you also received a letter from the Real Estate Assessment Center in reference to the REAC score that was based upon your audited statement submission and it is your position that the Miami Office of Public Housing was premature in sending the unaudited "take

action" letter because the the REAC letter (based on audited submission) provides for a 30 day appeal of the sub-standard designation prior to such designation becoming official/final. In response please consider the following:

1. *Appeal Period* - You are correct that the 30 day appeal period for the *audited submission* score has not expired and the MDPHCD has the opportunity to submit documentation that might impact the score sufficiently to merit a change in your designation.
2. *Letter to Board and Mayor regarding Sub-Standard designation that was generated by your unaudited submission score* - It is unfortunate that the timing of the "take action" letter related to your unaudited submission was so close to the REAC issuance of your audited submission score. It obviously has caused a level of confusion that I wish could have been avoided. However, please be aware that there was a recent policy decision to adopt a protocol that mandates that notification letters be sent to locally elected officials (Mayor in the case of Miami-Dade) and boards for all Sub-Standard PHAs. The first list to be covered by this new protocol was established in September. Based on your score for the unaudited submission MDPHCD was included on that list. The Miami Office followed the established protocol but clearly our process can be improved as it relates to timing of notifications.
3. *Designation* - Although there was an issue of timing as indicated above the agency is substandard based on the unaudited and audited submissions. The final designation will become effective at the end of the appeal period (30 days) or if an appeal is submitted once a final determination is made.
4. *Audited Score and Appeal* - REAC issued your audited score within a week after the Miami issuance. The notification letter allows for the standard 30 day period in which to appeal the designation generated by the score. If in fact you choose to submit an appeal within the required timeframe, and the appeal results in a Standard designation for your audited submission, it will supersede the current designation. If the MDPHCD is successful in its appeal the BOC and Mayor will receive a letter indicating that your performance improved sufficiently to remove the prior designation.

In providing this response I have consulted with the Public Housing Agency Recovery and Sustainability Director, Lindsey Reames, regarding the protocol and ongoing basis we engage in ways to improve our process and as necessary make appropriate revisions. We have added the timing issue to our list of discussion items.

If you think it would be helpful we can send a follow-up letter to the Mayor and County BOCs clarifying the process or you may share this communication. Let me know how you wish to proceed.

The bottom-line is that MDPHCD has made great strides to move off the troubled list so in any event I am hopeful that an appeal will justify a change to your agency designation and we are able to send a new letter to the BOC and Mayor.

Karen Cato-Turner

Regional Director of Public Housing - Region IV

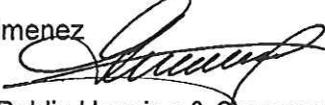
Office of Public and Indian Housing - Field Operations - Headquarters
U.S. Department of Housing and Urban Development
202 368-6019

Memorandum



Date: February 6, 2012

To: Honorable Joe A. Martinez, Chairman
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Update on Public Housing & Community Development's Financial Assessment Sub-System (FASS) Score for 2010

On April 13, 2011, County Manager Alina Hudak, issued a memorandum to the Board of County Commissioners (Board) alerting you that the U.S. Department of Housing and Urban Development (US HUD) was reviewing the financial assessment scores for Public Housing and Community Development (PHCD), formerly the Miami-Dade Public Housing Agency, for the fiscal year ending September 30, 2009, as per Attachment 1. As previously reported to the Board in the aforementioned memorandum, each public housing agency nationwide receives an annual Public Housing Assessment System (PHAS) score which includes the following four components:

1. Physical condition of the agency's public housing stock;
2. Financial condition of the agency, the Financial Assessment Sub-System (FASS);
3. Management operations; and
4. Resident Satisfaction.

PHCD, despite being under US HUD receivership and bound by a US HUD Memorandum of Understanding during the time period, was notified that the agency was designated "substandard financial" based on its score received on Financial Assessment Sub-System Score (FASS), the financial condition indicator mentioned above. PHCD appealed its designation based on several factors, as highlighted in Attachment 2. On June 3, 2011, US HUD opined that the designation and score were appropriate. However, no further action was taken by US HUD and no further appeals were filed by PHCD.

PHCD was recently notified by US HUD of the "substandard financial" designation for fiscal year ending September 30, 2010. The notification arrived at the end of November 2011, more than one year after the end of fiscal year 2010 and just a few days prior to the submission of the fiscal year 2011 financial statements. Un-audited year-end financial statements are due to US HUD by November 30th each year. Although this substandard designation is a result of scoring less than 60 percent of maximum score in the FASS indicator, it is important to note that the fiscal year 2010 FASS score improved by more than 100% over the score reported by USHUD for fiscal year 2009 as illustrated by the following chart:

PHAS Indicators	2009 Score	2010 Score	Maximum score
Physical	24	24	30
Financial (FASS)	6	16	30
Management	26	30	30
Resident	9	9	10
PHAS Total Score	65	79	100

PHCD issued another appeal of its substandard financial designation (as per Attachment 3) on November 25, 2011. Highlighted in this appeal is an error detected by PHCD when verifying the calculation of the FASS score.

Honorable Chairman Joe A. Martinez
And Members, Board of County Commissioners
Update on PHCD's FASS Score
Page 2

We are awaiting a response from US HUD on our latest appeal and will keep you updated as this situation progresses. If you have any questions or concerns, please feel free to contact Gregg Fortner, PHCD Executive Director, at 786-469-4106.

Attachments

c: Russell Benford, Deputy Mayor
Robert A. Cuevas, Jr., County Attorney
Gregg Fortner, Executive Director, Public Housing and Community Development
Charles Anderson, Commission Auditor
Christopher Mazzella, Inspector General

Memorandum



Date: April 13, 2011

To: Honorable Joe A. Martinez, Chairman
and Members, Board of County Commissioners

From: Alina T. Hudak
County Manager *AH*

Subject: Update on Miami-Dade Public Housing Agency's Financial Assessment Sub-System Score for 2009

On March 10, 2011, the U.S. Department of Housing and Urban Development (US HUD) informed Miami-Dade Public Housing Agency (MDPHA) that US HUD was again reviewing the financial assessment scores for the fiscal year ending September 30, 2009. As the Board of County Commissioners (Board) is aware, during this period, day-to-day management of MDPHA was being carried out by US HUD. This memorandum serves to inform and update the Board of the situation and the actions taken by staff to try to resolve the issue. The Board will be informed of any further developments.

As previously reported to the Board, each public housing agency nationwide receives an annual Public Housing Assessment System (PHAS) score which includes the following four components:

1. Physical condition of the public housing sites;
2. Financial condition of the agency, the Financial Assessment Sub-System (FASS);
3. Management operations; and
4. Overall resident services and satisfaction.

The intent of PHAS is to enhance public trust by creating a tool that measures performance of a public housing agency based on standards set by US HUD.

Historically, when US HUD is involved in the takeover or oversight of a public housing agency's day-to-day operations, US HUD usually waives all or parts of the PHAS scoring requirements, including the FASS score. In the case of MDPHA, the agency was designated "troubled" for the substandard FASS score received for fiscal year ending September 30, 2009 when US HUD was managing the agency under the Memorandum of Understanding (MOU) executed with Miami-Dade County. Since then, US HUD rescinded two separate notices to MDPHA advising of its "troubled" designation since US HUD was performing oversight under the MOU.

Despite these rescission notices, on March 10, 2011, MDPHA received an electronic communication from US HUD advising that the "troubled" designation for fiscal year ending September 30, 2009 will remain in effect until US HUD issues an official PHAS score for fiscal year ending September 30, 2010. The email further states that US HUD is "fully aware" that the designation was rescinded previously. This March 10 notification was unexpected, especially in light of the fact that on February 7, 2011, US HUD sent a letter to Miami-Dade County stating that all tasks and requirements of the MOU were accomplished and completed as of December 31, 2010.

The Board will recall that MDPHA's low FASS score for fiscal year 2009 was impacted by the \$43 million in Section 8 Net Restricted Assets (NRAs) which US HUD recaptured from MDPHA. The recapture of \$43 million was initiated and executed during US HUD's takeover and subsequent oversight of the agency via the MOU with Miami-Dade County. In order to offset this reduction in funding, the Board approved Resolution R-632-09, which authorized an application for set-aside funding from US HUD. Follow-up reports were transmitted to the Board on August 12, 2009 and September 29, 2009 regarding the County's strategies to mitigate this reduction in program funds (see attachments).

In accordance with the Code of Federal Regulations, MDPHA is appealing this latest notice of "troubled" designation largely based on the circumstances mentioned above. Additionally, MDPHA research shows that the \$43 million NRA recapture was vastly disproportionate to the amounts recaptured from other Section 8 programs across the country. Even though MDPHA administers less than one percent of the Section 8 Housing Choice Vouchers nationwide, the \$43 million recaptured represent almost six percent of the total amount recaptured across the country and disproportionate to other large public housing agencies subject to this recapture as shown below. In fact, the recapture from MDPHA represented 55 percent of the total funding received from US HUD for Section 8 that year, a much larger share when compared to other large public housing agencies.

Housing Authority	Number of Vouchers Authorized	FY 2009 Recapture (\$ in Millions)	Renewal Funding (\$ in Millions)	Percentage of Recapture vs. Funding
New York City Housing Authority	96,712	\$57.976	\$768.542	7.5%
City of Los Angeles HSG Authority	45,482	n/a	403.080	0.0%
NYS HSG Trust Fund Corporation	40,745	42.025	258.882	16.2%
City of New York HPD	32,321	13.682	247.454	5.5%
Michigan State HSG Dev. Authority	24,203	3.293	129.451	2.5%
County of Los Angeles Housing Authority	21,029	14.585	187.907	7.8%
New Jersey Dept. of Community Affairs	20,789	11.263	171.567	6.6%
Housing Authority of Dallas	18,173	3.180	122.703	2.6%
Miami-Dade Public Housing Agency	14,671	43.551	79.125	55.0%
Boston Housing Authority	13,221	6.191	146.273	4.2%

Added to this disproportionate reduction in funding, US HUD has historically exempted Public Housing Authorities from recapture situations when US HUD is in the takeover or oversight role. Staff is engaging US HUD and our Miami-Dade federal delegation to explore ways to resolve these inconsistencies. Aside from impacting the FASS scores, the funding reduction has adversely affected MDPHA's ability to serve additional Section 8 residents at this time when the need is greatest.

It is important to understand that US HUD's correspondence on the 2009 FASS score does not reflect new concerns regarding management of our public housing properties given the fact that all tasks and requirements under the MOU have been completed. As stated in previous correspondence to the Board, operational and financial management in MDPHA has improved during and following the MOU.

If you have questions or concerns, please contact Gregg Fortner, MDPHA Director, at 786-469-4106, or me directly.

Attachments

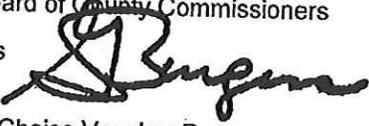
- c: Robert A. Cuevas, Jr., County Attorney
- Howard Piper, Special Assistant to the County Manager
- Gregg Fortner, Director, Miami-Dade Public Housing Agency
- Christopher Mazzella, Inspector General
- Charles Anderson, Commission Auditor

Memorandum



Date: August 12, 2009

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager 

Subject: Section 8 Housing Choice Voucher Program

The following information is to inform the Board of County Commissioners (Board) of an anticipated shortfall in Section 8 funding received by Miami-Dade Public Housing Agency (MDPHA) from the US Department of Housing and Urban Development (US HUD). This is an update to the discussion held at the June 2, 2009 meeting of the Board regarding the federal government's reduction of \$750 million in Section 8 funding across public housing agencies (PHAs) nationwide.

BACKGROUND

As a provision of the US Congressional appropriations act for the federal fiscal year ending September 30, 2009, US HUD was directed to recapture unobligated balances, referred to as net restricted assets (NRAs), appropriated in previous fiscal years to Section 8 tenant-based rental assistance programs in the amount of \$750 million nationally. US HUD would achieve this recapture by reducing the amounts allocated to PHAs during calendar year 2009. In essence, US HUD reduced monthly allotments sent to PHAs in calendar year 2009, forcing PHAs to use unspent housing assistance payments that US HUD calculated had built up in the PHAs' bank accounts over the years. Furthermore, to meet this Congressional mandate, US HUD's plan was to reduce PHAs' Section 8 NRA accounts from an unlimited amount in past years to an amount equal to two weeks of funding that was budgeted for housing assistance payments to Section 8 owners during calendar year 2009.

CURRENT SITUATION

Many PHAs across the country are experiencing funding shortfalls in the Section 8 Housing Choice Voucher (HCV) program due to this unprecedented recapture. US HUD is aware of this situation and is working to identify additional funding in order to assist PHAs in minimizing the impact on households served by the program (see attached correspondence from US HUD dated July 31, 2009). US HUD calculated MDPHA's recapture amount (or the amount to be withheld from calendar year 2009 funding) at over \$43 million. Furthermore, based on US HUD calculations, almost \$17 million in additional funding is to be withheld to get MDPHA's NRA account to the two week level of funding for housing assistance payments. This funding will be withheld from October 1, 2009 through December 31, 2009.

Due to a number of circumstances over the years, MDPHA does not have adequate balances in its NRA account to absorb this reduction in funding for calendar year 2009. These circumstances include, but are not limited to: 1) increased costs that MDPHA did not anticipate in the administration of the program, and 2) transferring funds from the NRA account to cover shortfalls in the MDPHA public housing program. This last issue was identified in the fiscal year end 2008 audit of MDPHA and the Section 8 program will be reimbursed for these transfers.

STRATEGIES

MDPHA applied for US HUD funding to adjust for significant increases in program costs due to unforeseen circumstances. These include increased costs due to reductions in tenant income, increased foreclosure rates, and landlord rent increase requests. This application was approved by the Board through Resolution R-632-09 on June 2, 2009.

Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners
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In addition, staff from our office and MDPHA met with senior US HUD staff in Washington, DC (including Assistant Secretary of Public and Indian Housing, Sandra Henriquez) to emphasize the disproportionate impact of this recapture on Miami-Dade County's HCV recipients. US HUD is working with MDPHA to identify funding sources to minimize and eliminate the need to reduce the number of households and/or the subsidy payments currently administered in MDPHA's Section 8 HCV program (see attached US HUD letters dated July 24, 2009 and August 03, 2009). Additionally, MDPHA is aggressively pursuing all federal funding opportunities as they become available to address this funding shortfall.

As additional information becomes available, staff will continue to keep the Board updated. If you have additional questions or concerns, please feel free to contact Senior Advisor Cynthia W. Curry at (305) 375-4126 or Gregg Fortner, MDPHA Director, at (786) 469-4106.

Attachments

c: Honorable Carlos Alvarez, Mayor
Denis Morales, Mayor's Chief of Staff
Cynthia W. Curry, Senior Advisor to the County Manager
Jennifer Glazer-Moon, Special Assistant/Director, Office of Strategic Business Management



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20472-5000

ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

JUL 31 2009

Dear Executive Director:

A number of Public Housing Authorities (PHAs) have been experiencing funding shortfalls in the Housing Choice Voucher (HCV) program. This letter is to update you on the status of the HCV program and inform you of the steps HUD is taking to minimize shortfalls and prevent terminations.

While HUD continues to analyze Voucher Management System data, the factors that have led to shortfalls at particular PHAs remain varied. For example, some PHAs appeared to have leased-up at high rates prior to the 2009 allocation, while other PHAs have experienced a decrease in voucher turnover rate and decreases in tenant incomes due to current economic conditions. HUD is quickly working with the affected PHAs in order to minimize the impact on families.

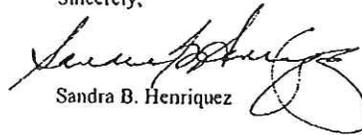
To provide agencies with the funds some need to achieve this goal, HUD is taking the following steps:

- On July 24, 2009 HUD awarded \$89 million of the \$100 million in set-aside funds.
- In the next several weeks, HUD will award the remaining \$11 million to agencies meeting certain criteria that applied for set-aside funds under the unforeseen circumstances category and would have to terminate voucher assistance without the additional funds.
- HUD will continue to work with agencies that have shortfalls and determine if these agencies are eligible to receive extraordinary administrative fees for technical assistance to prevent the termination of families. HUD has approximately \$30 million dollars available for this purpose.
- HUD staff from HCV financial, policy and program support divisions continue to hold conference calls with PHAs to discuss possible cost-savings measures to achieve our shared goal of avoiding termination of voucher assistance for vulnerable families, seniors, and people with disabilities.
- While additional funding needs beyond those outlined above are unclear at this time, HUD is taking precautionary measures and exploring all options under its current authorities. If it is determined that these measures are insufficient, HUD will work with Congress on legislative changes to minimize adverse consequences to families and to the other PHAs that are not experiencing shortfalls.

If you believe that families will have to be terminated from your HCV program due to insufficient funding prior to the end of the calendar year, please contact [pih.financial.management.division@hud.gov](mailto:pjh.financial.management.division@hud.gov) *no later than August 14th* to assist us in confirming the extent of need for additional funds. You may subsequently be asked for certain information relating to your HCV finances. Once HUD validates the data submitted, your agency may be contacted to discuss cost-savings measures, program management and whether other funds may be available to your agency. If the data cannot be validated, HUD will promptly notify your agency and work with you to correct any data discrepancies.

HUD thanks you for your participation in the Housing Choice Voucher Program and appreciates your continuing efforts to work with us during this difficult period.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra B. Henriquez", with a large, stylized flourish at the end.

Sandra B. Henriquez



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20510-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

JUL 24 2009

Mr. Gregg Fortner
Executive Director
Miami-Dade Housing Agency
1401 NW 7th Street
Miami, FL 33125-3601

Dear Mr. Cintrón:

Thank you for your letter of May 14, 2009, regarding the Miami-Dade Housing Agency's (MDHA's) request for an additional \$1 million in administrative fee funding for extraordinary costs of the Housing Choice Voucher (HCV) program.

Your letter indicates that the Statement of Work, developed by the HUD team, provided for a transition of HCV operations to the contractor over a six-month period and that the additional funds are needed to cover expenses incurred as a result of parallel operations during the transition.

Based on the supporting documentation provided by your office of the estimated administrative expenses, additional administrative fee funding will be provided to MDHA. The Department previously provided MDHA with \$500,000 in administrative fee funding and will approve an additional \$1,000,000 provided the following actions are completed by MDHA:

- A repayment agreement (RA) (for the HAP NRA) or certified letter by the Miami Dade County must be provided to HUD, identifying the amount of the repayment and the schedule of the repayments.
- A certification from the Miami Dade County stating that there will be no other transfer of HCV funds to either Federal or non-Federal programs.
- MDHA must amend the Memorandum of Understanding (MOU) to include the repayment agreement and the schedule of repayments. The amendment must also state that no HCV funds (HAP or Administrative Fees) will be transferred to the Central Office Cost Center account until the transferred funds have been re-paid to the HCV program. The Department recognizes that the Board of County Commissioners will not reconvene until September; therefore, a certification that the parties are working to revise the MOU with the above stated conditions will suffice.

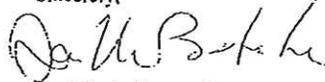
The Department approves to release the additional \$1,000,000 in from the set aside administrative fees with the understanding that MDHA will prioritize the three conditions and will provide them to our office no later than August 31, 2009, attention to Miguel A. Fontánez, Director, Housing Voucher Financial Management Division. The amended MOW must be delivered by October 31, 2009. If you prefer to submit the information via e-mail please send it

to PIH.Financial.Management.Division@hud.gov.

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If I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Danielle L. Bastarache". The signature is fluid and cursive, with the first name being the most prominent.

Danielle L. Bastarache
Director
Office of Housing Voucher Programs



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

August 03, 2009

FL005
MIAMI DADE HOUSING AUTHORITY
1401 NW 7TH STREET
MIAMI, FL 33125

Dear Executive Director:

Recently, you received a letter that updated you on status of the Housing Choice Voucher (HCV) program and informed you of steps HUD is taking to minimize shortfalls and prevent terminations to HCV participants.

The factors that have led to the shortfall are varied. While some PHAs appear to have had high lease up rates prior to the 2009 allocation, other PHAs have experienced a decrease in voucher turnover rate and tenant incomes due to current economic conditions. One of the steps HUD has taken is to analyze data from all PHAs to determine the extent to which a shortfall exists and, if so, whether the PHA should request extraordinary administrative fees from HUD.

Your agency has been identified as one that needs additional funds to prevent termination of families from your HCV program. As such, it is strongly recommended that you submit to the Department a request for extraordinary administrative fees that would be utilized for technical assistance to improve the management of your program and to prevent termination of assistance for HCV participants. You may submit a request for fees up to \$3,767,500. These fees may be utilized to make rental assistance payments to families at risk of termination as well as for any program improvements that are necessary to improve the management and operations of the HCV program.

Please submit a letter to HCVSpecialFeeRequest@hud.gov requesting administrative fees for your agency *as soon as possible*. The letter should detail the technical assistance funds needed and the shortfall that your agency faces through the end of the calendar year. Please include any other funds you may have used (e.g. administrative fee reserves) or have available to use to help mitigate the shortfall.

Be advised that the HCV Quality Assurance Division may be contacting you for follow up information and may schedule a visit to your agency to evaluate your financial situation, review VMS reporting and discuss technical assistance needs and your plan to manage the HCV program through the end of the calendar year.

Sincerely,

David Vargas DAVID VARGAS
Public and Indian Housing
U.S. Department of Housing and Urban Development

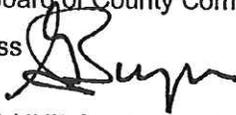
Associate Deputy Assistant Secretary
Public Housing and Voucher Programs

Memorandum



Date: September 29, 2009

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess 
County Manager

Subject: Information on US HUD funding for the Section 8 Housing Choice Voucher Program

This following report is to inform the Board of County Commissioners (BCC) regarding recent funding awards from the U.S. Department of Housing and Urban Development (US HUD) to offset federal funding reductions to Miami-Dade Public Housing Agency's (MDPHA's) Section 8 Housing Choice Voucher (HCV) Program.

As the BCC may recall, US HUD was authorized to recapture \$750 million from PHAs nationwide by reducing each PHA's funding allocation over a four month period. The County was advised by US HUD that its reduction equated to \$43.7 million from MDPHA's HCV program. To offset these losses nationwide, US HUD has established a set-aside fund of up to \$100 million that was made available to PHAs for application under one of four categories. MDPHA submitted a Set-Aside funding application for \$43.7 million in May 21, 2009, which was retroactively authorized by the BCC through R-632-09 on June 2, 2009. MDPHA applied under category 1, which provided for adjustments for PHAs that a) experienced a significant increase in renewal costs due to unforeseen circumstance such as PHAs whose jurisdictions and tenants had experienced a severe loss of employment/income; b) PHAs that were required by a court to take actions that increased their per unit costs; and c) PHAs that have experienced significant increases in the cost of assistance due to unforeseeable rise in rental costs.

US HUD's funding reduction to the County's HCV program was untimely as MDPHA had just launched a full privatization of its 14,000+ unit program. In addition, US HUD was significantly involved and committed to supporting the County in turning around the HCV program to improve regulatory compliance and provide quality service to participants and landlords.

To date, MDPHA has received a total of four funding awards from US HUD totaling \$6,446,201 for its HCV Program as follows:

- \$1,719,067 on July 24, 2009;
- \$3,027,134 on August 13, 2009;
- \$1 million on September 2, 2009; and
- \$700,000 on September 21, 2009.

The BCC will be advised if there are any additional funding awards and/or funding opportunities from US HUD for the HCV Program.

If you have any questions or concerns, please feel free to contact me directly or Senior Advisor Cynthia W. Curry at 305-375-4126.

c: Honorable Carlos Alvarez, Mayor
Denis Morales, Chief of Staff
Cynthia W. Curry, Senior Advisor to the County Manager
Jennifer Glazer-Moon, Special Assistant/Director, Office of Strategic Business Management
Gregg Fortner, Director, Miami-Dade Public Housing Agency
Joe Rasco, Director, Office of Intergovernmental Affairs



Public Housing Agency
701 NW 1st Court, 16th Floor
Miami, Florida 33136-3914
T 786-469-4100
miamidade.gov/housing

May 12, 2011

Mr. David A. Vargas
Deputy Assistant Secretary
U.S. Department of Housing and Urban Development
Real Estate Assessment Center
550 12th Street S.W., Suite 100
Washington, DC 20410

Subject: Appeal of Troubled/Substandard Designation

Dear Mr. Vargas:

We are in receipt of the United States Department of Housing and Urban Development's (USHUD) electronic correspondence dated April 14, 2011 on the subject of the financial portion of the Miami-Dade Public Housing Agency's (MDPHA's) Public Housing Assessment System (PHAS) Score Report for Fiscal Year ending September 30, 2009. In accordance with 24 CFR 902.69, this correspondence serves as MDPHA's appeal for reconsideration of its "Substandard Financial" PHAS designation.

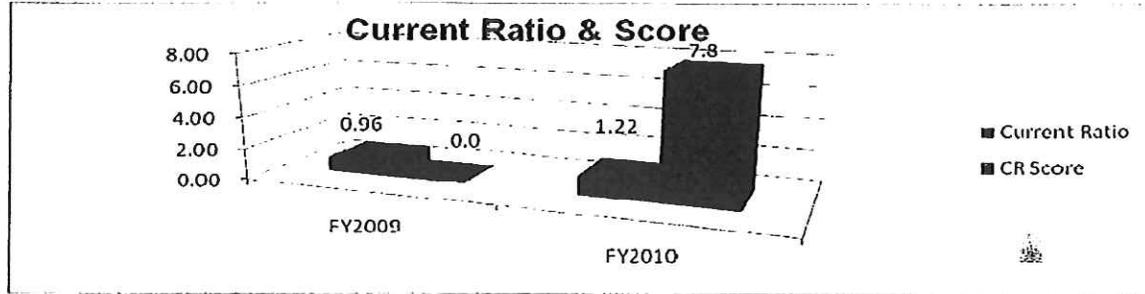
MDPHA takes great pride in fulfilling its mission of providing decent, safe, sanitary, affordable housing. Since the takeover by USHUD in October 2007, the Agency has made tremendous progress in improving its overall condition, including its financial position. This narrative will focus on a few key financial metrics that will illustrate the significant improvement MDPHA has made in managing its finances. The discussion will also review how prudent fiscal responsibility in these areas has strengthened the MDPHA balance sheet despite the actions taken by USHUD to recapture over \$43 million from its Section 8 Housing Choice Voucher (HCV) program.

Improvements in Scoring of FY 2010 Current Ratio & Months Expendable Fund Balance

Among the components for the financial indicators are the "*Current Ratio (CR)*" which consists of current assets divided by current liabilities and the "*Months Expendable Fund Balance (MEFB)*" which consists of current assets less current liabilities divided by monthly operational expenses. Both of these components rely heavily on current asset and current liability balances for their computations.

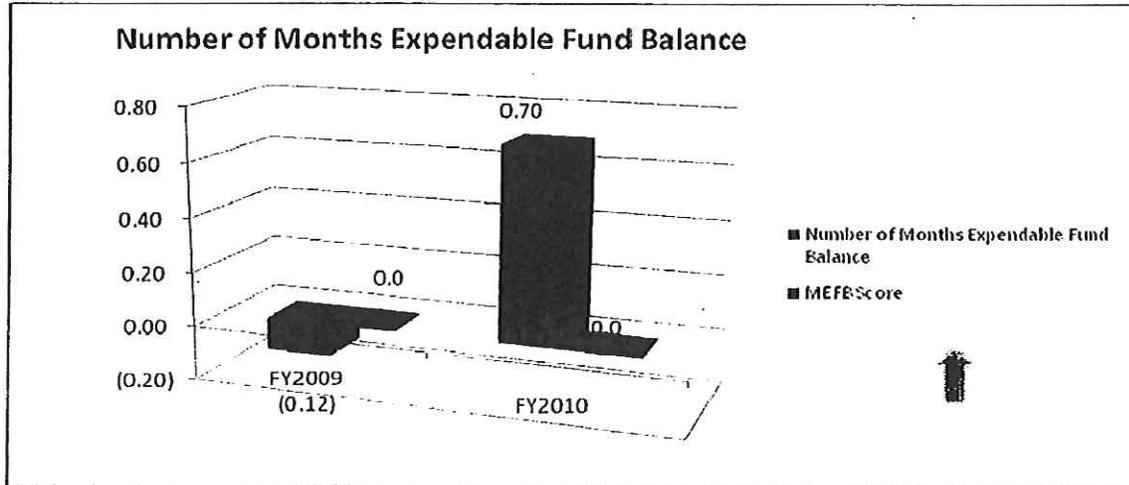
MDPHA's Current Ratio for FY 2009 was 0.96 which did not score any points due to the current asset balance being lower than the current liabilities at that time. However, in FY 2010, MDPHA made significant improvements in its ratio by decreasing its current liabilities. If we were to calculate our Current Ratio today, using the final audited financial statements of September 30, 2010, it would result in MDPHA having a 1.22 Current Ratio thus scoring 7.8 points (Table 1). This score amounts to 87% of the 9 point maximum allowed for this indicator.

Table 1:



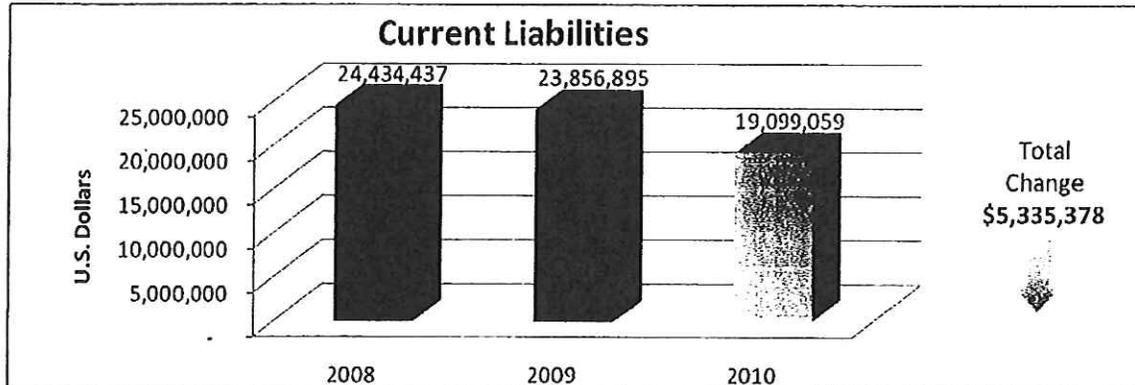
The MEFB for FY 2009 did not score any points because of a negative ratio of -0.12. This was due to current liabilities being higher than current assets at the time. However, again by reducing liabilities for FY 2010, MDPHA improved its MEFB to a .70 which was just shy of scoring points (Table 2).

Table 2:



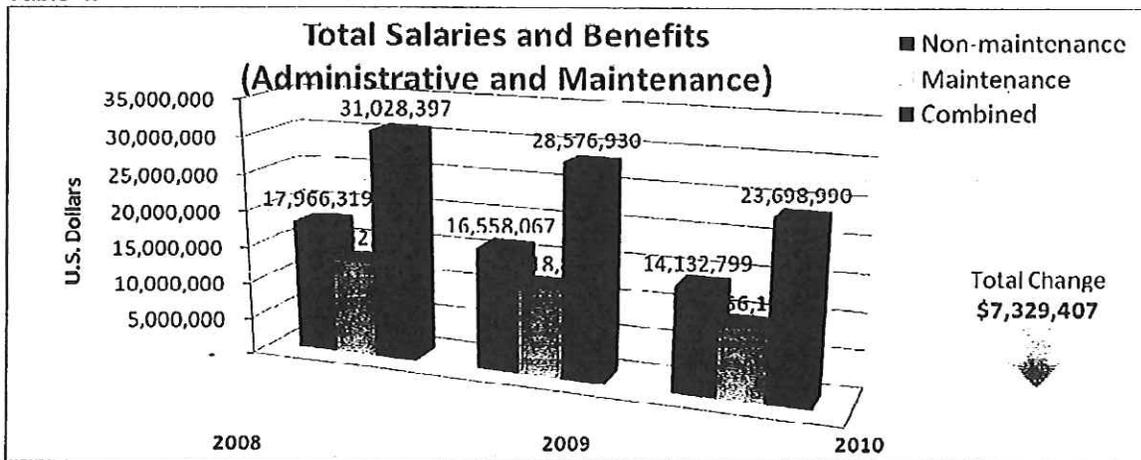
The improvements in both the CR and MEFB can be attributed to MDPHA's efforts to reduce its current liabilities by over \$5 million since FY 2008 (Table 3).

Table 3:



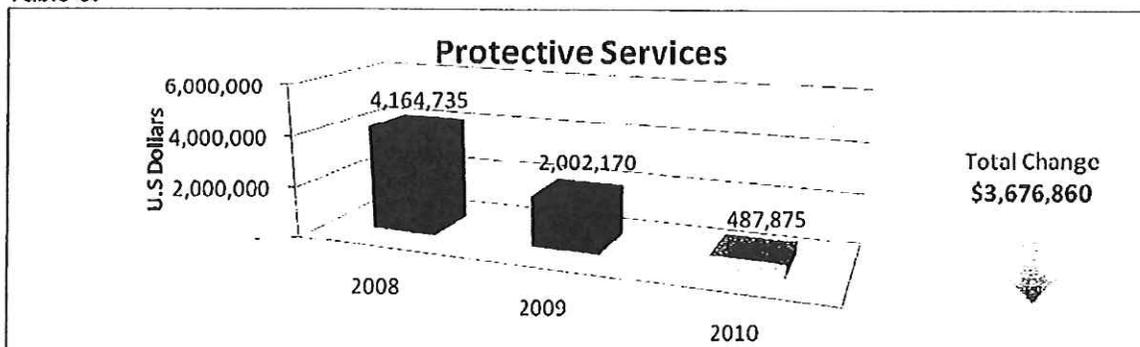
The most significant improvements of current liabilities are found in salaries and benefits where the total costs were reduced by \$2.5 million in FY 2009 and an additional \$4.9 million in FY 2010 totaling over \$7 million in savings (Table 4). MDPHA, like most large organizations, incurs significant labor costs. The Agency has taken a comprehensive look at how it does business and the personnel required to conduct its business in efforts to streamline its labor force and improve savings. The savings in FY 2009 and 2010 is mostly attributed to maintenance personnel reductions. Yet despite a 48% reduction in maintenance staffing costs, the Agency's Public Housing Assessment System (PHAS) Physical Condition and Management Assessment Subsystem (MASS) scores continue to improve. In fact, our most recent physical condition score was 24 out of 30 points or 81%.

Table 4:



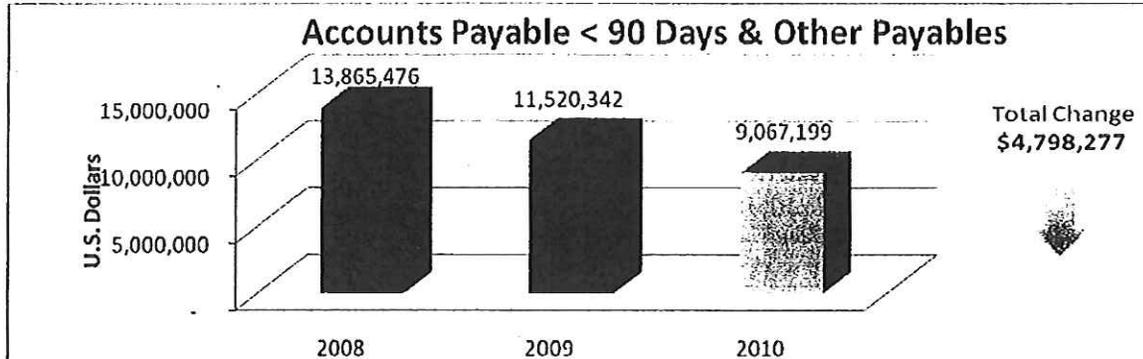
Another significant improvement was in reducing the costs of protective services. It is imperative that our residents feel safe while living in our properties, that staff and vendors are safe when conducting business and visitors feel safe on our properties while visiting family and friends. MDPHA has worked to maximize its ability to provide a safe and secure environment while being conscious of the enormous costs that can come with providing protective services. The Agency thoroughly reviewed the usage of security guards at our sites. Where appropriate, we took the approach of installing security gates, intercom systems, increased lighting and other capital improvements that did not require recurring costs. As such, the Agency has reduced protective services charges by \$2 million dollars in FY 2009 and another \$1.6 million in FY 2010 for a total savings of \$3.6 million since FY 2008 (Table 5).

Table 5:



The same progress has been made in reducing balances for other services such as technology services, worker's compensation insurance, fleet charges, and other essential items by over \$2 million since FY 2008. Also, at the end of 2010, outstanding accounts payable liability for 90 days and under totaled only \$288,735, representing an additional reduction of \$2.7 million. All together this represents a savings of \$4.7 million since FY 2008 (Table 6).

Table 6:

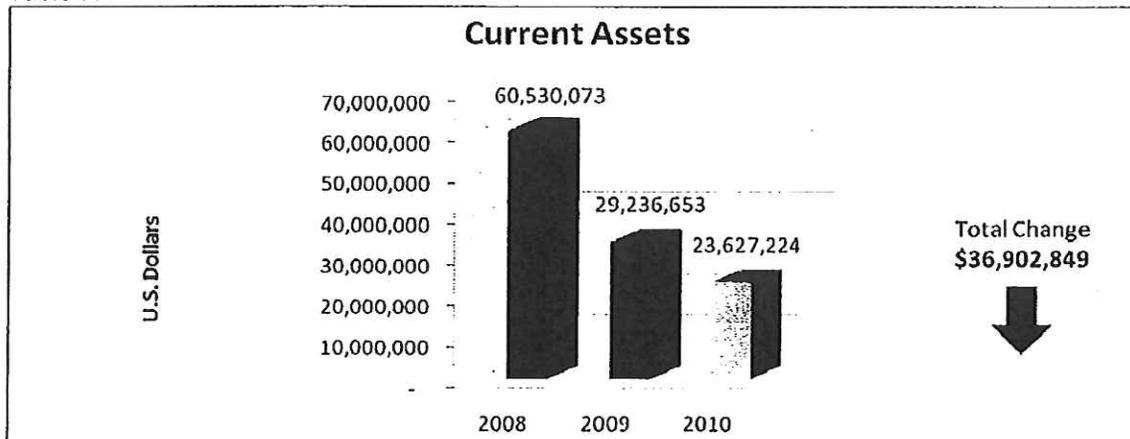


In summary, this analysis of the CR and MEFB for FYs 2009 and 2010 show higher ratios and points due to significant reductions in current liabilities as previously explained.

Transfer from Non-Federal Unrestricted Funds to the Section 8 Housing Choice Voucher Program in 2010 to Offset Recapture of \$43 Million

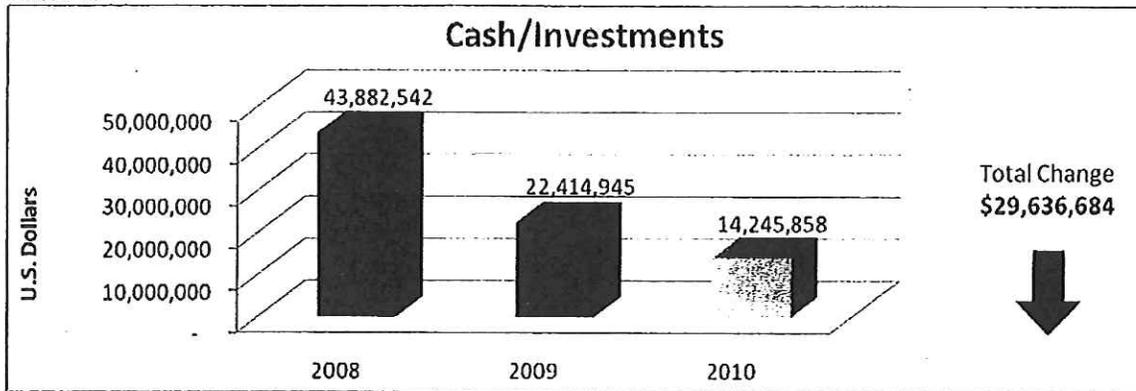
Although MDPHA made significant progress in reducing its liabilities, the improvements would have been much more obvious had it not been necessary to transfer \$6,124,201 of its Unrestricted Cash (line 111) to the Section 8 Housing Choice Voucher (HCV) program in order to offset the loss caused by USHUD recapturing \$43 million from MDPHA's Housing Choice Voucher (HCV) funds. The impact on total current assets, particularly cash/investment balances, as a result of the recapture and subsequent transfer of non-federal unrestricted funds is devastating. In 2008, the Agency possessed total current assets of \$60,530,073; however in FY 2010, total current assets amounted to only \$23 million (Table 7).

Table 7:



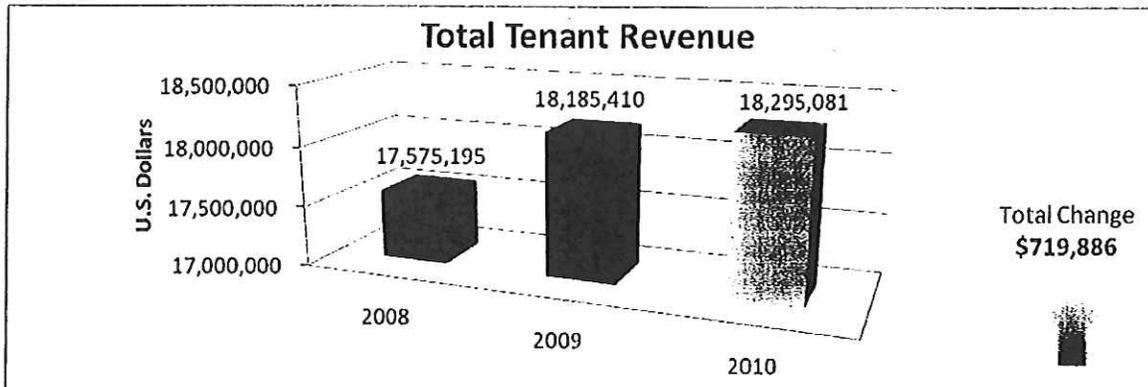
Well run organizations must maintain sufficient assets to pay its bills on-time while maintaining acceptable levels of debt. In spite of the setbacks related to the recapture, and the fact that the Agency maintains a cash/investment balance that is approximately 33% of what it had in 2008 (Table 8), the Agency continues to reduce its debt in the key areas previously mentioned. However, the lack of sufficient assets with which to conduct business will continue to have devastating effects throughout 2011 and beyond.

Table 8:



To compensate for the lack of sufficient assets, MDPHA is placing additional emphasis on tenant rent collections. For example, total tenant revenue has increased by \$719,886 since 2008 which has bolstered MDPHA current assets but not nearly enough to overcome the burden of a \$43 million recapture and the subsequent transfer of non-federal unrestricted cash to the Section 8 HCV program (Table 9).

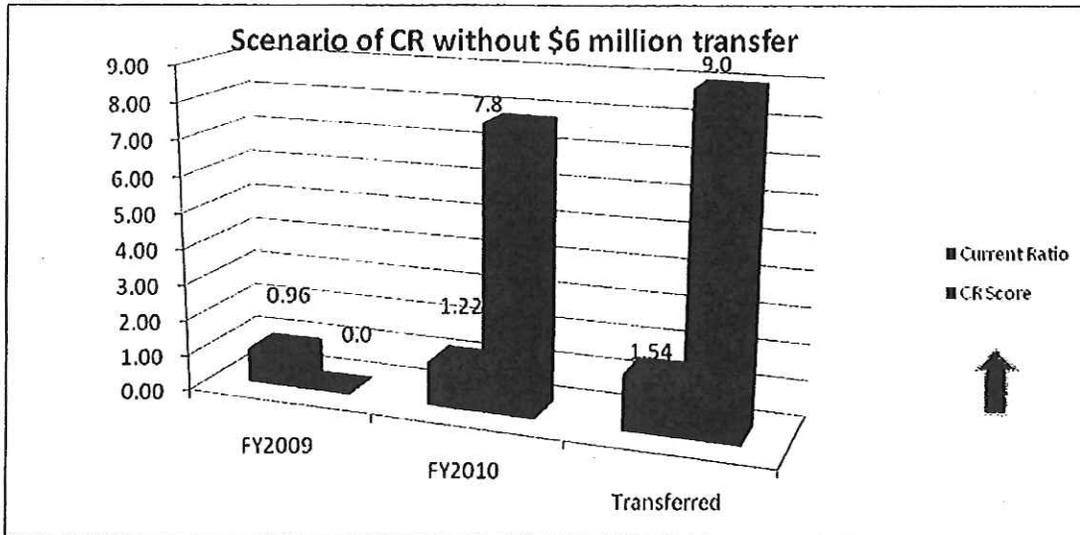
Table 9:



One of the mandates in the Memorandum of Understanding (MOU) between USHUD and Miami-Dade County required the County to contract out MDPHA's Section 8 HCV program. This decision was inevitably based on the fact that the program required a thorough overhaul including clean-up of its data and its processes; however, such an undertaking can be expensive making it even more vital to have sufficient assets on hand. The recapture has prevented the Agency from utilizing close to 1,300 of its Housing Choice Vouchers. This is a critical situation, especially in light of the fact that MDPHA has a waiting list of over 70,000.

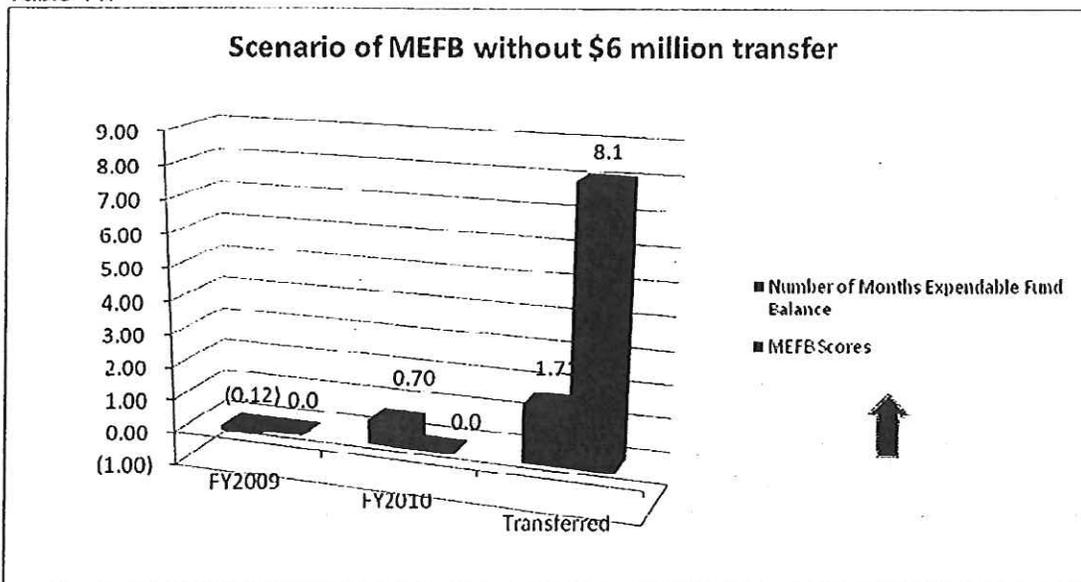
The analysis below presents the scenario of how MDPHA's Current Ratio and MEFB scores would appear had it not been necessary to transfer non-federal unrestricted cash to the Section 8 HCV program in 2010 as a result of USHUD recapturing \$43 million in HCV funds. Please note that in such a scenario, MDPHA's FY 2010 current assets would now total over \$29 million instead of \$23 million thus increasing the Current Ratio to 1.54 instead of 1.22. Such a ratio would score the maximum of 9 points (Table 10).

Table 10:



Also with a higher current asset balance in this scenario, the MEFB ratio would rise to 1.71 instead of 0.70 thus scoring an outstanding 8.1 points (Table 11).

Table 11:



Mr. David Vargas
May 12, 2011
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By improving our CR and our MEFB ratio, MDPHA's combined points would now total 17.1 (or 95%) of a maximum possible score of 18 in these two areas.

Thus the recapture of \$43 million and resulting transfer of unrestricted assets to the Section 8 Housing Choice Voucher program has created a devastating impact on MDPHA's fiscal position and most importantly our clients.

USHUD Takeover & Oversight Affected FY 2009

In October 2007, the ultimate sanction was invoked when USHUD assumed possession of MDPHA. Subsequently, control was granted back to the Agency with enhanced USHUD oversight on January 8, 2009. The enhanced oversight by USHUD required a Memorandum of Understanding (MOU) between Miami-Dade County and USHUD. The MOU was in place until December 31, 2010 and concluded with MDPHA successfully completing all task items required in the Action Plan. PHAS fails to take into account the transitional period taking place during fiscal year 2009 at MDPHA resulting from USHUD's receivership. Since USHUD was still in possession of MDPHA during the first few months of FY 2009 and provided increased regulatory and administrative oversight via the MOU for the remainder of the fiscal year and throughout FY2010, MDPHA should not be subject to a negative rating since it complied with all requirements and obligations under the MOU.

Conclusion

In light of the facts presented in this appeal, we feel that the "Substandard Financial" PHAS designation is unwarranted. It is requested that MDPHA be granted a waiver of its financial condition score due to the unusual events as described in this appeal which placed MDPHA in this untenable position through circumstances beyond the control of the agency. We look forward to your communication confirming rescission of the "Substandard Financial" designation as soon as possible. Should there be any questions or request for further clarification, please call me at 786-469-4106 (email: fortner@miamidade.gov) or Craig L. Clay at 786-469-4192 (email: cclay@miamidade.gov).

Sincerely,



Gregg Fortner
Executive Director

c: Johnson Abraham, Program Manager, Integrated Assessment Subsystem, USHUD
José Cintrón, Director, Office of Public Housing, Miami Field Office, USHUD
Craig Clay, Deputy Executive Director/Chief Financial Officer, MDPHA
Mari Saydal-Hamilton, Assistant Executive Director, MDPHA
Lindsey Reames, Senior Advisor, Field Operations Division (HQ), USHUD

Attachments

ATTACHMENT

Miami-Dade Public Housing Agency				
Computation of Current Ratio and Months Expendable Fund Balance based on Final Audited Financial Statements				
As of September 30, 2010				
	Prior Year	Current	Maximum	Scenario if
	PHAS	PHAS	Possible	\$6M not
	FY2009	FY2010	Score	Transferred
Indicator 1. Current Ratio (CR)				
Current Assets (numerator)	23,001,109	23,327,880		29,452,081
Current Liabilities (denominator)	23,856,895	19,099,059		19,099,059
Current Ratio (CR)	0.96	1.22		1.54
CR Score	0.0	7.8	9	9.0
Indicator 2. Number of Months Expendable Fund Balance (MEFB)				
Expendable Fund Balance - EFB (Current Assets less Current Liab.)	(855,786)	4,228,821		10,353,022
Average Monthly Expenses (denominator)	6,923,249	6,040,567		6,040,567
Number of Months Expendable Fund Balance	(0.12)	0.70		1.71
MEFB Score	0.0	0.0	9	8.1
Total CR and MEFB under "OLD" FASS	0	7.8	18	17.1

Miami-Dade Public Housing Agency				
Based on Final Audited Financial Statements		Prior Year	Current	Scenario If
As of September 30, 2010		PHAS	PHAS	\$6M not
		9/30/2009	9/30/2010	Transferred
To Calculate Current Ratio:				
Current Assets:				
111	Cash - Unrestricted	7,930,623	10,485,592	16,609,793
114	Cash - Tenant Security Deposits	1,273,551	1,384,241	1,384,241
115	Cash - Restricted for Payment of Current Liabilities	27,573	76,968	76,968
100	Total Cash	9,231,747	11,946,801	18,071,002
120	Total Receivables, net of allowances	5,639,459	8,252,764	8,252,764
131	Investments unrestricted	6,947,654	1,999,713	1,999,713
135	Investments - Restricted for Payment of Current Liabilities	0	0	0
142	Prepaid Expenses and Other Assets	1,182,249	1,128,602	1,128,602
150	Total Current Assets (numerator for Current Ratio)	23,001,109	23,327,880	29,452,081
Current Liabilities:				
311	Bank Overdraft	0	0	0
312	Accounts Payable <=90 Days	1,141,346	288,735	288,735
313	Accounts Payable > 90 Days	0	0	0
321	Accrued Wage/Payroll Taxes Payable	849,496	900,540	900,540
322	Accrued Compensated Absences - Current	1,360,400	286,882	286,882
324	Accrued Contingent Liability	0	0	0
325	Accrued Interest Payable	0	0	0
331	Accounts Payable - HUD PHA Programs	1,884,809	1,142,706	1,142,706
332	Accounts Payable - PHA Projects	0	0	0
333	Accounts Payable - Other Government	10,378,996	8,778,464	8,778,464
341	Tenant Security Deposits	1,273,551	1,384,241	1,384,241
342	Deferred Revenues	0	65,552	65,552
343	Current Portion of L/Term Debt-Capital Projects	0	0	0
344	Current Portion of L/Term Debt-Operating Projects	0	0	0
345	Other Current Liabilities	478,348	76,968	76,968
346	Accrued Liabilities - Other	6,489,949	6,174,971	6,174,971
347	Interprogram Due To	0	0	0
348	Loan Liability - Current	0	0	0
310	Total Current Liabilities (denominator for Current Ratio)	23,856,895	19,099,059	19,099,059
Current Ratio (Current Assets divided by Current Liab.)		0.96	1.22	1.54
Number of Months Expendable Fund Balance (MEFB):				
150	Current Assets	23,001,109	23,327,880	29,452,081
310	Current Liabilities	23,856,895	19,099,059	19,099,059
Expendable Fund Balance-EFB (Assets less Liab.)		(855,786)	4,228,821	10,353,022
Expenses:				
96900	Total Operating Expenses	83,078,987	72,484,191	72,484,191
97100	Extraordinary Maintenance	0	2,609	2,609
97200	Casualty Losses - Non-Capitalized	0	0	0
97800	Dwelling Units Rent Expense	0	0	0
Total Annual Expenses		83,078,987	72,486,800	72,486,800
Monthly Expenses (Annual Expense divided by 12)		6,923,249	6,040,567	6,040,567
MEFB (EFB divided by Monthly Expenses)		-0.12	0.70	1.71



U. S. Department of Housing and Urban Development
OFFICE OF PUBLIC AND INDIAN HOUSING
REAL ESTATE ASSESSMENT CENTER

Report Date: 10/16/2012

Public Housing Assessment System (PHAS) Score Report for Interim Rule

PHA Code:	FL005
PHA Name:	MIAMI DADE PUBLIC HOUSING AND COMMUNITY DEV
Fiscal Year End:	9/30/2011

PHAS Indicators	Score	Maximum Score
Physical	29	40
Financial	14	25
Management	13	25
Capital Fund	10	10
Late Penalty Points	0	
PHAS Total Score	66	100
PHAS Designation	Substandard	

Initial PHAS score Issued date: 6/25/2012

Financial Score Details	Score	Maximum Score
Submission Type: Audited/A-133		
1. FASS Score before deductions	13.75	25.00
2. Audit Penalties	0.00	
Total Financial Score Unrounded (FASS Score - Audit Penalties)	13.75	25.00

Capital Fund Score Details	Score	Maximum Score
Timeliness of Fund Obligation:		
1. Timeliness of Fund Obligation %	90	
2. Timeliness of Fund Obligation Points	5	5
Occupancy Rate:		
3. Occupancy Rate %	91	
4. Occupancy Rate Points	5	5
Total Capital Fund Score (Fund Obligation + Occupancy Rate):	10	10

Notes:

1. The scores in this Report are the official PHAS scores of record for your PHA. PHAS scores in other systems are not to be relied upon and are not being used by the Department.
2. Due to rounding, the sum of the PHAS indicator scores may not equal the overall PHAS score.
3. "0" FASS Score indicates a late presumptive failure. See §§ 902.60 and 902.92 of the Interim PHAS rule.
4. "0" Total Capital Fund Score is due to score of "0" for Timeliness of Fund Obligation. See the Capital Fund Scoring Notice.
5. PHAS Interim Rule website - <http://www.hud.gov/offices/reac/products/prodphasinrule.cfm>