

CHAPTER 6. PROBLEM RESOLUTION

6-1 OBJECTIVE. The objective of this Chapter is to provide guidance to Field Offices in problem resolution.

6-2 APPLICABILITY. Some PHAs will have the capacity, intent, and necessary local community and resident support to proceed with corrective actions necessary to address identified problems. Other PHAs lack the capacity or local community support to proceed with those actions necessary to correct systemic problems. This section of the Handbook provides guidance for developing and implementing a concrete improvement strategy in such instances. Because the specific problems and circumstances of every PHA are different, there can be no uniform blueprint for action. However, the recommended approach to the problem resolution phase of a review is based on two fundamental premises:

A.The Field Office should first seek to achieve improved PHA outcomes through a cooperative problem-solving approach with the PHA and local leadership. It should be noted that problem resolution can, and should, be accomplished with or without on-site Field Office involvement.

B.If the PHA and local leadership lack the capacity and/or commitment to improve PHA outcomes, the Field Office should consider whether to initiate targeted interventions in order to create the necessary conditions for change. In the event the Field Office determines that all or most of the problems are rooted in the local political environment, the Assistant Secretary for Public and Indian Housing should be notified prior to the implementation of targeted interventions.

6-3SEEKING AND CARRYING OUT A COOPERATIVE PROBLEM-SOLVING RELATIONSHIP.

A.Seeking a cooperative problem solving relationship. Even a PHA with serious and longstanding operational difficulties can turn around if both PHA and local leadership are capable and committed to addressing these problems constructively. Field Office staff should seek a cooperative problem-solving relationship with PHA and local leadership by meeting to develop an improvement strategy. The Field Office may find, through PHA reporting, that a PHA is making steady progress toward improving its operations. The quality of these interactions will help Field Office staff to determine whether a cooperative problem-solving approach is a viable option, or whether stronger interventions will be necessary. In making this determination, the Field Office should assess:

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1.Whether PHA leadership has the necessary skills and is committed to developing and implementing an improvement strategy.

2. Whether local leadership is committed to assisting the PHA to improve its operations through such supportive actions as:

a. Ensuring the cooperation of key public agencies, such as the police department, public works, recreation and social service agencies, are fully meeting all the requirements of the Cooperation Agreement; and

b. Contributing resources; e.g., local funds, Community Development Block Grant (CDBG) funds, etc., to the improvement effort.

3. If during this process the Field Office determines that there is good potential for a cooperative problem-solving relationship with a PHA they follow those steps outlined under subparagraph 6-3B, "Carrying out cooperative problem-solving."

B. Carrying out cooperative problem-solving. The purpose of cooperative problem-solving is to bring a PHA's housing and the quality of life of its residents to acceptable standards through the constructive collaboration of key participants -- PHA leadership, local leadership, residents, and HUD. This section of the Handbook provides specific guidance regarding steps to be taken in carrying out these responsibilities. Final responsibility for achieving these results rests with the PHA. However, the Field Office has an important role to play in helping with the process by:

1. Bringing participants together to initiate a problem-solving process;

2. Helping to develop concrete improvement strategies;

3. Helping the PHA to identify and obtain technical assistance resources as necessary; and

4. Monitoring performance progress and taking appropriate action when the process becomes stalled or has gone astray.

C. Development of an Operational Improvement Plan (OIP). If an OIP is determined by the Field Office to be necessary, the PHA's development of the OIP is the first step in the problem-solving process. The OIP is a definitive road map for guiding the PHA to acceptable performance. The purpose of the OIP is to commit all participants to a detailed plan of action

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for improving PHA performance within a realistic timeframe. The OIP should be completed and approved by the Board not later than 45 calendar days from the date the PHA is notified that an OIP is necessary. In assisting with the development of the OIP, Field

Office staff (in conjunction with the PHA) should consider the PHA's need for technical assistance.

1.The Field Office has the flexibility to determine whether a PHA should be required to develop an OIP. These determinations should be made on a case-by-case basis. However, if any of the following circumstances exist, the Field Office should require the development of an OIP.

a.The PHA continues to refuse to acknowledge that it has a history of poor performance and has failed to demonstrate progress toward improving its performance;

b.The PHA continues to refuse to acknowledge that it has a problem(s), although the Field Office can clearly document the existence of the problem(s); and/or

c.The problem(s) identified during the review are of such a serious nature that it would be in the best interest of the PHA and HUD to have an OIP. In the event future sanctions must be imposed, adequate documentation to support those sanctions is critical.

2.If the development and submission of an OIP is appropriate, it should be accompanied by a Board resolution. Board approval of the OIP is more likely to be obtained if the Board has been involved in the review and the problem-solving process. Involvement of the Board will also help to establish realistic expectations among Board members about the rate at which improvements can be achieved and the level of resources required to attain the desired improvements.

3.If a determination is made that an OIP will not be required, the Field Office should document its files as to the reason(s). If an OIP is required, it should contain the following information:

a.Name and address of the PHA;

b.Names of the Executive Director and Board Chairperson;

c.Findings;

d.Baseline data justifying findings;

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e.Causes of each of the problems leading to findings;

f.Strategies to correct identified problems;

g.Performance goals and quarterly targets;

h.Person(s) with lead responsibility for implementing

corrective actions;

- i. Technical assistance needs;
- j. Executive Director's signature; and
- k. Board resolution.

4. The Field Office Should work with the PHA, to the extent practicable, to ensure that the substance of the OIP is adequate and realistic. It should:

- a. Establish specific Strategies/goals that will correct the problem(s) and clear the findings; and
- b. Address problems in a logical manner.

5. If the PHA or local leadership do not make progress in developing the OIP within an agreed upon timeframe, refuse to agree to reasonable goals and strategies, resist Signing the OIP once completed, or in other ways fail to cooperate in the improvement process, Field Office staff should reconsider the workability of the cooperative problem-solving approach. If necessary, they should inform key participants of their intention to impose targeted interventions, as outlined in Chapter 7.

6. In some instances, the Field Office and PHA may conclude that a PHA's operational difficulties can be resolved without assistance from outside experts. In other areas, the PHA may need outside assistance to achieve performance results. A Strategy for obtaining this assistance is an important component of the OIP. A technical assistance Strategy requires consideration of the type of assistance needed, availability of providers, cost of providers, and availability of resources. If necessary, the Field Office staff can play an important role in helping the PHA in this area.

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7. Often, the outside assistance needed by a PHA can best be provided by another PHA that has already solved the problem. The Field Office is in a good position to arrange for such PHA-to-PHA assistance. This approach may not be practical for problems that require detailed analysis, preparation of original written materials or long-term on-site presence.

8. HUD team members can be particularly helpful in terms of facilitating the provision of technical assistance. However, certain performance problems may require involvement by the review team. These may include problems that require interpretation or clarification of HUD rules and regulations. These issues are primarily compliance-based, requiring the kind of specific knowledge

that HUD staff can provide. Examples of issues that could require HUD advisory services include, but are not limited, to the following:

- a. Procurement procedures (including both operational and modernization procurement);
- b. Occupancy procedures (e.g., complying with federal preference regulations, eligibility requirements, etc.);
- c. Accounting procedures;
- d. Fair Housing and Equal Opportunity regulations;
- e. Record-keeping requirements, both substance and format;
- f. Applications for Federal funding (both formula and competitive funding);
- g. New program requirements; and
- h. Changes to existing regulations, including new requirements.

9. In some instances, PHA operational problems may be most appropriately resolved through outside assistance. If requested, the Field Office can help the PHA identify and prioritize its outside technical assistance needs. The scope of services defines the type and level of effort required for the PHA to solve its performance problems. This will depend primarily on the depth and complexity of a problem(s) and the

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capacity of PHA management and staff. The primary responsibility for identifying such needs, however, rests with the PHA.

- a. The problem requires special knowledge and training that neither PHA nor HUD personnel have.
- b. The problem is one on which HUD personnel have adequate expertise, but not the time required to analyze thoroughly all aspects of the problem area, and/or follow through with the necessary level of technical assistance.

10. When the type and scope of services required by the PHA have been determined, the next step is to identify potential sources of such assistance. The range of possible providers includes, but is not limited to, the following entities:

- a. Other housing authorities, either in formal

affiliations or on an individual basis. Such assistance can take many forms including, but not limited to, offering informal long-distance advice to actually loaning staff for on-site demonstrations of techniques and procedures, or hosting staff interested in getting first-hand, on-Site exposure to effective management systems/practices.

b.Public agencies. Such entities may be able to provide PHA staff and/or residents with technical assistance in specific areas. For example, if security is a concern, the local police department may be able to provide crime prevention and neighborhood watch workshops. Local schools and social service organizations may welcome the chance to work with the PHA to create innovative programs for residents.

c.Private consultants and contractors, such as those specializing in financial management, maintenance systems, Organizational analysis, human resources, rehabilitation, and the management of public and other low-income housing.

d.Trade associations. These may be a potential technical assistance and/or training resource in a variety of areas such as housing, human services, community development, and property management. Such entities often offer technical assistance and training opportunities through a variety of mechanisms, including seminars, courses, and long-term on-site assistance.

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e.Non-profit organizations may provide training and technical assistance services, or be in a position to set up special arrangements with the PHA. For example, universities and professional schools sometimes offer technical assistance and research support on a paid or pro bono basis.

f.Major corporations and private business organizations, when requested, are sometimes willing to provide a PHA with free "on loan" personnel to assist in such areas as fiscal management, automated data processing, etc.

11.The Field Office should assist the PHA (PHA retains primary responsibility) to determine all possible sources of funds to purchase necessary technical assistance. Possible resources include:

a.Operating subsidy or available operating reserves;

b.Non-subsidy income (e.g., administrative fees, etc.);

c.Management improvement funds from modernization funding under Comprehensive Improvement Assistance Program or the Comprehensive Grant Program;

d.Other HUD grants (e.g., drug-elimination, etc.);

e.Local funds, including CDBG and HOME funds; and

f.Other resources at the Federal, State and local levels.

12.Resources available for outside technical assistance are finite, so PHA management must establish realistic priorities and incorporate these into the OIP. Field Office staff may assist the PHA in developing a technical assistance package that both supports its effort to achieve improvement goals and reflects the most effective use of limited financial resources. The following considerations are important:

a.The package should acknowledge key constraints, such as availability and cost of providers, as well as needs.

b.The package should reflect the priorities of the final report. More resources should be devoted to technical assistance in those areas that offer the greatest potential for improving overall performance.

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c.Technical assistance should be phased in so that:

(1)High-priority management improvement needs are met first, while less urgent goals are deferred;

(2)Limited resources are maximized; and

(3)The PHA's technical assistance needs can be periodically reassessed as its management capacity increases.

13.The end result of such a process is a balanced and realistic strategy, incorporated into the OIP, to obtain technical assistance to help the PHA improve its performance.

D.Relationship between MOA, IP and OIP.

1.A Memorandum of Agreement (MOA) is a binding contractual agreement between HUD and a troubled and/or mod-troubled PHA. The PHMAP Handbook 7460.5, Chapter 9, discusses performance issues subject to an MOA. The PHMAP Handbook also addresses instances when an Improvement Plan (IP) is required of a PHA based on its PHMAP performance. This Handbook incorporates the use of an OIP, at the discretion of the Field Office, if a PHA is in need of such a document to serve as a "blueprint" to implement change.

a. Pursuant to 24 CFR 901, the MOA and IP are restricted in terms of coverage to only the PHMAP indicators determined to be deficient, so it is not permissible to use these documents to address non-PHMAP related deficiencies identified as a result of the on-site review process. Therefore, it is necessary to address such deficiencies separately in an OIP.

b. If deficiencies are reflected in an existing MOA or IP, it is not necessary to address those deficiencies in the OIP; instead, they may be handled by an appropriate cross-reference in the OIP.

c. If the reviewer(s) determine that additional strategies are necessary to address deficiencies already identified in an existing MOA or IP, these documents should be amended appropriately.

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2. Changes in a PHA's Board or Executive Director shall not entitle the PHA to disregard the provisions of the OIP. However, in some instances, revisions to the OIP may be appropriate as mutually agreed upon by HUD and the PHA.

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