



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

300 North Los Angeles Street, Suite 4054
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OFFICE OF PUBLIC HOUSING

August 17, 2026

Board of Commissioners
c/o Ms. Janet Jernigan, Board Chairperson
Housing Authority of the City of Needles
908 Sycamore Drive
Needles, CA 92363

Subject: Public Housing Agency Recovery & Sustainability (PHARS) Assessments Results and Determinations

Dear Commissioners:

This letter is to convey the results and determinations of a PHARS assessment of the Housing Authority of the City of Needles (CA022) conducted by HUD on July 20, 2026, through July 22, 2026, and advises the Housing Authority of the next steps to be taken by HUD. The Housing Authority of the City of Needles received an assessment of its financial condition and governance because of a designation of Troubled by HUD's Real Estate Assessment Center ("REAC") for the fiscal year ending June 30, 2024.

HUD's team reviewed the agency's financial records, Board minutes, and other relevant documents. The review also included interviews with the Housing Authority's Board Chair, program leadership, and staff. HUD appreciates the assistance and cooperation provided by the agency throughout the process.

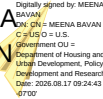
The results and determinations from the assessment are outlined in the enclosed summary. These results will inform the development of a Recovery Agreement and Action Plan, as required by applicable federal statutes and requirements, which will establish specific performance standards and timelines, and identify the corrective actions and remedies to achieve and sustain agreed-upon levels of performance. As soon as feasible, HUD will negotiate and execute the Recovery Agreement and Action Plan with the Housing Authority and assist the agency in initiating the development of a Sustainability Plan.

We appreciate your cooperation and look forward to working with the Housing Authority of the City of Needles to support its continued recovery and achievement of sustainable performance. If you have any questions, please contact Ms. Mayfelisa Miso at mayfelisa.miso@hud.gov, Mr. Twan Quach at twan.quach@hud.gov and Mr. Jameel Hill at jameel.e.hill@hud.gov

Thank you for your continued assistance and cooperation in this matter.

Sincerely,

MEENA
BAVAN



Digitally signed by MEENA
BAVAN
DN: cn=MEENA BAVAN
c=US,
o=U.S.
Government OUI =
Department of Housing and
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Meena S. Bavan
Director
Office of Public Housing

Enclosure: Results and Determinations

cc:

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Housing Authority of the City of Needles – CA022
Public Housing Agency Recovery and Sustainability Assessment (PHARS)
Results and Determinations
August 11, 2026

Results

1. Governance and Oversight

- The assessment found that the Housing Authority's governance and oversight practices were previously weakened by longstanding management deficiencies. Since the City of Needles assumed operational responsibility in February 2023, management has taken significant steps to strengthen Board oversight, executive management, communication, and accountability.
- Although the Board of Commissioners meets monthly and reviews budgets, procurement activities, policies, major expenditures, and operational updates, continued Board governance training is needed to ensure that Commissioners have a clear understanding of their oversight responsibilities and the financial and operational condition of the Housing Authority.
- The assessment found that executive management has established regular coordination meetings involving City leadership, Finance, and Housing management. These meetings have improved communication and accountability; however, continued formalization of management procedures is needed to ensure that responsibilities, reporting expectations, and follow-up activities are consistently documented.
- The Housing Authority has updated major policies, including the Admissions and Continued Occupancy Policy (ACOP), Administrative Plan, Annual Plan, and other operating policies. However, the Housing Authority has not completed development and implementation of all necessary Standard Operating Procedures (SOPs).
- The assessment found that routine financial information provided to the Board should be further strengthened to ensure the Board receives sufficient information to effectively monitor the Housing Authority's financial condition, program performance, and emerging operational risks.
- These conditions indicate a need for continued strengthening of governance practices, Board training, management procedures, and formal reporting mechanisms to ensure sustained oversight and accountability.

2. Financial Management and Internal Controls

- The assessment found that the Housing Authority's financial management practices have improved substantially since the City assumed operational responsibility; however, continued improvements are necessary to ensure the sustainability of the Housing Authority's financial management and reporting processes.
- The new Finance Director has implemented enhanced financial controls, including invoice review prior to payment, segregation of duties, financial monitoring using trial balances and accounting reports, and increased coordination between Finance and Housing personnel.
- Current Capital Fund applications have been approved, and monthly LOCCS reporting is current. These conditions demonstrate measurable improvement in Capital Fund administration and financial oversight.
- Despite these improvements, staffing limitations within the Finance Department continue to present an operational risk to the timely performance of financial management and reporting responsibilities.
- The assessment identified a continuing need for VMS reconciliation and improved coordination between Finance and Housing staff to ensure the accuracy and completeness of financial and program data.
- Previous audit and administrative deficiencies occurred before current staff assumed responsibility. Although management has implemented corrective measures, continued monitoring is necessary to ensure that improved internal controls are consistently applied and sustained.
- Continued Capital Fund training and HUD Technical Assistance are necessary to strengthen staff knowledge and reduce the risk of future reporting and administrative deficiencies.
- These conditions indicate a need for continued strengthening of financial staffing, internal controls, financial reporting, reconciliation procedures, and Capital Fund administration.

3. Physical Condition, Maintenance, and Vacancy Management

- The assessment found that the Housing Authority has made measurable progress in addressing previous physical condition and NSPIRE-related deficiencies.
- Management reported completion of corrective actions involving smoke alarms, carbon monoxide detectors, and other life-safety deficiencies.

- The Housing Authority has implemented maintenance tracking logs and preventive maintenance practices intended to improve inspection readiness and strengthen accountability for identifying and correcting deficiencies.
- The Housing Authority has retained a third-party consultant to conduct pre-NSPIRE inspections and assist with inspection preparation and appeals.
- The Housing Authority has rehabilitated approximately twenty-six (26) units since 2023 through modernization activities and continues to utilize Capital Funds to improve vacant units.
- Despite this progress, four (4) units remained vacant at the time of the assessment while modernization, repairs, and occupancy-related activities were being completed.
- The assessment found that continued vacancy reduction and unit modernization are necessary to improve occupancy performance and ensure that available housing resources are returned to service as efficiently as possible.
- The Housing Authority's aging housing inventory also presents continuing long-term capital fund needs that require sustained planning, investment, and prioritization.
- These conditions indicate a need for continued preventive maintenance, NSPIRE preparation, vacancy reduction, modernization, and long-term capital fund planning through the Five-Year Action Plan.

4. Program Administration, Data Integrity, and Staffing

- The assessment found that Housing Authority staff continue to administer multiple HUD programs despite staffing limitations and increased operational responsibilities.
- Staff are responsible for Public Housing administration, Housing Choice Voucher administration, VMS reporting, waiting list management, annual and interim reexaminations, VASH coordination, tenant services, financial coordination, and HUD reporting.
- Management acknowledged historical reporting discrepancies involving VMS and PIC and reported that reconciliation efforts remain ongoing in coordination with the Finance Department.
- The assessment found that continued reconciliation of VMS and PIC information is necessary to improve data accuracy, reporting reliability, and management's ability to monitor program performance.
- The Housing Authority has updated policies to incorporate HOTMA requirements; however, continued implementation, staff training, and monitoring are necessary to ensure full compliance with applicable requirements.

- The Housing Authority continues to work toward completion of the development and implementation of Standard Operating Procedures.
- Staffing limitations continue to place additional responsibilities on existing personnel and create a need for continued workforce development, cross-training, and management oversight.
- The assessment found that staff demonstrate commitment to program administration and compliance; however, continued training and technical assistance are necessary to ensure that staff have the knowledge and resources necessary to perform their assigned responsibilities effectively.
- These conditions indicate a need for continued strengthening of program administration, data integrity, staffing capacity, staff training, HOTMA implementation, and written operating procedures.

Determination

- The assessment determined that the Housing Authority of the City of Needles has made substantial progress toward organizational recovery since the City assumed operational responsibility in February 2023.
- The assessment identified significant improvements in governance, financial management and internal controls, Capital Fund administration, physical condition, modernization, program administration, and management coordination.
- The assessment also identified areas requiring continued corrective action and management attention, including governance oversight and training, financial staffing and reporting, VMS/PIC reconciliation, vacancy reduction, modernization, Standard Operating Procedures, HOTMA implementation, and staff training.
- Based on the totality of the assessment results, HUD determined that continued corrective action and monitoring are warranted to ensure that the improvements achieved by the Housing Authority are sustained and institutionalized.
- The findings identified through this assessment will serve as the basis for a Recovery Agreement establishing specific corrective actions, responsible parties, completion timeframes, documentation requirements, and monitoring provisions.
- HUD recognizes the substantial progress made by the Housing Authority and City leadership since February 2023 and encourages continued collaboration with the HUD Field Office and utilization of HUD Technical Assistance to sustain and build upon the improvements achieved.