



HOUSING COMMISSION STAFF REPORT CITY OF NEEDLES, CALIFORNIA

Meeting Date: August 26, 2026

Title: HUD Public Housing Agency Recovery & Sustainability (PHARS) Remote Assessment Results and Determinations

Background: On March 30, 2026, the U.S. Department of Housing and Urban Development (HUD) designated the Housing Authority of the City of Needles (HACN) as **Troubled / Capital Fund Troubled** under the Public Housing Assessment System (PHAS) based on the fiscal year ending June 30, 2024. HACN received an overall PHAS score of **53 out of 100**, consisting of a Financial Assessment score of 25/25, Physical Assessment score of 22/40, Management Assessment score of 6/25, and Capital Fund score of 0/10.

Following the designation, HACN developed and submitted a PHAS Recovery Plan to HUD outlining corrective actions to address the identified deficiencies. Since the assessment period, HACN has implemented significant corrective measures, including correction of identified NSPIRE deficiencies, preventive maintenance and recurring inspection programs, appointment of a dedicated Housing Manager, updated Admissions and Continued Occupancy Policy (ACOP) and Administrative Plan, enhanced vacancy and occupancy monitoring, improved waiting list administration, Capital Fund obligation tracking, increased coordination among Housing, Finance, and executive management, enhanced procurement oversight, and expanded staff training.

As part of HUD's recovery process, HUD conducted a **Public Housing Agency Recovery & Sustainability (PHARS) Remote Assessment** of HACN from July 20 through July 22, 2026. HUD reviewed financial records, Board minutes, and other relevant documents and conducted interviews with the Board Chair, program leadership, and staff.

On August 17, 2026, HUD issued its PHARS Assessment Results and Determinations. HUD determined that HACN has made **substantial progress toward organizational recovery since the City of Needles assumed operational responsibility in February 2023**. HUD identified significant improvements in governance, financial management and internal controls, Capital Fund administration, physical condition and modernization, program administration, and management coordination.

HUD also identified areas requiring continued corrective action and management attention, including governance oversight and training, financial staffing and reporting, VMS/PIC reconciliation, vacancy reduction and modernization, completion of Standard Operating Procedures, HOTMA implementation, and continued staff training. HUD determined that continued corrective action and monitoring are warranted to ensure the improvements achieved by HACN are sustained and institutionalized.

The PHARS assessment results will serve as the basis for development of a **Recovery Agreement and Action Plan** between HUD and HACN. The Recovery Agreement will establish specific corrective actions, responsible parties, completion timeframes, documentation requirements, and monitoring provisions. HUD will also assist HACN with development of a Sustainability Plan to support continued long-term performance.

Staff will continue working collaboratively with HUD and utilizing available HUD Technical Assistance to address the remaining corrective actions, strengthen internal procedures and controls, and sustain the progress recognized through the PHARS assessment.

Attached Exhibits:

Exhibit A: HUD Public Housing Agency Recovery & Sustainability (PHARS) Assessment Results and Determinations Letter dated August 17, 2026

Recommendation: Receive and file the HUD Public Housing Agency Recovery & Sustainability (PHARS) Assessment Results and Determinations and recommend that the Housing Authority of the City of Needles receive and file the report.

Submitted By: Patrick Martinez, HACN Executive Director

City Manager Approval: Patrick J. Martinez Date: 8/20/2026

Other Department Approval (when required): _____ Date: _____