



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA ☐ HACN

☒ Regular ☐ Special

Meeting Date: August 11, 2026

Title: Housing Authority PHAS Recovery Plan Update

Background: On April 29, 2026, the Housing Authority of the City of Needles received notification from the U.S. Department of Housing and Urban Development (HUD) that it had been designated Troubled/Capital Fund Troubled under the Public Housing Assessment System (PHAS). The designation was based on the Housing Authority's Fiscal Year 2023-2024 PHAS assessment, which resulted in an overall score of 53 out of 100, consisting of Financial (25/25), Physical (22/40), Management (6/25), and Capital Fund (0/10) indicators.

HUD directed the Housing Authority to prepare and submit a Recovery Plan identifying the causes of the performance deficiencies and the corrective actions that would be implemented to improve future PHAS performance. HUD also advised that the Housing Authority would enter into a Recovery Agreement establishing performance benchmarks and monitoring requirements as part of the recovery process.

Following receipt of HUD's notification, Housing Authority staff met with HUD representatives, reviewed the PHAS assessment results, and prepared a PHAS Recovery Plan and Corrective Action Plan. The Recovery Plan addresses corrective actions related to physical inspection deficiencies, occupancy management, Capital Fund administration, procurement and contract oversight, staff training, and ongoing performance monitoring. The Recovery Plan was submitted to HUD on May 22, 2026.

Following submission of the Recovery Plan, HUD conducted a Public Housing Agency Recovery & Sustainability (PHARS) Remote Assessment from July 20 through July 23, 2026, as part of its evaluation of the Housing Authority's recovery efforts. During the assessment, Housing Authority staff and representatives of the Board of Commissioners met with HUD, participated in interviews, and provided documentation regarding the corrective actions implemented since the original PHAS assessment period. The Housing Authority is currently awaiting HUD's assessment findings and any additional direction regarding the Recovery Agreement process.

The attached exhibits include HUD's notification letter, the PHAS Score Report, the Housing Authority's PHAS Recovery Plan and Corrective Action Plan, and supporting documentation related to HUD's PHARS Remote Assessment for the Council's information.

Fiscal Impact: None. This is an informational update.

Recommendation: Receive and file the Housing Authority PHAS Recovery Plan Update.

Submitted By: Patrick Martinez, City Manager

City Management Review: Patrick J. Martinez Date: 8/6/2026

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