In the future, towns will also be required to have a tenant on the Board. As of spring 2017 DHCD is writing regulations regarding these elections.
Are all LHAs the Same?

Answer: No! All LHAs must comply with applicable federal and state laws, regulations and guidelines. But that leaves plenty of room for differences. For example:

- A few LHAs pay their Board Members small stipends. Most do not.
- LHAs vary in who signs the checks.
- Some Boards meet twice per month, most meet monthly.
- Different LHAs have different budget reporting requirements.
- Some Board members are elected, some are appointed.
- Etc.

How do I know which differences are okay, and which are not?

- Use your binder to read up on the laws, regulations, and guidelines, and the policies that your specific LHA has adopted.
- Talk to other Resident Board Members, but keep in mind that just because their situation is different does not necessarily mean there is a problem.
- Talk to people at the Mass Union of Public Housing Tenants, the Mass Law Reform Institute or the Public Housing Training Program.
- Talk to your Executive Director, other Board Members, and residents to see if they share your concerns.
- Look for relevant trainings offered by MassNAHRO, Mass Union, the Inspector General, or the Attorney General.
- Talk to your Housing Management Specialist at DHCD.
What are the duties of an LHA Board Member?

1. Attend monthly meetings
2. Hire and supervise the ED
3. Approve contracts, budgets, capital improvement plans, and annual plans
4. Create LHA Policy
5. Ensure fiduciary and legal responsibility of the LHA

What does the Board NOT do?

1. Carry on the day-to-day operations of the LHA
2. Assign tasks to staff
3. Violate the privacy of applicants or residents
4. Participate in tenant selection process
5. Seek personal gain by actions as a Board member *
6. Act, speak or conduct business on behalf of the authority
7. Enter into conflict of interest situations

In Detail: Hire & Supervise the ED

- LHA Board
- Executive Director
- LHA Staff
In Detail: Seek Personal Gain

If the Board is voting on a matter which will impact you differently than other residents, you should recuse yourself from voting. This is very rare. For example, if the Board is voting on whether to make improvements to only certain developments in the LHA, and you live in one of those developments, you should recuse yourself. If the Board is voting on a matter that affects all residents equally, such as a smoking or grievance policy, then you should vote. Call the State Ethics Commission if you have any questions (617.371.9500).

Can a Board Member....

1. ... order the maintenance director to make a report of all the work orders called in by tenants?

2. ... request to add a question about the work order system to the Board Agenda?

3. ... (along with at least two other Board Members) order the Executive Director to make a report of work orders called in by tenants and how quickly they were responded to?

4. ... educate tenants about the work order process?

5. ... (along with at least two other Board Members) update the maintenance policy?

6. ... negotiate the terms of a tenant’s lease?
Quiz: True or False?

1. The Resident Board Member can become the Chair of the Board. True False

2. The Resident Board Member can vote on LHA policies such as smoking, transfer, grievance, and parking. True False

3. The Resident Board Member can participate in Committees of the Local Tenant Organization or other tenant groups. True False

4. The Resident Board Member can be reimbursed for professional education, like other Board members. True False

5. The Resident Board Member is in all ways equal to the other Board members. True False

Why is it important for a Resident to serve on the Board?
**What is a policy?** A policy is a set of rules and procedures adopted by a group of people. LHA policies can govern any and all areas of the Housing Authority.

**Matching!** Which policy governs which incident? Match the policy in Column A to the incident in Column B. (See more on Page 9.)

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Parking Policy</td>
<td>A. A staff member has been using the LHA Credit Card for personal purchases</td>
</tr>
<tr>
<td>2. Personnel Policy</td>
<td>B. A tenant has a complaint which they have discussed with the ED but is still unresolved</td>
</tr>
<tr>
<td>3. Reasonable Accommodation Policy</td>
<td>C. A tenant is requesting handrails for the bathroom</td>
</tr>
<tr>
<td>4. Bed Bug Policy</td>
<td>D. Staff are taking up all the parking spaces</td>
</tr>
<tr>
<td>5. Smoking Policy</td>
<td>E. The Local Tenant Organization wants to weigh in on the budget</td>
</tr>
<tr>
<td>6. Pets Policy</td>
<td>F. There is a bed bug outbreak</td>
</tr>
<tr>
<td>7. Grievance Policy</td>
<td>G. You smell smoke around the building</td>
</tr>
<tr>
<td>8. Credit Card Policy</td>
<td>H. Your neighbor’s dog is barking all night</td>
</tr>
<tr>
<td>9. Tenant Participation Policy</td>
<td>I. A staff member is disrespecting tenants</td>
</tr>
</tbody>
</table>
Chain of Command: For Residents

When facing a problem with the condition of a unit, building or development, residents should contact people in the following order:

1. Work Orders and Maintenance Requests: File a Work Order

2. If there is an inadequate response after enough time, contact the Administrative Staff at your LHA

3. If there is an inadequate response after enough time, contact the Executive Director

4. If there is an inadequate response after enough time, file a complaint with the Grievance Panel

5. If there is an inadequate response, submit an agenda item to the Board of Directors

6. If there is an inadequate response, contact DHCD

Other Scenarios:

When facing other problems related to the Housing Authority, such as issues with staff or rent, skip to Step 2.

If there is a building-related emergency, call the 24-hour work-order line.

If there is another kind of emergency (gunfire, illness, fire, etc.) call 911.
Chain of Command: For Board Members

When confronting a widespread problem, Board Members should look into policy-level solutions. (Note: this is different from #5 on the previous page!)
Action Flowchart: Creating and Assessing LHA Policies

When confronting a widespread problem, Board Members should look into policy-level solutions. Consider the incidents listed on Page 2. If a certain type of incident is widespread throughout the LHA, follow this flowchart to address the problem through policy.

Does a relevant policy exist?

NO

Create one! Ask DHCD or other LHAs for a sample

YES

Read and assess the policy. Is it clear? Is it enforceable? Is it up to date?

NO

Improve it!

YES

Following the proper channels, ask the ED to provide information about the policy’s enforcement.

IMPORTANT: You must follow the proper channels when taking all these steps! Follow Robert’s Rules or the procedures your Board has adopted to add an item to your Board’s agenda, and make a motion to create or improve a policy. You must have a quorum of Board Members to take any steps, including requesting that the ED provide information on a policy’s enforcement.
By The Numbers

- 253: Total number of LHAs in Massachusetts
- 240: Number of LHAs with public housing units (13 do not have any housing)
- 112: Number of LHAs entirely funded by the state government
- 138: Number of LHAs that include federal public housing units and/or vouchers
- 4: Number of states with state-aided public housing (including Massachusetts)
- 45,321: The number of state-aided public housing units (per DHCD in Spring 2017)
- 7,600: The number of state-subsidized vouchers as of late 2013
- 37,400: The number of federally-subsidized public housing units
- 75,000: The number of federal vouchers
- 83,000: The total number of state and federal public housing units in MA
- 81,000: The total number of state and federal vouchers

Source: Massachusetts Department of Housing and Community Development’s Training Manual for Local Housing Authority Boards, 2014

Test Your Knowledge...

1. Who decides the total amount of money Massachusetts spends on public housing?
   A. Each Local Housing Authority
   B. DHCD
   C. The state government (Legislature and Governor)

2. Who decides the total amount of money the federal government spends on public housing?
   A. Each Local Housing Authority
   B. HUD
   C. The U.S. government (Congress and President)

3. Waiting lists for public housing in Massachusetts are
   A. Long
   B. Short

4. Housing costs in MA are
   A. Above average
   B. Below average
Operating Costs

**What they are:** Operating costs are the day-to-day expenses of the LHA. These are the expenses that occur normally throughout the year and can be predicted and tracked in a budget. In your household, these would be things like rent, groceries, and your phone bill.

**Tracking Documents:** Annual Budget, Quarterly Operating Statements, Budget Variance Report (NEW!)

**Funding:** Revenue comes from several sources, primarily from rents and DHCD or HUD subsidies (when applicable).

What percentage of operating costs are covered by rents? __________

Look at the chart below. About how much money did the state of MA allocate to spend on operating costs for public housing in FY 2017? ________________ Is this more or less than FY 2016? __________

Capital Costs

What they are: Capital expenses are big, rare expenses that keep the properties safe, sanitary, and compliant with regulations. These expenses do not occur every year. A household example would be buying a new car.

Tracking Documents: Capital Improvements Plan (CIP)

Funding: Capital expenses are primarily paid for through Formula Funding, which comes from the Massachusetts Bond Bill. There are other sources of funding as well.

Check out the chart below. About how much money was spent on capital costs for public housing last year? ___________

What has been the overall trend in capital spending?

Source: DHCD, Presentation to CHAPA, March 30, 2017
## Quiz: Operating or Capital Cost?

<table>
<thead>
<tr>
<th>Item</th>
<th>Operating</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee salaries and benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace all carpeting in a development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spot painting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting and legal expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roof replacement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacing an HVAC system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace one broken kitchen appliance, such as a stove</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace all kitchen appliances in a building at the end of their useful life, per industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities (water, heat, electricity)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DHCD Funding Sources:**

*Beyond Formula Funding and the Operating Subsidy, DHCD can provide funding from these sources:*

1. **DHCD Emergency Reserve** – DHCD keeps an emergency reserve fund to help LHAs cover the costs of emergencies. Some restrictions do apply but LHAs should contact their Project Manager at DHCD to request these funds if there are situations that impact the health and safety of the residents and other money is not available.

2. **DHCD Compliance Reserve** – Funding from DHCD’s compliance reserve is available for projects required to comply with laws, codes or regulations. For example, LHAs must comply with laws about removing lead and asbestos on the property, and this fund can help cover these costs. This fund can also help make reasonable modifications to units, common areas and sites in response to a specific request by a resident. LHAs should contact their Project Manager at DHCD to request these funds.

3. **Sustainability and Energy Program** – This program focuses on conserving energy and water. DHCD will publish PHNs when funds are available, and LHAs must then apply.

4. **Special Initiatives** – Special funds are also available for “mixed-finance and high leverage” projects. These funds will be announced through public housing notices and posted on DHCD’s website. LHAs must apply.

5. **Net Metering** – Some LHAs benefit from installing solar arrays onto the property and selling electricity to the grid. LHAs must apply to DHCD to do this, and it requires Board approval.

**Other Funding Sources:**

1. **Towns/Cities** – Your municipality may be willing to provide cash or “in-kind” services. You might strike up a deal with them to remove snow, repave roads, pick up trash, or provide other services at low or no cost. Make sure your LHA has explored these avenues with your city or town.

2. **Grants** – Both private and public grants are available to LHAs. Common sources of funding include Community Development Block Grants (CBDG) through HUD or Community Preservation Act (CPA) funds through your city or town.

3. **Management Agreements** – Some LHAs manage properties outside of their federal and state-aided public housing portfolios. This can be an additional source of revenue.
Budget Basics

Budget Module Goal: “Board Members will be able to read a budget and spot areas of potential savings and/or spending so the budget is aligned with LHA needs and priorities.”

I. Definitions

**Revenue** is money coming in.

**Expenses** are money going out.

**A quarter** is one fourth of a year, so three months.

**A Fiscal Year (FY)** is a twelve month period that will end on either March 31, June 30, September 30, or December 31.

**ANUEL – Allowable Non-Utility Expense Level.** What DHCD will allow you to spend on everything outside of utilities.

**PUM – Per-Unit-Month.** This column is automatically calculated by the computer.

**Surplus LHA** - Some LHAs generate enough rental income to operate within ANUEL. In those cases, the LHA does not receive operating subsidy from DHCD, and is often referred to as a “surplus LHA.”

**Deficit LHA** - Other LHAs do not generate enough rental income to operate within their ANUEL, and these LHAs receive an operating subsidy from DHCD to make up the difference. These LHAs are categorized as “deficit LHAs.”

II. Where do Budgets come from?

1. Your LHA’s fee accountant or finance staff prepares the annual budget.
2. The Executive Director will review and work on the budget.
3. When ready, he or she will then present it to the Board for certification.
4. After each Board Member certifies the document with her or his signature, the budget is sent to DHCD.
5. DHCD either reverts or approves the budget.
6. Once approved, your LHA will receive a copy of the budget with a cover letter stating your ANUEL (see definition above).
7. If need be, you can revise your budget during the first three quarters of your year. Budgets are well and good, but everyone knows they can be hard to stick to. Say you are going through the year and you notice that you are spending more or less than you thought. In this case you must revise your budget. If you spend a lot more, or a lot less, than your projections, your Housing Authority will go into Corrective Action.
III. Documents

1. **Annual Budget** - An Annual Budget is a projection of what the HA hopes to spend in the next year on its Operating Costs, i.e., its day-to-day routine expenses. It does not include Capital expenses. These are the HA’s goals for bringing in money and spending money. The HA can amend its budget at any time during the first three quarters of the year. The Annual Budget does not tell us how much money has actually been spent.

2. **Quarterly Operating Statements** - These statements show how much money the HA has actually spent, and how much revenue it has brought in. These statements show if the HA is on track to spend or bring in more or less than it has budgeted in each category.

3. **Budget Variance Report** - This NEW report will be available to LHAs in spring or summer of 2017. This report shows quarterly spending over the course of a year.

IV. Budget Priorities

<table>
<thead>
<tr>
<th>What should your LHA spend money on?</th>
<th>What does your LHA spend money on?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### V. Budgets: What to Look For

<table>
<thead>
<tr>
<th>Line(s)</th>
<th>Item</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3110</td>
<td>Rent</td>
<td>What are your LHA’s rent collection policies? How well do you do at collecting the designated amount of rent from tenants?</td>
</tr>
<tr>
<td>4120</td>
<td>Compensated Absences</td>
<td>Some LHAs have personnel policies which allow employees to accumulate a large amount of unused sick or vacation time. Upon retirement, these employees are “paid out” for their time, and they receive a great deal of money! Check your personnel policy and consider adopting a policy that limits the amount of sick and vacation time that can be “rolled over” from year to year. This will encourage staff to take vacations and sick time when they need it, and save your LHA a big payout.</td>
</tr>
<tr>
<td>4130</td>
<td>Legal</td>
<td>Small HAs can receive free legal counsel through the Regional Attorneys Program. If your LHA is spending a lot on legal fees, you might look into this program.</td>
</tr>
<tr>
<td>4180</td>
<td>Penalties and interest</td>
<td>In a well-run LHA, this line should be zero. If your LHA is paying penalties and interest, try to find out why.</td>
</tr>
<tr>
<td>4230</td>
<td>Tenant Organization</td>
<td>If there are officially recognized Local Tenant Organizations (LTO) at your LHA, they must receive this line item. The money cannot be withheld even if the LTO receives other funds.</td>
</tr>
<tr>
<td>4310 - 4300</td>
<td>Utilities</td>
<td>Utilities are not part of ANUEL. Your LHA will be reimbursed for its utility expenses through a different account. Under-spending in this line does not result in additional money that can be spent elsewhere. However your LHA should still encourage energy and water efficiency measures whenever possible.</td>
</tr>
<tr>
<td>4420</td>
<td>Maintenance Materials &amp; Supplies</td>
<td>These can be streamlined through bulk purchasing. Small LHAs can team up to buy bulk supplies together.</td>
</tr>
<tr>
<td>4610</td>
<td>Extraordinary Maintenance</td>
<td>This can be minimized by doing routine and preventative maintenance! Your LHA should have an “Annual Preventative Maintenance Plan” on file. Be sure your LHA is taking care of repairs and upkeep to avoid big costs down the line!</td>
</tr>
</tbody>
</table>
VI. Operating Reserves

Each LHA is required to have 20% (one fifth) of its ANUEL in its Operating Reserve. So if your LHA’s total budget is $1,000,000, you would be required to have $200,000. (Divide your LHA’s budget by 5 to get the required amount.)

The maximum operating reserve is 50% (half) of your ANUEL. But you do not need to have much more than 20%! Your LHA should aim for just slightly more than 20% in reserve.

How do I find out how much we have in reserve? Ask your Executive Director.

What is the Operating Reserve used for? These funds are generally used for extraordinary maintenance, deferred maintenance, and support of capital work.

TIP! If your LHA is planning a big capital improvement project, it’s a great idea to save money in your Operating Reserve. But there’s no need to save more than 20% of your ANUEL just for a “rainy day.” Instead, spend the money now to make residents’ lives better! Think of creative ways to spend even small pots of money, such as planting flowers, replacing carpeting, or spot painting. These little touches can go a long way in brightening someone’s day and are money well spent!
I. What is a Capital Improvement Plan (CIP)?

The Capital Improvement Plan (CIP) is the tool DHCD developed to help LHAs plan ahead for spending on capital projects. The tool can be used to develop a five year plan which identifies capital projects, provides a planning scope, schedule and budget for each capital project and identifies the funding sources for implementing the plan. An approved CIP is required in order to receive Formula Funding.

II. Definitions

**Formula Funding** is an LHA’s share of capital funds based on an LHA’s need. This is determined by the statewide Capital Planning System inventory of expired building and site components.

**Condition-Based Need**: This means that the neediest building components will get priority funding.

The **Capital Planning System (CPS)** is DHCD’s web-based capital planning system that catalogues the condition of every building and site in the state. LHAs update the CPS based on their inspections of the building and site components.

**Building and Site Components** – A building or site component is a part of a facility, such as an HVAC system, roof, parking lot, or set of appliances. Each of these components will “expire” at a certain point, meaning it must be replaced by that date.

The CPS tracks these components and their expiration dates, as well as information about component deficiencies that LHA staff enter based on inspections and observations.
III. CIP Preparation

*Source: Massachusetts State-Aided Public Housing Preservation and Modernization Program Guidelines*

Prior to Submission: Capital Assessment

This is the time to update CPS to reflect property changes since the last CIP and assess resources and needs. Specifically, the LHA should:

- Update data in the Capital Planning System (CPS) and close out CPS projects based on ALL completed projects.
- Review these guidelines and any relevant Public Housing Notices regarding funding availability.
- Conduct an inspections review and/or a facility condition assessment of all properties to identify any new deficiencies or current deficiencies which have worsened and update CPS Facility Inventory components based on these findings.
- Build new CPS Projects to plan for and address any new deficiencies found in the inspections review and/or assessments.
- Identify, assess and prioritize to allocate your resources to your needs.

Prior to Submission: Tenant Participation

DHCD’s Modernization and Development of State-Aided Public Housing regulation (760 CMR 11.00) requires tenant participation in the modernization planning process. Specifically, before submitting its CIP the LHA must:

- Meet with the tenants and/or the recognized Local Tenant Organization(s) (LTO) to discuss property needs and priorities.
- Incorporate tenant feedback that is consistent with sound management into the draft CIP.
- Provide a draft of the CIP to the LTO(s) and where there is no LTO, advise tenants where they can review the draft CIP.
- Incorporate tenant priorities that are consistent with sound management into the CIP.
- Request a letter from the LTO that endorses the CIP or describes the LTO’s differing assessment of need.
- Include the LTO letter with the CIP when the LHA makes its CIP submission to DHCD.

See Attachment C for a copy of the regulation, 760 CMR 11.00 and Attachment D for a copy of the Checklist for Tenant Participation in Modernization Projects.
<table>
<thead>
<tr>
<th><strong>DCHD Priority</strong></th>
<th><strong>In Other Words...</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Massachusetts State-Aided Public Housing Preservation and Modernization Program Guidelines</td>
<td></td>
</tr>
<tr>
<td><strong>Keep occupied as many units as possible</strong> by addressing core capital components and important health and safety needs</td>
<td>Make sure that the buildings do not harm residents’ health Make sure the buildings are safe Keep occupied as many units as possible</td>
</tr>
<tr>
<td><strong>Optimize life cycle investments</strong> ... to extend the useful life of building components</td>
<td>Keep the buildings functional for as long as possible</td>
</tr>
<tr>
<td><strong>Reduce energy and water usage</strong> and pursue other capital and operating efficiencies</td>
<td>Reduce energy and water usage</td>
</tr>
<tr>
<td><strong>Invest in projects that leverage</strong> additional public and private resources</td>
<td>Choose projects that other people will pay for</td>
</tr>
</tbody>
</table>