



Cathy Hoog, Executive Director

2025 JUL -2 PM 2: 04

CITY CLERK
SALEM, MASS

Main Office and Public Housing Department
27 Charter Street, Salem, MA 01970

Section 8 Department & Procurement/Modernization
136 Canal Street, Suite 2, Salem, MA 01970

Telephone: 978-744-4431 Fax: 978-744-9614
Website: www.salemha.org

July 2, 2025

**This notice posted on "Official Bulletin Board"
City Hall, Salem, Mass. on JUL 02 2025
at 2:04 in accordance with MGL Chap. 30A,
Sections 18-25.**

Ilene Simons, City Clerk
Office of the Clerk
City Hall, 93 Washington Street
Salem, MA 01970

Dear Ms. Simons:

In accordance with Chapter 30A, Section 20 of the General Laws, as amended, Notice of REGULAR MEETING of the SALEM HOUSING AUTHORITY to be held on WEDNESDAY, JULY 9, 2025 at 6:00 p.m. at the Salem Housing Authority's development located at Pioneer Terrace, Pioneer Terrace Community Room, Salem, Massachusetts.

Hybrid Meeting Notice: Members of the public are welcome to attend this in-person at the Salem Housing Authority's development located at Pioneer Terrace, Pioneer Terrace Community Room, Salem, Massachusetts. or via the remote zoom webinar invite provided below. Please note that the in-person meeting will not be suspended or terminated if technological problems interrupt the remote connection.

Zoom Webinar Invite:

When: Jul 9, 2025 06:00 PM Eastern Time (US and Canada)

Topic: Regular Board of Directors Meeting - Wednesday, July 9, 2025 at 6:00 p.m.

Join from PC, Mac, iPad, or Android:

<https://us02web.zoom.us/j/84884066641?pwd=W0MzwIpjAdnhyeYAbla9qalCubiV6F.1>

Passcode:848974

Phone one-tap:

+16469313860,,84884066641#,,, *848974# US

+13017158592,,84884066641#,,, *848974# US (Washington DC)

Join via audio:

+1 646 931 3860 US



Equal Opportunity Employer



+1 301 715 8592 US (Washington DC)

+1 305 224 1968 US

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)

+1 646 558 8656 US (New York)

+1 253 205 0468 US

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 360 209 5623 US

+1 386 347 5053 US

+1 507 473 4847 US

+1 564 217 2000 US

+1 669 444 9171 US

+1 669 900 9128 US (San Jose)

+1 689 278 1000 US

+1 719 359 4580 US

Webinar ID: 848 8406 6641

Passcode: 848974

International numbers available: <https://us02web.zoom.us/j/kdp3ZDF4QS>

The Chair anticipates that the matters outlined in the agenda below will be addressed, as well as any other unforeseen business that may lawfully come before it.

**AGENDA FOR THE
REGULAR BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 9, 2025
6:00 p.m.**

I. Call Meeting to Order

II. Roll Call

III. Tenant/Public Engagement

IV. Acceptance of the Minutes of Previous Meeting(s)

- Acceptance of Minutes of the Regular Meeting of June 11, 2025

V. Report of the Executive Director

- Executive Director Report – July 2025

VI. Communications

- Mass NAHRO Newsletter – May/June 2025
- Updated Waitlist
- SHA Department Reports (Move In, Move Out, State and Federal,

- CHAMP Report, Modernization Report, Voucher Report, Family Self-Sufficiency Report (Quarterly), Resident Service Coordinators' Reports and Completed Work Orders for Month of June 2025)
- Correspondence from Steve Gagnon, CSTA to Cathy Hoog, Executive Director dated May 21, 2024 re: "Thank you"
- Audited Financial Statements for Fiscal Year Ending September 30, 2024 (State and Federal Audit)

VII. Reports of the Committees

VIII. Recommendations of the Chair

IX. Report of the Treasurer

- Bills for the period June 1, 2025 through June 30,, 2025
- Balance Sheet and Statements of Revenues and Expenses through May 31, 2025

The Balance Sheet and Statements of Revenue and Expenses includes any variances in the budget at this point.

X. Unfinished Business

- Section 8 -Pre-2004 Use of Funds Memorandum is being Prepared by SHA Counsel and will be presented at the August 13, 2025 Regular Board Meeting.
- Salem Housing Authority "Draft" Internal Controls Policy

XI. New Business

- New Hire – State Family Self-Sufficiency Coordinator for Salem and Marblehead Housing Authorities
- Salem Housing Authority Federal Annual Public Housing Agency Plan for Fiscal Year 2025
- Revisions to Chapter 6.A and 7.A of the Salem Housing Authority Section 8 Housing Choice Voucher Program Administrative Plan
- Collection of Losses – Write Offs Through 6/30/25 per Public Housing Notice 2017-17

XII. Other Business /Late Communications

XIII. Adjournment

Very truly yours,

A handwritten signature in black ink, appearing to read 'Cathy Hoog', followed by a period.

Cathy Hoog
Executive Director

Copy: SHA Board Members
Charter Street Tenants Association
Pioneer/Bertram Terrace Tenants Organization
Dalton House Tenants Organization
Rainbow Terrace Tenants Organization

2 de julio de 2025

Ilene Simons, Secretaria Municipal
Oficina de la Secretaria
Ayuntamiento, 93 Washington Street
Salem, MA 01970

Estimada Sra. Simons:

De conformidad con el Capítulo 30A, Sección 20 de las Leyes Generales, y sus enmiendas, se notifica la REUNIÓN ORDINARIA de la AUTORIDAD DE VIVIENDA DE SALEM, que se celebrará el miércoles 9 de julio de 2025 a las 18:00 h en el complejo residencial de la Autoridad de Vivienda de Salem ubicado en Pioneer Terrace, Salón Comunitario Pioneer Terrace, Salem, Massachusetts.

Aviso de reunión híbrida: El público puede asistir presencialmente en el complejo residencial de la Autoridad de Vivienda de Salem ubicado en Pioneer Terrace, Salón Comunitario Pioneer Terrace, Salem, Massachusetts, o a través de la invitación al seminario web remoto por Zoom que se proporciona a continuación. Tenga en cuenta que la reunión presencial no se suspenderá ni finalizará si problemas tecnológicos interrumpen la conexión remota.

Invitación al seminario web de Zoom:

Fecha: 9 de julio de 2025, 18:00 h, hora del este (EE. UU. y Canadá)

Tema: Reunión ordinaria de la Junta Directiva - Miércoles, 9 de julio de 2025, 18:00 h

Únete desde PC, Mac, iPad o Android:

<https://us02web.zoom.us/j/84884066641?pwd=W0MzwlIpjAdnhYeYAbla9qalCubiV6F.1>

Código de acceso: 848974

Teléfono con un solo toque:

+16469313860,,84884066641#,,,,*848974# EE. UU.

+13017158592,,84884066641#,,,,*848974# EE. UU. (Washington D. C.)

Únete por audio:

+1 646 931 3860 EE. UU.

+1 301 715 8592 EE. UU. (Washington D. C.)

+1 305 224 1968 EE. UU.

+1 309 205 3325 EE. UU.

+1 312 626 6799 EE. UU. (Chicago)

+1 646 558 8656 EE. UU. (Nueva York)

+1 253 205 0468 EE. UU.

+1 253 215 8782 EE. UU. (Tacoma)

+1 346 248 7799 EE. UU. (Houston)

+1 360 209 5623 EE. UU.

+1 386 347 5053 EE. UU.

+1 507 473 4847 EE. UU.

+1 564 217 2000 EE. UU.

+1 669 444 9171 EE. UU.

+1 669 900 9128 EE. UU. (San José)

+1 689 278 1000 EE. UU.

+1 719 359 4580 EE. UU.

ID del seminario web: 848 8406 6641

Contraseña: 848974

Números internacionales disponibles: <https://us02web.zoom.us/j/kdp3ZDF4QS>

El Presidente prevé que se abordarán los asuntos descritos en el orden del día a continuación, así como cualquier otro asunto imprevisto que legalmente pueda presentarse.

ORDEN DEL DÍA DE LA REUNIÓN ORDINARIA DE LA JUNTA DIRECTIVA MIÉRCOLES, 9 DE JULIO DE 2025

18:00

I. Apertura de la sesión

II. Lista de asistencia

III. Participación de los inquilinos/el público

IV. Aceptación de las Actas de las Reuniones Anteriores

- Aceptación de las Actas de la Reunión Ordinaria del 11 de junio de 2025

V. Informe del Director Ejecutivo

- Informe del Director Ejecutivo – Julio de 2025

VI. Comunicaciones

- Boletín informativo de Mass NAHRO – Mayo/Junio de 2025
- Lista de Espera Actualizada
- Informes de los Departamentos de SHA (Ingreso, Salida, Estatales y Federales)
-
- Informe CHAMP, Informe de Modernización, Informe de Cupones, Informe de Autosuficiencia Familiar (Trimestral), Informes de los Coordinadores de Servicios para Residentes y Órdenes de Trabajo Completadas para el mes de junio de 2025
- Correspondencia de Steve Gagnon, CSTA, a Cathy Hoog, Directora Ejecutiva, con fecha del 21 de mayo de 2024, en relación con: "Gracias"
- Estados Financieros Auditados del Año Fiscal que Finaliza el 30 de septiembre de 2024 (Auditoría Estatal y Federal)

VII. Informes de los Comités

VIII. Recomendaciones del Presidente

IX. Informe del Tesorero

- Proyectos de ley del período del 1 al 30 de junio de 2025
- Balance General y Estados de Ingresos y Gastos hasta el 31 de mayo de 2025

El Balance General y los Estados de Ingresos y Gastos incluyen cualquier variación en el presupuesto hasta el momento.

X. Asuntos Pendientes

- Sección 8 - Memorándum de Uso de Fondos Previo a 2004 está siendo preparado por el Asesor Jurídico de SHA y se presentará en la Reunión Ordinaria de la Junta Directiva del 13 de agosto de 2025.
- Borrador de la Política de Control Interno de la Autoridad de Vivienda de Salem

XI. Nuevos Asuntos

- Nueva Contratación: Coordinador Estatal de Autosuficiencia Familiar para las Autoridades de Vivienda de Salem y Marblehead
- Plan Anual de la Agencia Federal de Vivienda Pública de la Autoridad de Vivienda de Salem para el Año Fiscal 2025
- Revisiones a los Capítulos 6.A y 7.A del Plan Administrativo del Programa de Vales de Elección de Vivienda de la Sección 8 de la Autoridad de Vivienda de Salem
- Cobro de Pérdidas: Cancelaciones hasta el 30/6/25 según el Aviso de Vivienda Pública 2017-17

XII. Otros Asuntos / Comunicaciones Atrasadas

XIII. Levantamiento de la Sesión

Atentamente,



Cathy Hoog
Directora Ejecutiva

Copia: Miembros de la Junta Directiva de SHA
Asociación de Inquilinos de Charter Street
Organización de Inquilinos de Pioneer/Bertram Terrace
Organización de Inquilinos de Dalton House
Organización de Inquilinos de Rainbow Terrace



Cathy Hoog, Executive Director

Main Office and Public Housing Department
27 Charter Street, Salem, MA 01970

Section 8 Department & Procurement/Modernization
136 Canal Street, Suite 2, Salem, MA 01970

Telephone: 978-744-4431 Fax: 978-744-9614
Website: www.salemha.org

**MINUTES OF THE
REGULAR BOARD OF DIRECTORS MEETING
WITH PUBLIC HEARING ON DRAFT STATE ANNUAL PLAN/
CAPITAL IMPROVEMENT PLAN
WEDNESDAY, JUNE 11, 2025
6:00 p.m.**

I. Called Meeting to Order at 6:05 p.m.

This meeting was a hybrid meeting.

II. Roll Call

Present

Veronica Miranda
Aaron Paternoster
Doneeca Thurston-Chavez
Emily Ullman

Absent

Romell Kidd was absent at roll
call – arrived late)

Also Present: Cathy Hoog, Executive Director, Gary Dean, Director of Finance, Debra Tucker, Assistant Executive Director, Anne Cameron, Executive Assistant, Massiel Garcia, Finance Director, Maureen Thomas, Director of Public Housing, Joshua Bocko, Assistant Director of Public Housing

Patric Bishop, Maintenance Staff

Public Hearing on State Annual Plan/Capital Improvement Plan

Public Hearing was held June 11, 2025 at the Regular Board Meeting for comment on the State Annual Plan/Capital Improvement Plan. LTO comments from the LTO /SHA meeting are attached.

Gene Collins – Pioneer Terrace, Salem commented as follows:



One of the things I was wondering is that the renovations over at Bertram been on the books for 4 years. I don't see that there was some mention of it, but there was no really concerned as to addressing the issues over there. I'm not even going to talk about Pioneer Terrace because no one over there wanted to get involved with this. So that's where we stand. I think that we need to address the plan a little bit more diligently. I think that there should be some more involvement into looking at some of the renovations that we asked for over the years. I would conclude by saying, as usual, Thank you.

Aaron Peternoster: Thanks, Gene

Cathy Hoog: Thanks Gene.

State Annual Plan//Capital Improvement Plan

Cathy Hoog presented to the Board the State Annual Plan/Capital Improvement Plan for approval.

Romell Kidd moved to approve the State Annual Plan/Capital Improvement Plan as presented. Veronica Miranda seconded the motion and the vote is as follows:

Ayes

Veronica Miranda
Aaron Paternoster
Romell Kidd
Doneeca Thurston-Chavez
Emily Ullman

Nays

III. Tenant/Public Engagement

Ann Friedgen. Bertram Terrace, Salem

First, I plan to say thank you to Gary and his team because I discovered a bunch of water. I sent an email at 2 o'clock in the morning and at 7:30 a.m. I heard from him, and he got right on it. From going to the statewide tenants meetings, I know that other housing authorities are not nearly as responsible and responsive as our Maintenance Team is and the same is true in the private sector.

Regarding Bertram Terrace and the Capital Improvement Plan, I think I'll put some of my ideas in writing. Bertram is small, and we kind of get shoved under the rug even with our LTO. So, as the LTO Tenant Representative suggests, I'll submit them in writing.

Thank you for giving me this opportunity to speak this evening.

Aaron Paternoster – Thank you Ann.

Cathy Hoog – Thank you Ann.

Anne Cameron – Executive Assistant – Please see Comments attached hereto.

IV. Minutes of Previous Meeting(s)

Aaron Paternoster moved to approve the minutes of the Regular Board Meeting of May 14, 2025. Doneeca Thurston-Chavez seconded the motion and the roll call vote was as follows:

Ayes

Aaron Paternoster

Romell Kidd

Doneeca Thurston-Chavez

Emily Ullman

Nays

Veronica Miranda

SEE ATTACHED SUMMARY OF THE MINUTES OF THE REGULAR BOARD MEETING JUNE 11, 2025, ARTICLES V. - XIII

V. Executive Director Report

- Executive Director Report – June 2025

VI. Communications

- Mass NAHRO Newsletter – May/June
- Updated Waitlist
- SHA Department Reports (Move In, Move Out, State and Federal, CHAMP Report, Modernization Report, Voucher Report, Family Self-Sufficiency Program Report (Quarterly), Resident Service Coordinator Reports and Completed Work Orders for Month of May 2025)
- Mandatory Board Member Training - Report
- Communication from Cathy Hoog to Board of Directors relative to information request from Veronica Miranda and Aaron Paternoster
- Data on Evictions
- Draft Salem Housing Authority Internal Control Policy

VII. Reports of the Committees

Good evening, Board Members and thank you for giving me this opportunity to speak this evening.

I handed out an email that I sent to Aaron on Thursday, June 5, 2025, and I copied Cathy on. I would appreciate it if you would all take a minute to read it. I also texted Aaron the same day and conveyed to him that I sent him an email and that I would appreciate if he would read it.

I am asking you not to put the proposed change to the SHA By-Laws by Veronica before the SHA Board as 1. The change the Chair is proposing is part of my job description and job responsibilities, 2. It falls under the purview of the day-to-day operations and business of the SHA and 3. the board cannot by-pass my direct supervisor to change my job description. A vote that initiates changing my job description is not the role of the Board and will unfortunately put me in a position to seek legal advice to protect my livelihood, 13 years of dedicated service.

I will also add that we had conversations about this months ago for months and months with all board members present and I thought we were moving forward not going backwards and moving towards working collaboratively with the SHA and supporting the agency that I all of my dedicated co-workers who put forth so much effort, hard work and love for the work they perform each and every day to provide subsidized housing for all of our tenants, residents, Section 8 participants and voucher holders.

\

See Summary Attached hereto.

VIII. Recommendations of the Chair

There were no recommendations of the Chair.

IX. Report of the Treasurer

Bills

Cathy Hoog presented the Bills for the period May 1, 2025 through May 31, 2025 to the Board of Directors.

Doneeca Thurston-Chavez moved to approve the bills for the period May 1, 2025 through May 31, 2025 as presented. Emily Ullman seconded the motion and the **roll call** vote was as follows:

Ayes

Aaron Paternoster
Romell Kidd
Doneeca Thurston-Chavez
Emily Ullman

Nays

Veronica Miranda abstained from voting.

Balance Sheet and Statements of Revenues and Expenses

The Balance Sheet and Statements of Revenue and Expenses includes any variances in the budget at this point in time

Doneeca Thurston-Chavez moved to accept the Balance Sheet and Statements of Revenues and Expenses prepared by Rick Fenton of Fenton, Ewald & Associates, P.C.

for seven (7) months ending April 30, 2025. Romell Kidd seconded the motion and the **roll call** vote was as follows:

Ayes

Veronica Miranda
Aaron Paternoster
Romell Kidd
Doneeca Thurston-Chavez
Emily Ullman

X. Unfinished Business

Doneeca Thurston-Chavez moved to approve the minutes of the Regular Board Meeting of February 12, 2025. Veronica Miranda seconded the motion and the roll call vote was as follows:

Ayes

Nays

Veronica Miranda

Aaron Paternoster

Romell Kidd

Doneeca Thurston-Chavez

Emily Ullman

Veronica Miranda moved to approve the minutes of the Special Board Meeting of March 4, 2025. Romell Kidd seconded the motion and the roll call vote was as follows:

Ayes

Nays

Veronica Miranda

Aaron Paternoster

Romell Kidd

Doneeca Thurston-Chavez

Emily Ullman

Romell Kidd moved to approve the minutes of the Special Board Meeting of April 9, 2025 with the addition and inserting of Veronica Miranda's words discriminatory and defamatory on page 3, paragraph 2. Doneeca Thurston-Chavez seconded the motion and the roll call vote was as follows:

Ayes

Nays

Veronica Miranda

Aaron Paternoster

Romell Kidd

Doneeca Thurston-Chavez

Emily Ullman abstained from voting.

XI. New Business

Audit Presentation by CBIZ

Authorization to Request a Waiver from EOHLC to keep Unit 209, 27 Charter Street for Use of Office Space for the Salem Housing Authority

Cathy Hoog requested that the Board of Directors authorize her to request a Waiver from EOHLC to keep Unit 209 at 27 Charter Street Off-Line for the Use of Office Space for the Salem Housing Authority.

Doneeca Thurston-Chavez moved to authorize Cathy Hoog to Request a Waiver from EOHLC to keep Unit 209 at 27 Charter Street off-line for the Use of Office Space for the Salem Housing Authority. seconds the motion and the **roll call** vote was as follows:

Ayes

Nays

Veronica Miranda
Aaron Paternoster
Romell Kidd
Doneeca Thurston-Chavez
Emily Ullman

Authorization to Request a Waiver from EOHLC to keep Unit 210, 27 Charter Street for Use of Office Space for the Salem Housing Authority

Cathy Hoog requested that the Board of Directors authorize her to request a Waiver from EOHLC to keep Unit 210 at 27 Charter Street off-line for the Use of Office Space for the Salem Housing Authority.

Veronica Miranda moved to authorize Cathy Hoog to Request a Waiver from EOHLC to keep Unit 210 at 27 Charter Street Off-Line for the Use of Office Space for the Salem Housing Authority. Romell Kidd seconded the motion and the **roll call** vote was as follows:

Ayes

Nays

Veronica Miranda
Aaron Paternoster
Romell Kidd
Doneeca Thurston-Chavez
Emily Ullman

Bid for Floor Covering and Repair Service

Cathy Hoog presented the Bid for Floor Covering and Repair Service to the Board of Directors for acceptance.

Veronica Miranda moved to accept the lowest responsive and responsible bid of \$99,305.00 for as needed work from MassFloors, Inc. for Floor Covering and Repair

Services. Doneeca Thurston-Chavez seconded the motion and the roll call vote was as follows:

Ayes

Nays

Veronica Miranda
Aaron Paternoster
Romell Kidd
Doneeca Thurston-Chavez
Emily Ullman

Request for Proposals –Authorization to issue a Request for Proposals to Select a Developer, 17-27 First Street, Salem, MA

Cathy Hoog requested authorization from the Board of Directors to issue a Request For Proposals to Select a Developer for the 8.3 acre portion of 10 acres of land at 17-27 First Street, Salem, MA.

Doneeca Thurston-Chavez moved to authorize Cathy Hoog, Executive Director to issue a Request For Proposals to select a developer for the 8.3 acre portion of 10 acres of land at 17-27 First Street, Salem, MA. Romell Kidd seconded the motion and the roll call vote was as follows:

Ayes

Nays

Veronica Miranda
Aaron Paternoster
Romell Kidd
Doneeca Thurston-Chavez
Emily Ullman

Employee Check-Signing and Security Policy

The Board will review the current Employee Check-Signing and Security Agreement Policy. Members will consider reverting to the version in place prior to February or affirming the recent changes. Input will be gathered on effectiveness, oversight, and internal controls.

Aaron Paternoster moved to refer the Employee Check Signing and Security Policy to the Policy Sub-Committee . Veronica Miranda seconded the motion and the roll call vote was follows:

Ayes

Nays

Veronica Miranda
Aaron Paternoster
Romell Kidd
Doneeca Thurston-Chavez

Emily Ullman abstained from voting.

Bylaw Changes

Proposal to amend the bylaws to include the following sentence under Article 2, Section 6:

"The Board may, at its discretion, appoint or contract with an individual or service to assist with recording and preparing meeting minutes."

There was no vote taken by the Board. See summary attached.

Use of Public Funds – Pre-2004 Monies

Request for a legal opinion from SHA counsel regarding the use of pre-2004 public funds and any compliance considerations.

Veronica Miranda moved to authorize Cathy Hoog to request a legal opinion from Salem Housing Authority's Counsel regarding the use of Pre-2004 Section 8 Monies. Aaron Paternoster seconded the motion and the roll call vote was as follows:

Ayes

Veronica Miranda
Aaron Paternoster
Romell Kidd
Doneeca Thurston-Chavez
Emily Ullman

Nays

Procurement Compliance

Request for a legal opinion or summary letter from SHA counsel regarding our current procurement practices and compliance with applicable regulations.

Veronica Miranda moved to authorize Cathy Hoog to request a legal opinion from Salem Housing Authority's Counsel regarding the Salem Housing Authorities procurement practices and compliance with applicable regulations. Aaron Paternoster seconded the motion and the roll call vote was as follows:

Ayes

Veronica Miranda
Aaron Paternoster

Nays

Doneeca Thurston-Chavez
Emily Ullman

Romell Kidd left the meeting at 9:37 p.m.

The above motion did not pass.

XII. Other Business/Late Communications

Gary Dean and Cathy Hoog recognized and congratulated John DeBenedictis and Patric Bishop on their recent MAHAMS Certifications on becoming Maintenance Technicians. Letters addressed to John DeBenedictis and Patric Bishop were distributed to the Board of Directors and the beginning of the meeting.

XIII. Adjournment

Doneeca Thurston-Chavez moved that the Board adjourn the Regular Meeting of Wednesday, June 11, 2025 at 9:42 p.m. Veronica Miranda seconded the motion and the vote was as follows:

Ayes

Veronica Miranda
Aaron Paternoster
Doneeca Thurston-Chavez
Emily Ullman

Nays

Summary Sheet of the Minutes of the Regular Board Meeting June 11, 2025, Articles V. - XIII

State Annual Plan/Capital

The board reviewed the State annual plan and capital improvement plan, with Gene Collins raising concerns about Bertram Terrace renovations. Cathy explained the capital planning process and ongoing property assessments. The board approved the State annual plan. Veronica Miranda requested more targeted outreach to local tenant organizations. Cathy Hoog explained that monthly meeting take place with all LTOs.

Eviction Data and Payment Procedures

Cathy Hoog presented a detailed analysis of legal services data, highlighting that most eviction cases involve rent arrears and rental arrears collections/recovered are totaling approximately \$324,000, with mediation being a key step before court proceedings. The board discussed payment options for tenants, with Cathy clarifying that while online payments incur fees, tenants have multiple ways to pay including mail, in-person, and online.

CathyHoog addressed concerns about check signing procedures, explaining that only authorized staff use a signature stamp for paper checks, and clarified that the staff do not physically sign checks. Cathy Hoog clarified that the check signing security agreement outlines the practices internally. She also stated that the policy was updated to reflect current practice, and that no information is being withheld from the Board.

Policy Review and Financial Updates

Aaron Paternoster discussed the policy subcommittee's first meeting, where they reviewed four policies including internal controls and procurement, and agreed to meet monthly.

Veronica Miranda - At the end, we spoke about who's responsible for the next steps, which I think that's been helpful, super helpful for me. On other boards. So, we basically split the work down the middle, and we'll take care of that. And in terms of the meeting minutes since Aaron shares that policy subcommittee, I had shared with him that I'm happy to take on the minutes.

The board approved the May 2025 bills and balance sheets, and approved minutes from three previous meetings with an amendment to add terms related to defamation and discrimination.

The audit presentation was scheduled to follow, with Michael Guider and Michael Shea presenting the draft 2024 financial statements.

CBIZ Public Housing Audit Overview

Michael Guyder provided an overview of CBIZ's expertise in auditing public housing authorities and affordable housing organizations, highlighting their dedicated compliance specialists and quality control processes. He explained the firm's unmodified opinion on the financial statements, noting their risk-based approach to auditing and the consideration of management overrides and revenue recognition as potential risks. Mike Guyder also discussed their report on internal controls, stating that no material weaknesses or significant deficiencies were found in the authority's financial reporting process overall, stating the Authority was at low risk with no audit findings.

Audit Review and Compliance Status

Mike Guyder explained the audit reports, focusing on compliance, federal programs, and internal controls. He clarified that the audit did not provide an opinion on compliance due to the broad scope of potential noncompliance issues. Mike detailed the major programs tested, including the housing voucher program and ARPA funds, and stated that no material issues were found. He also explained the internal control testing and the authority's low-risk status, which required auditing 20% of federal awards.

Salem Housing Audit Findings

Mike Guyder discussed the audit process and findings for the Salem Housing Authority's financial statements. He explained that their testing did not reveal any material weaknesses or significant deficiencies. Mike highlighted their rigorous approach to reporting issues, noting they report findings at a higher rate than most auditors. He also addressed a mistake in the financial statements, correcting a line item that had been inadvertently removed during editing. Mike detailed the various procedures conducted, including confirming cash balances, examining bank reconciliations, and performing conflict checks for procurement. He emphasized the authority's cooperation in providing access to data and documentation.

Affordable Housing Investment Audit Review

Mike Guyder presented a detailed explanation of a new \$7.7 million no-receivable investment in affordable housing developments, which represents financing provided to a redevelopment

project. He outlined how this is reflected in the financial statements and disclosed in various notes, including details about a 99-year ground lease and developer fee agreement. The audit team conducted tests involving confirmation with external parties, analytical reviews, ratio analysis, and compliance testing of tenant files, among other procedures. Veronica thanked Mike for their diligence and inquired about procurement testing, to which Mike explained they analyzed aggregate vendor expenditures and verified procurement for a selection of vendors, though not with the objective of providing an opinion on compliance. Veronica also sought guidance on board oversight, prompting Mike to emphasize the board's role in providing a broad level of checks and balances.

Internal Controls and Software Integration

Mike Guyder explained that while a written internal control policy is not required for housing authorities, it is recommended only when specific issues like material misstatements or poor controls are present. He clarified that CBIZ provides sample policies as references but does not endorse them. Veronica inquired about tightening controls and enhancing oversight, to which Mike responded that good board oversight can still be maintained without a written policy. They also discussed a software interface between Bill.com and PHA Web that enhances internal controls over accounts payable, which Mike recommended as a software option for improving efficiency and providing a clear audit trail.

Charter Street Office Space Updates and Flooring Bid and RFP for

Cathy discussed the authorization to request a waiver for office space at 27 Charter Street, explaining the current space constraints and improvements made over time. The board approved the motion to keep the two units at Charter Street for staff use.

They also reviewed a bid for floor replacement and repairs, which was approved.

The conversation ended with a discussion authorizing Cathy Hoog, Executive Director to issue an RFP to select a developer for the property at 17-27 First Street. Veronica Miranda raised concerns about community engagement and potential partnerships and Cathy addressed by explaining the open-ended nature of the RFP process.

Check Signing Security Agreement

The board discussed the employee check signing and security policy, deciding to refer it to the Policy Subcommittee for further review.

Board Bylaws and Section 8 Pre-2004 Public Funds

Veronica proposed an amendment to the board bylaws to allow for the appointment or contracting of an individual or service to assist with meeting minutes, but Aaron Paternoster expressed hesitation about changing the bylaws for this purpose.

Below is a word for word summary of what transpired relative to discussion on By-Laws:

Aaron Paternoster In light of Anne's comments at the beginning of the meeting I do think that some discussion is warranted.

Doneeca Turston-Chavez - I just want to start off by saying I was the one who made the comment about the 3rd party at the last Board Meeting. I obviously was not privy to prior conversations because that happened before my board appointment. I just want to put that into the space, so I just offer that up that it was knowledge that I did not have at the time, because these conversations around this issue happened before I joined the Board.

Aaron Paternoster - I do. personally have to agree with a lot of the points that Anne made in her comment. However, there is, and the other issue I have is that we do currently have in the By-laws. That the executive director assumes the role of secretary or may appoint the Secretary to act on their behalf, which is what we currently have. so adding additional language about contacting 3rd party to me, conflicts with the existing language in that section. so I have concerns about that right there. I do have to agree with Anne that that if this is, a part of her job description, and this is part of her day to day job. I think that in effect. we already are appointing a 3rd party which is enabling Cathy to appoint somebody to take these minutes. I'm also struggling because I agree that we don't want to be involved in the day-to-day business and determining how that work is done. The bylaws, are essentially the document that we operate in. I do see theirs is overlap that it is it. It could be considered day to day operation of the agency, but also, it's directly relevant to our functions on the Board. I don't know how to reconcile that. I'm sorry. What is the inaccuracy of the minutes? Is that the thing I question here that we want? It's tough because we've got Anne who has to listen to the recordings as well as take notes during it. and there are instances where things in the minutes either get, missed, or may not be accurate, not due to any fault of what Anne's trying to do by the nature of doing it. I think that in general, I personally am satisfied with the way that the minutes are captured. I think that a lot of this just stems from the fact that last year, we had several months' worth of meetings that were sensitive, contentious and potentially involved outside, litigation. I think the concern about the accuracy was context related to those specific meetings. It is just as a way to protect everybody participating. because I don't have an issue with any of the minutes. or routine meetings.. I think it. it has just been, the specific incidents that happened last year that there was a lot of concern, because there were potential legal issues involved.

Anne Cameron- The board voted months ago to prepare the minutes in summary format. First, we were doing word for word. It was this long, dragged out, month after month. Months ago we went through this and you finally decided to have it summarized, but then you would, on particular meetings, if you thought they were very important, you would go out and hire a firm do it this word for word. Well, now it's back and forth, minutes are supposed to be a summary.and no matter what I do or what I put in the minutes it isn't good enough. It's been going on for months. What do you want? It's going back and forth, and Veronica seems to be the one with the changes, changes that seem to make her look good, or has word for word in there about what she's saying. When we, the staff say things, she wants us to take it out because it is reflective of the leadership. Minutes are supposed to be a summary. I would ask the board look at other boards' minutes and I think ours are pretty extensive, and I think if you read them, you get the gist of what took place at the meeting. It's discouraging to me. It really is. This is being carried over and over again/. We just hired a firm, and we are going to pay them now. almost \$10,000 to have strategic planning and move forward. I just can't see it. I can't see it and it's very discouraging to me. We can provide the minutes in a summary.and it just seems as though, no matter what I do, how I present the meeting minutes it isn't right. We need to move forward.

Veronica Miranda: I just wanted to thank you. Thank you all for weighing in on this and so, meeting minute inaccuracies have been brought up for quite some time now, maybe about a year at this point, and I understand that it's difficult to complete meeting minutes. Generally speaking, I know that that same sentiment is shared from the person who creates them with the school committee and totally acknowledge and agree that the minutes are to be a summary, but it needs to accurately reflect what's happening in the meeting and in terms of the changes that I've proposed over the last year or otherwise, are not changes to make me look good, they're changes that are supposed to reflect accurately with what was said here. There are recordings of these things, and I've never asked for things to be removed from the minutes that Staff actually said, in the meeting.

Anne Cameron – Yes, you did.

Veronica Miranda – I do not believe I did.

I do think it's really important to know that the meeting minutes do not belong to staff. They belong to the public body, and we are tasked with making sure that the meeting minutes are accurate, that is, you know, in state law. If other Board members are not reading them as closely, or do not see certain slants and inaccuracies that I feel that that I have seen over the course of the last year, I totally understand that.and I encourage you to express your viewpoints. There have been things that have been left out of the meeting minutes that are important in terms of understanding what actually happened in the meeting so that is my reasoning for putting this into the bylaws. This is not saying the Board must, or the Board will, it's saying that the Board may at its discretion, and I mean we did do that already when we contracted with transcription services. We voted on doing that on contracting with the service. I am asserting my right as a board

member, to name what I think are inaccuracies, and not to take anybody's job away. I think it would be a misrepresentation to suggest that that belongs to a staff member. It does not, It belongs to the board and the board delegates that responsibility.

Discussion ensued relative to this matter amongst the Board. The final result was that no Board vote was taken on the change proposed by Veronica Miranda.

The board discussed the use of pre-2004 public funds, with Veronica explaining that HUD was surprised the funds were still being used and recommended seeking an opinion from the SHA's Council. Cathy agreed to obtain the legal opinion on the use of public funds.

Discussion on Vote to Seek a Legal Opinion on Procurement Compliance from SHA's Legal Counsel

The board discussed concerns about procurement compliance for legal services, with Veronica proposing to seek a legal opinion from their council regarding current procurement practices. While the auditors found no material concerns, the board debated whether to proceed with a formal opinion, with Emily Ullman expressing concern about potentially redundant spending given previous audit findings. The motion to seek legal opinion from counsel failed due to a tie vote

Maintenance Technician Certifications

Maintenance staff who recently obtained certifications as Maintenance Technicians were recognized by the Board of Directors, Cathy Hoog, Executive Director and Gary Dean, Director of Maintenance.

Maureen Thomas, Director of Public Housing - thanked Cathy Hoog, Executive Director and the Staff for an Audit with no findings Great job by all!

Federal Uncertainty Looms Over Final FY2026 Budget Decisions

As the FY2026 state budget heads into final negotiations, it remains unclear how federal developments will be reflected in the Commonwealth's spending plan. The FY26 budget is currently under review by a six-member Conference Committee, comprising three senators and three representatives, tasked with reconciling differences between the House and Senate versions.

The Commonwealth's new fiscal year begins on July 1. If a final budget is not enacted by that date, Governor Healey is expected to file one or more "1/12 interim budgets" to maintain funding at FY2025 levels until negotiators finalize the budget.

Governor Healey's original FY2026 proposal, submitted in January, outlined a \$62 billion spending plan, an overall increase of 7.4% over FY2025. Governor Healey's budget proposal included an increase to the operating subsidy line item of \$2.5M. Both the House and Senate subsequently passed budgets reflecting approximately a 6% increase in spending compared to the prior year. The House budget also carried a \$2.5M increase to the operating subsidy, with the Senate including a slightly higher operating subsidy increase of \$3M. We remain extremely grateful to Rep. Aaron Michlewitz and Sen. Michael Rodrigues for their respective increases to the subsidy line in their seventh budget as Chairs of the Joint Committee on Ways & Means Chairs, and will continue our advocacy to ensure that the higher Senate number is included in the final budget.

These budget proposals were crafted using the information available at the time. There are shifting federal uncertainties around proposed budget cuts and tariff policies that are still ongoing. All these changes could significantly impact state revenue or program funding. However, it is impossible to know how deep these proposed cuts will be, or what programs will face funding deficits, until they're all put into effect by Congress. With all of that said, this leaves an open question about how – or whether – these cuts will be addressed in the final version of the FY2026 budget, and if they are not, what options are available to make budgetary adjustments.

There are several different options that Governor Healey's administration has at its disposal to deal with significant budget cuts. It is likely that there will not be one singular action taken, and we will see a combination of the various tools.

Governor's Veto Power: Once the legislature approves the FY2026 budget, it is sent back to the Governor who has 10 days to review it. Governor Healey can approve the entire budget, veto the entire budget, or veto and reduce certain line items to adjust spending levels in response to evolving federal impacts.

Rainy Day Fund: Massachusetts maintains a robust stabilization fund, commonly known as the "Rainy Day Fund," with

continued on page 5

Registration Open for 2025 Annual Conference & Exhibition

Registration is now open for MassNAHRO's 2025 Annual Conference and Exhibition, September 7–10 at the Sea Crest Hotel in North Falmouth! The Professional Development/Member Services Committee is crafting another outstanding agenda featuring more than twenty informative sessions focused on the latest and most relevant topics for board members, Executive Directors, and staff of our member agencies. Sessions on the agenda will include:

- **You Can't Do That! A Mock Board Meeting on Open Meeting Law Pitfalls**
- **Tenant Death and Property Disposition: Staying Compliant with Law and Policy**
- **Ask the Attorney & Therapist – Legal Answers & Mental Health Insights**
- **Protect Your Peace: Setting Boundaries for Better Mental Health**
- **Management Agreements: Myths, Facts and Best Practices**
- **Successful Affordable Housing Development - No Matter Your Size**
- **Hidden Hazards to Workplace Wellbeing**
- **Preventing Injury, Promoting Safety in the Workplace**
- **Addressing Social Aggression in Public Housing**
- **Common Property Management Issues**
- **Washington Update**
- **Strengthening Board and Executive Director Dynamics**
- **Protecting Your Agency from Discrimination Claims**

...and several more! EOHLC will present on several hot topics, and peer roundtables will be held for Executive Directors, board members, and staff.

Invited special guests include Sean Gilbert, NAHRO Senior Vice President; Senator Julian Cyr, Senate Chair of the Joint Committee on Housing; Representative Christopher Diggs, Vice Chair of the House Ways and Means Committee; and Senator Dylan Fernandes, Senate Chair of the Joint Committee on Agriculture.

The Exhibit Hall, featuring more than 50 vendors of quality products and services, will be open Sunday afternoon and all day Monday, including a raffle during the Monday coffee break. We're also expanding networking opportunities for attendees with three receptions including a Welcome Bonfire Reception on Sunday on the beach, and entertainment by DJ Cubey on Monday evening accompanied by a casual dinner buffet.

Monday's lunch will recognize MPHA and Board Member

continued on page 5

Massachusetts NAHRO 2025-2026 Board of Directors

PRESIDENT

Peter Proulx
Chief Operating Officer
Worcester Housing Authority

VICE-PRESIDENT - Large HAS

Colleen Doherty
Executive Director
Taunton Housing Authority

VICE-PRESIDENT - Medium HAS

Caileen Foley
Executive Director
Lexington Housing Authority

VICE-PRESIDENT - Small HAS

Mark Roy
Executive Director
Canton Housing Authority

VICE-PRESIDENT - Commissioners

Krisanne Sheedy
Board Member
Easton Housing Authority

VICE-PRESIDENT - Aff. Hsg. Dev.

Kirk Fulton
Senior Dir. of Operations & Integration
Chelmsford Housing Authority

TREASURER

Jennifer Polito
Executive Director
Concord Housing Authority

IMMEDIATE PAST PRESIDENT

Michael Lara
Executive Director
Newton Housing Authority

DIRECTOR EMERITUS

Thomas J. Connelly, Jr.

DIRECTORS - Terms expiring 2026

Alex Corrales, Chief Executive Officer, Worcester Housing Authority
Kathryn Gallant, Executive Director, Reading Housing Authority
Skye Kessler, Board Member, Dedham Housing Authority
Krishonna Murray, Executive Director, Gardner Housing Authority
Pamela Rogers, Executive Director, Amherst Housing Authority
Tom Thibeault, Executive Director, Brockton Housing Authority

DIRECTORS - Terms expiring 2027

Candace Avery, Executive Director, Millis Housing Authority
Sean Barnicle, Executive Director, Norwood Housing Authority
Benjamin Gold, Executive Director, Leominster Housing Authority
Gina Govoni, Executive Director, Franklin County HRA
Matthew Mainville, Executive Director, Holyoke Housing Authority
Randy Waters, Executive Director, Natick Housing Authority

Professional Staff

EXECUTIVE DIRECTOR

Donna Brown-Rego, Esq.

DIRECTOR OF PROFESSIONAL DEVELOPMENT & MEMBER SERVICES

Jessica Coughlin

DIRECTOR OF POLICY & PROGRAM DEVELOPMENT

Cylas Martell-Crawford, Esq.

MEMBER SERVICES COORDINATOR

Elaine Egersheim

President's Corner



I want to begin my first message as President by expressing my sincere gratitude for your support and warm wishes. It is an incredible honor to serve as President of Mass NAHRO, and I am excited to take on this role alongside such a dedicated and accomplished group of professionals.

As many of you know, we are facing a time of significant change. The new HUD administration has introduced proposals that could bring substantial challenges to housing authorities across Massachusetts - regardless of size. Secretary Scott Turner recently testified before the House and Senate Appropriations Committees, outlining a vision for HUD that includes a 51% budget cut, the elimination of key programs like CDBG and HOME, and a potential shift in management of federal housing programs to the state level.

If these changes are enacted, we can expect a profound impact on our work. The Executive Office of Housing and Livable Communities (EOHLC) may be tasked with administering all federal public housing and voucher programs in Massachusetts - on top of its existing responsibilities. Without clear information on funding levels, it's difficult to predict how such a transition would be implemented or supported.

However, this is not a moment for despair - it's a call to action. Congressional negotiations will take time, and there is bipartisan recognition of the vital importance of our programs to millions of Americans. Through all the uncertainty, I remain confident. We are uniquely prepared for whatever lies ahead because of the strength of our community. Massachusetts is home to some of the most knowledgeable, passionate, and experienced public housing professionals in the country.

Thank you for everything you do, every day, to support and house those who need us most. I look forward to working with all of you in the months ahead, and I wish you a warm and sunny summer season.

Peter Proulx
MassNAHRO President
Chief Operating Officer
Worcester Housing Authority

MassNAHRO Annual Awards Nominations Open

Outstanding Agency Award

The Outstanding Agency Awards program gives recognition to the achievement and innovation of MassNAHRO agency members throughout the Commonwealth; provides additional opportunities to inform the public of the best in housing and community development; creates a resource bank of information on significant, innovative activities performed by housing and re-development agencies and community development departments. Categories include:

Affordable Housing: programs that produce affordable housing in a creative way, i.e. creative financing, adaptive reuse, special needs housing, etc.

Community Revitalization: programs that have a positive economic impact on a neighborhood or city, i.e. economic development, job creation, mixed-use developments, etc.

Resident and Client Services: includes Self-Sufficiency Programs, Youth Programs, Elderly/Special Needs Housing, Social Service Programs, etc.

Administrative Innovation: programs that improve the effectiveness or efficiency of administrative operations, i.e. management systems, computer use, professional development, public relations, etc.

Project Design: includes landscape design, modernization/rehab, new project and enduring design.

For the nomination form and all information, visit www.massnahro.org. Deadline to apply: September 12. The award will be presented at MassNAHRO's Awards Gala on October 30.

Development Partner of the Year Award

The purpose of this award is to recognize an individual or a company instrumental in shaping and executing innovative housing development or redevelopment initiatives. Nominees could include, but are not limited to, developers, attorneys, lenders, consultants, architects, contractors.

Judging criteria include:

Collaborative Approach: Describe the successful collaboration between the nominee and the housing authority, government agencies, community organizations and other stakeholders to develop and implement the project.

Excellence in Project Development: Describe the creativity in design, sustainability practices, and adherence to high-quality construction standards of the project.

Positive Resident Engagement: Describe nominee's efforts to engage and empower residents in the decision-making process, ensuring their voices are heard and their needs are or will be addressed throughout the project and beyond.

Innovation and Best Practices: Describe the innovative approaches, best practices, or cutting-edge technologies that have positively impacted public housing development, management, or resident services.

Measurable Impact and Outcomes: Provide evidence of the measurable impact and positive outcomes achieved or to be achieved through the nominee's involvement in the project, such as increased housing stock, improved resident satisfaction, or

enhanced community amenities.

For the nomination form and all information, visit www.massnahro.org. Deadline to apply: September 12. The award will be presented at MassNAHRO's Awards Gala on October 30.

Board Member of the Year Award

Each year, MassNAHRO awards a Board Member of the Year to honor a current board member, or one who has served within the past 12 months, who has demonstrated excellence in advocating for and developing the financial, political, and community support necessary to ensure the continuation of housing and development programs.

Judging criteria include:

Community Leadership: describe what the candidate has done to persuade the community at-large that it must provide the support and assistance necessary for housing and/or community development programs to continue.

Advocacy: describe what the candidate has done to support the importance of housing and community development with local, state, and national officials.

Public Relations: describe how the candidate has communicated to various media about the authority's accomplishments, programs, policies, and future plans.

To nominate your board member visit www.massnahro.org. Deadline to apply: August 15. The award will be presented at MassNAHRO's Annual Conference on September 8.

Longevity Awards

MassNAHRO Longevity Awards recognize Board Members and Executive Directors who have served for more than twenty years. To nominate yourself or a colleague, visit www.massnahro.org.

Deadline for nominations: August 15. The award will be presented at MassNAHRO's Annual Conference on September 8.

STATE RENT CALCULATION

Updates to 760 CMR 6.00 (occupancy standards and tenant participation regulation), effective June 7, 2024, have brought important changes to how rent is calculated in state-aided public housing. Attend this class to be current on how to accurately calculate rents in your state developments.

August 13
Bridgewater H.A.
10:00 AM - 3:00 PM

Registration Fee: \$199

Fee includes morning coffee, lunch, and materials.

For more information and to register visit our Professional Development page at www.massnahro.org.

MassNAHRO Insurance Group Launches New Loss Control Initiative

The MassNAHRO Insurance Group, Inc., the largest provider of workers' compensation insurance for Massachusetts housing authorities, recently announced a loss control initiative to enhance the value of participation in the Group, further strengthen its partnership with its members, and promote and sustain safe workplaces for LHA employees.

In the next few weeks members should be on the lookout for an email announcing the availability of online loss control resources (via the Group's Indio platform that LHAs currently use for policy renewals). These resources can be accessed, downloaded, and distributed to employees. Each month additional resources will be posted within Indio for members to access.

In addition, CMS Associates, the Group's third-party administrator, has created a list of relevant safety training topics for both maintenance, Executive Directors, and staff. CMS will perform outreach to selected members to schedule trainings sessions for their employees at

their office locations. It is anticipated that invitations will be extended to employees of other members within proximity of the host member's location.

The Group will be presenting its first virtual workshops in August. The topic will be 'Promoting a Safety Culture' with a target audience of Executive Directors.

Additional workshops will be presented every other month. Invitations for the first workshop will be distributed starting mid-July.

The Group will roll out additional support efforts in Q4 to assist members in improving the workers' compensation loss experience at their individual workplaces, based upon a number of performance benchmarks.

If any LHA is interested in hosting a training session at your location, please contact David Matosky, CMS Associates, Inc., damatosky@faiaagency.com. With summer now in full swing, we would anticipate booking these sessions in August, September and beyond.

LHAs Are Eligible for Grants to Provide Internet Access to Residents

The Massachusetts Broadband Institute's (MBI) Residential Retrofit Program deploys state-of-the-art broadband infrastructure to public and affordable housing properties across Massachusetts. MBI intends to increase low-income residents' opportunities to access high-quality, reliable and affordable broadband service in their homes by addressing deficient wiring and infrastructure through grants for the deployment of fiberoptic cabling to the unit to qualified Internet Service Providers (ISPs) who will install, own and maintain equipment.

Improved infrastructure and enhanced connectivity will enable residents of public and affordable housing to engage in essential daily activities such as working remotely, pursuing educational opportunities and accessing telehealth.

The Residential Retrofit Program is funded by the U.S. Department of Treasury Capital Projects Fund (CPF)

grant. MBI will make available grants covering 100% of the eligible capital costs associated with the retrofit of eligible properties.

Operators of public/affordable housing are eligible to submit properties that meet the following requirements:

- Serve residents at or below 80% area median income
- More than 50% deed-restricted affordable
- Mixed income affordable housing developments will only be eligible if they are located in Qualified Census Tracts (QCTs)
- Properties with existing fiber to the unit or CAT6 cabling to the unit, with fiber backhaul, are not eligible.

Visit broadband.masstech.org/retrofit for more information on how to apply for the grant or contact MBI directly at broadband@masstech.org with any questions.

Swing for Scholarships!

Summer is here and that means MassNAHRO is teeing up its annual golf tournament to benefit the Past Presidents Memorial Scholarship Fund.

Since its inception 37 years ago, the Past Presidents Memorial Scholarship Fund has awarded over \$675,000 in college tuition assistance. Funded through fundraising efforts and generous donations, the Fund has helped more than 300 housing authority residents and employees with their higher education goals.



The golf tournament is the largest fundraiser of the year! This year's event will be on Monday,

August 25, 2025, at Juniper Hill Golf Course in Northborough. \$150 per person or \$600 for a foursome includes green fees, a cart rental, lunch, souvenir, and gift bag. We hope you're able to join us for a fantastic day of golf!

Unable to attend this year's tournament but still want to show your support?

There are many different levels of sponsorship to choose from, including Golf Ball Sponsor, Souvenir Sponsor, and Tee Sponsor. For details and to register as a golfer and/or sponsor, visit the [MassNAHRO website](https://massnahro.org).

For more questions or assistance with registration, please contact Elaine Egersheim at egersheim@massnahro.org or 617-367-0008.



2024 CHAMP Study Published by UMass

The Executive Office of Housing and Livable Communities (EOHLC) recently released the UMass Donahue Institute's report and assessment on the challenges faced by applicants and local housing authorities (LHAs) with the Common Housing Application for Massachusetts Programs (CHAMP). The study was requested by Representative Joan Meschino, Representative James Arciero, and Senator John Keenan.

The report's data stem from surveys and focus groups from the summer of 2024. Feedback included the need for more customer service supports for tenant selection, including more transparency for applicants; and greater improvements to communications between LHAs and the newly created Centralized Screening Office ("CSO").

Included in the published report is a memo from EOHLC highlighting various interventions it has implemented or is in the process of implementing, both for applicants and local housing authorities (LHAs). EOHLC updated the Priority/Preference Screening Request Letter in July of 2024 to make it easier for applicants to understand and have further

committed to working on doing the same with determination letters. Additionally, there have been significant investments, both actual and planned, in technical parts of the CHAMP process including updates to the Priority Status Dashboard and guided workflows for applicants.

For LHAs, EOHLC has implemented a dedicated phone number between LHAs and the CSO. Additionally, EOHLC and CSO staff have made themselves more available, coming to MassNAHRO conferences and other events such as NSHEDA and SMEDA meetings.

EOHLC remains committed to taking all actions they can to make the system better, in addition to investing resources into the CSO and CHAMP systems. Recently released changes to 760 CMR 5.00, for example, reflect the work that EOHLC has been undertaking in identifying all areas that can be improved.

MassNAHRO will continue to keep open lines of communication both with EOHLC and all our LHAs to provide the necessary feedback to continue building on these successes. More information and the full report can be found at this [link](#).

BUDGET continued from page 1

a current balance exceeding \$8 billion. While this fund is typically reserved for unforeseen shortfalls and one-time fiscal challenges, not recurring expenditures, it remains a critical tool for bridging gaps caused by unexpected federal reductions.

9C Cuts: Mass. General Laws, specifically Section 9C of Chapter 29, mandates that the Governor review revenue estimates every October and adjust the spending budget if revenue projections are less than expected. The Governor's "9C authority" allows only for cuts to executive branch agencies.

While the uncertainty continues, the Healey-Driscoll Administration is exploring various options to inform its fiscal decisions and allow it to pivot as necessary.

save the date...

2026 Spring Conference & Exhibition

March 22-24



CONFERENCE continued from page 1

Certification graduates, Member of the Year, Board Member of the Year, and Longevity Award recipients. Tuesday's schedule will feature the Past Presidents Memorial Scholarship Luncheon, where we will recognize all Past Presidents and introduce the 2025 scholarship recipients.

As always, the conference will include several fundraising events for the scholarship fund, including a DJ/Dance Party, 50/50 Raffle, and silent auction. Full and one-day registrations are available. Scholarships are also available for small agencies with budget constraints. Visit the [MassNAHRO website](#) for more details and to register today!

2nd ANNUAL

AWARDS GALA DINNER

October 30, 2025

FOUR POINTS SHERATON, NORWOOD

2025 Award Presentations:

President's Award
Board Member of the Year Award
Outstanding Agency Award
Development Partner of the Year Award

Visit www.massnahro.org for more information on:

- Sponsorship Opportunities
- Ticket Purchase
- Award Nomination Forms

EOHLC Announces Vacancy Initiative 2.0

On June 11th, the Executive Office of Housing and Livable Communities (EOHLC) released PHN 2025-07 related to the "EOHLC Vacancy Initiative 2.0". This program builds on the original Vacancy Initiative announced in PHN 2023-17 from September 2023. Importantly, EOHLC's data note that since the release of PHN 2023-17, we have seen an impressive 35% reduction in operational vacancies.

However, vacancy concerns still remain – largely grouped within a small number of Local Housing Authorities (LHAs), an issue that PHN 2025-07 seeks to remedy. Therefore, PHN 2025-07 carries with it the following new protocols for LHAs with high vacancy rates, as well as a number of additional resources for LHAs.

First, when an LHA has operational

vacancies that reach or exceed the established Vacancy Concern Thresholds (5% of all units, OR, vacancies in family or Elderly/Non-Elderly Disabled exceed 10%, OR LHA has more than 40 vacant units), EOHLC will send the LHA, and the LHA Board Chair a formal notice. This formal notice will also request information on what supports or resources the LHA may need to reduce the vacancy rate. EOHLC has noted they are committed to working with the LHA to ensure this occurs.

If the LHA fails to respond to the notice within ten (10) business days, a second notice, this time from the Secretary, will be issued to both the LHA Executive Director and the full Board. EOHLC will also require a mandatory meeting with the Executive Director and Chair of the Board.

Additionally, EOHLC is introducing a new Financial Incentive that will begin in Fiscal Year 2026. To be eligible, LHAs must achieve listed metrics (667s leased within thirty (30) days of vacancy and 200s and 705s leased within forty-five (45) days of vacancy – units requiring capital work excluded). If hitting the appropriate metrics, these LHAs may receive a 5% increase to their Formula Funding and an EOHLC Directed Exemption equal to a 2% increase to their ANUEL.

PHN 2025-07 also includes a list of support and guidance that EOHLC will provide to assist vacancy turnover efforts by LHAs. To read PHN 2025-07 for yourself, use this [link](#). Attachment A, the Vacant Unit Design Guidance, can be found [here](#). Attachment B, Vacant Unit Best Practices, can be found [here](#).

Fair Housing Training for Maintenance Staff

Presented by: Atty. Manette Donovan

Maintenance professionals require fair housing training as much as any other staff at housing authorities. Maintenance staff interact with residents more often than many other staff members and may be considered "on the front lines" of the development. As such they must recognize potential fair housing issues and respond appropriately including reporting to the proper individual at the housing authority. Properly-trained staff protects your agency from potential discrimination claims.

This training will cover:

- Fair Housing Laws
- Discriminatory Impact and Treatment
- Protected classes
- What behavior is illegal?
- Common forms of housing discrimination
- Illegal inquiries/Communications
- Violence Against Women Act
- Sexual Harassment
- Limited English Proficiency
- Reasonable Accommodations

Wednesday, October 8

10:00 AM to 2:00 PM

Norwood Housing Authority

Registration: \$199 for Members

Members \$499 for Non-Members

Go to [MassNAHRO Professional Development](#) to register.

Criminal Offender Record Information (CORI)

webinar

Tuesday, October 21

9:00 AM to 12:30 PM

The housing authority performs Criminal Record checks under Massachusetts law to determine if applicants have engaged in violent or drug related criminal activity which may disqualify them from housing programs. This training will provide an overview of the requirements under the Massachusetts General Laws and regulations governing use and access of CORI as well as the manner for housing denials based upon such information. This training will also address the changes which were made to the CORI regulations requiring the maintenance of a secondary dissemination log and the requirements relative to cloud storage.

Presented by: Atty. Manette Donovan

Registration: \$169 for Members

Members \$469 for Non-Members

Go to [MassNAHRO Professional Development](#) to register.

Massachusetts Public Housing Administrator (MPHA) Certification

Legal Elements

presented by: Atty. Jeffrey Driscoll

August 1 9:00 AM - 4:00 PM
Ware H.A.

Maintenance/Modernization

presented by: James Comer

September 19 9:00 AM - 12:00 PM
Bridgewater H.A.

Financial Elements

presented by: Teresa Ewald, CPA

September 19 12:30 PM - 4:00 PM
Bridgewater H.A.

Professional Relationships/ Procurement

presented by: Atty. Jeffrey Driscoll

October 3 9:00 AM - 4:00 PM
Somerville H.A.

The Occupancy Cycle - Part I

presented by: Atty. Lori McBride

October 22 9:00 AM - 4:00 PM
Worcester H.A.

The Occupancy Cycle - Part II

presented by: Atty. Lori McBride

October 29 9:00 AM - 1:00 PM
webinar

Personnel Management

presented by: Atty. Jeffrey Driscoll

December 5 9:00 AM - 4:00 PM
Woburn H.A.

Registration Fee: \$199

(\$399 for non-members)

*MassNAHRO members' first class is free
except Occupancy Cycle.

For information and to register, visit our
Professional Development page at www.massnahro.org.

Board Member Certification 2025 Webinars

Ethics

August 2
Atty. Jeffrey Driscoll

Legal Issues

October 4
Atty. Jeffrey Driscoll

Registration Fee: \$149

*Registration fee is discounted to \$59
for tenant board members.

All webinars are held 9:00 AM-12:00 PM.
For more information and to register visit our
Professional Development page at www.massnahro.org.

Reasonable Accommodations webinar

Thursday, November 13
9:00 AM to 12:30 PM

This training will assist the PHA in avoiding the exposure that is found in the failure to respond or properly address such direct and indirect requests. The scope of the training will cover the following: Difference Between a Reasonable Accommodation and Reasonable Modification, Tips to Avoid Legal Exposure (short list of DON'Ts based upon case law), Review of Qualifying Disability, What Can (and Cannot) a Housing Provider ask regarding a Disability, The Importance of the Interactive Dialogue, Review of the Nexus between the Disability and the Accommodation, When the issue of Reasonable Accommodation can be raised, Exceptions to the Duty to Accommodate, Service Animals, Assistance Animals & Comfort Animals.

Presented by: Atty. Manette Donovan

Registration: \$169 for Members
Members \$469 for Non-Members

Go to MassNAHRO Professional Development to register.

CLASSIFIEDS

To see all current classified ads and job descriptions, go to "Classifieds" page at www.massnahro.org. Classified ads are free of charge for members to post for any position. To post an ad on our website go to "Classifieds" page at www.massnahro.org or email info@massnahro.org.

c a l e n d a r

trainings, conferences, & events...

AUGUST 13

State Rent Calculation

Bridgewater H.A.

Presented by Cylas Martell-Crawford,
MassNAHRO.Visit www.massnahro.org to register!

OCTOBER 8

Fair Housing for Maintenance

Norwood H.A.

Presented by Atty. Manette Donovan.

To register, visit www.massnahro.org.

OCTOBER 30

Annual Awards Gala

Four Points Sheraton, Norwood

Tickets on sale now. Sponsorships available.

Visit www.massnahro.org for details.

SEPTEMBER 7-10

Annual Conference & Exhibition

Sea Crest Hotel, N. Falmouth

To register, visit www.massnahro.org.

OCTOBER 21

Criminal Offender Record Information
webinar

Presented by Atty. Manette Donovan.

To register, visit www.massnahro.org.

NOVEMBER 13

Reasonable Accommodations
webinar

Presented by Atty. Manette Donovan.

To register, visit www.massnahro.org.

Massachusetts Chapter
National Association of
Housing & Redevelopment Officials
990 Washington Street, Suite 209
Dedham, MA 02026
617-367-0008
www.massnahro.org

Follow us on Facebook & LinkedIn



State Estimated Waiting Period for Applications:**As of July 1, 2025****P-1,2,3,4,6**

Family	6 mos.-1 yr.
Elderly	6 mos.-1 yr.
NE (Eld./Disabled)	6 mos.-1 yr.
Modified	1+ yrs.

P- 7

Family (Local)	2 + yrs.
Family (Non-Local)	3 + yrs.
Elderly (Local)	2 + yrs.
Elderly (Non-Local)	3 + yrs.
NE (Elderly/Disabled)	3 + yrs.
Congregate	1 + yrs.
Modified	3 + yrs.

VETERANS

Family	6 mos.-1 yr.
Elderly	6 mos.-1 yr.

Federal Waiting Period for Applications:**FEDERAL**

Family	3 + yrs.
Elderly	2 + yrs.

SECTION 8

Local/Preference	5 + yrs.
Non Local	10 + yrs.
PBV/Pequot	4 + yrs.
PBV/ARC	0 mos.-3 mos.

STATE PUBLIC HOUSING
WAITING LIST
CHAMP

As of July 1, 2025

Number of Family Applicants	43,069
Number of Elderly/Handicapped Applicants	11,579

FEDERAL PUBLIC HOUSING
WAITING LIST

Federal Family	Pending	0
	Eligible	23
	Total	23

Federal Elderly	Pending	0
	Eligible	245
	Total	245

SECTION 8

Section 8 HCV Centralized Waitlist Salem Preference	Pending	9
	Eligible	2227
	Total	2236

Pequot Highlands Project-Based Voucher Program	Pending	40
	Eligible	1396
	Total	1436

New Point Acquisition PBV	Pending	20
	Eligible	657
	Total	677

ARC PBV Program	Pending	0
	Eligible	0
	Total	0

(MRVP Converted to Housing Choice Voucher 07/04-08/04)

(Federal Family closed 12/02)

(Federal Family opened 06/21/05 – 07/31/05)

(Federal Family closed 07/31/05)

(Federal Family opened 06/11/12)

(Federal Family closed 10/31/2012)

(Federal Preferences Changed To Local Only 12/17/2012)

(Section 8 closed 12/02)

(Joined Centralized 04/03/2006)

(State Family Closed 11/01/06)

(State Family Reopened 05/06/08 – 07/31/08 2 & 3 BR Only)

(State Family Extended thru 09/30/08 2 & 3 BR Only)

(State Family Closed 09/30/08)

(State Family Reopened 07/01/11 – 10/31/11 2 & 3 BR Only)

(State Family Closed 10/31/2011)

(State Family Reopened 12/15/15 - 03/31/2016 2 & 3 BR Only)(State Family Closed 3/31/16)

July 19, 2018 State Waitlist Migrated to CHAMP (new applications after this date logged into CHAMP) (Oct. 15 – 30, 2018 Applications received entered into Lottery Nov. 9, 2018)

Unit Address	City	State	Bedroom Size	Admission Date	Action Type	Move Out Reason	Effective Date
2C Norton Terrace	Salem	MA	1	05/12/2004	End Participation		06/02/2025
3B Norton Terrace	Salem	MA	1	06/29/2017	End Participation		06/03/2025
27 Charter St Unit: 501	Salem	MA	1	07/06/2015	End Participation		06/10/2025

Salem CHAMP List report

Date Pulled	List ID	Criteria	# Applicants Pulled	DNR & Deselected	Eligible candidates	Offers	Offers Accepted	Rejected Units	List Status
6/11/2024	26354163	2 BR Family	100	2	2	2	n/a		List is closed
8/5/2024	26698507	1BR Eld Stairs	50	2	2	2	1		List is closed
8/5/2024	26699508	1BR Eld No Stairs	50	6	3	2	1		List is closed
8/30/2024	26879688	3BR Family WC	100	0	2	0	0		List is closed
10/15/2024	27170979	1BR Eld Minority Stairs	50	10	1	8	1		List is closed
10/17/2024	27195007	1BR Eld Stairs	50	7	5	4	1		List is closed
12/18/2024	27571383	1BR Eld No Stairs	50	0	0	0	0		List is closed
1/9/2025	27678490	2BR Family	100	3	2	2	0		List is closed
1/9/2025	27683495	3BR Family	100	1	0	0	0		List is closed
2/20/2025	27965777	1BR Elderly No Stairs	50	7	6	5	1		List is closed
3/18/2025	28143955	1 BR Elderly Stairs	50	0	0	0	0		Pending applicant response
5/6/2025	28494309	2BR Family	100	0	0	0	0		Pending applicant response
5/8/2025	28522337	3BR Family	100	0	0	0	0		Pending applicant response
6/2/2025	28652467	1BR Elderly No Stairs	50	0	0	0	0		Pending applicant response
6/2/2025	28654469	1 BR Elderly Stairs	50	0	0	0	0		Pending applicant response

Update on Capital Modernization Projects

The following are items either underway in design or under construction. These projects are funded by our 5-year state Capital Improvement Plan (EOHLC) and annual federal capital plan (HUD).

STATE-FUNDED PROJECTS

Our latest annual state formula funding award is \$796,966 to be used at 14 state developments (626 units in 82 buildings).

Underway (In Design or Under Construction)

- 258150 **Electrical Upgrade** at Pioneer Terrace
Project is to upgrade the electrical service. The project was bid and Laracy is the apparent low bidder at \$1,104,000.00. Awaiting AG determination on bid protest.
- 258173 **Exterior Upgrades Water Infiltration (HILAPP)** at Charter St.
Project to solve the leaking in 2 units and the office. EOHLC awarded architect contract. In design. EOHLC authorized going forward with work to be performed in a sample unit on the 2nd floor as a test case. This work occurred. There are larger flashing and other issues being investigated with the Architect and EOHLC. SHA met with EOHLC and architect 5/30/24. Many design issues were discussed. A larger scope of work will be designed. The east elevation will be the scope. Plans and cost estimate are under review with EOHLC.
- 258182 **Exterior Door Replacement** at Bates, Norton, Dalton, Park/Prince
An architect will be assigned by EOHLC. EOHLC architect visited sites 6/25/25.
- 258187 **Siding and Window Replacement at Farrell**
Drizos Contracting LLC was awarded the contract in the amount of \$278,000. The preconstruction meeting was held on 5/28/25 and a mock up window was replaced. The project will begin as soon as materials are received.
- 258188 **ARPA Federal Pacific Electric Panel Replacement** at Rainbow, Leefort, Bertram, Colonial, Norton, Pioneer, Morency, Ruane, Dalton, and Phillips. Adding in gas stove "master meter operator" resolution as well from 258193. Schematic design was approved by EOHLC. Another visit to the site by the engineer occurred in June to finalize. Awaiting 100% construction documents and EOHLC review and then project will be bid.
- 258189 **Walk-in tub/shower study** at Charter St. and Morency Manor and Phillips House
Environmental Restoration Inc. was determined to be the low bidder. Submittals are being approved by architect. Sample units will be done 1st at each development to work out any issues. Those sample units will then be used as temporary bathing facilities for units where work is being performed. Awaiting materials and supplies.
- 258194 **Elevator upgrades** at Charter
Work to update the elevators to new code to be completed by our current elevator company under contract. Awaiting materials delayed.

- 258197 **Site Work and Concrete Repair** at Colonial Terrace
In design at 100% construction documents. Under final review at EOHLC. Once approved the project will be put out for public bid.
- 258198 **Sustainability Study- flood zone, rising sea level** at Pioneer and Congress
With EOHLC. No information yet.
- 258199 **Roof Replacement** at Ruane
Derby Square Architects was assigned by EOHLC. A price proposal has been requested. This building is in an historic district.
- 258200 **Boilers and HW Tanks Replacement** at Phillips
The equipment is at the end of its useful life. Options for type of systems are being weighed. This building is in a historic district. BLW Engineers have been assigned and will be visiting the properties for design.
- 258201 **Aging in Place Routine Turnovers** at 667
Small accessibility/adaptability upgrades will be incorporated during the routine vacancy turnover process

Projects to be Assigned to a Designer, Designed and Bid

TBA Kitchen & bath modernization at Bertram as funding will allow.

FEDERALLY-FUNDED PROJECTS

Zisson Roof Replacement: The SHA was awarded CPA funds to help with this work. Andrew Brockway is the architect on the project. Plans to be presented at City's historic commission and Redevelopment Authority, and Design Review boards in July.

Report to the Board 7/1/2025

7/1/2025

0 New Voucher Out-Looking
1 Ported to Another Jurisdiction (New Vouchers)

Voucher's Out-looking Time Frame:

Under 30 Days
30-60 Days
60-90 Days
90-120 Days
120+

Voucher

Issued since: 6/4/2025 0
PBV Admission 2

**Units Under Lease as of
July 1, 2025**

1173



Quarter

Apr 01 - Jun 30, 2025
(Q2)

Site

Housing Authority of Salem,
Massachusetts

Client Status	Currently enrolled and all graduated clients	Gender	All Genders	Race and Ethnicity	All Races and Ethnicities
		Baseline Earnings	All Earnings		
Client Ages	All Ages				

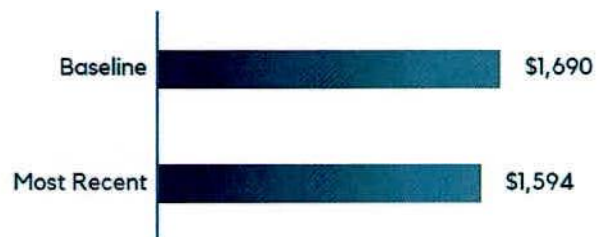
Core Outcomes

Average Annual Earnings



75% increased earnings
\$26,878 average increase

Average Monthly HAP



46% reduced HAP
\$552 average decrease

Average Credit Score

0% increased credit score
0 average increase
0% improved credit score



Quarter

Apr 01 - Jun 30, 2025
(Q2)

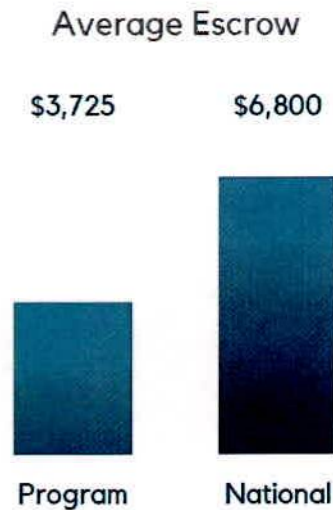
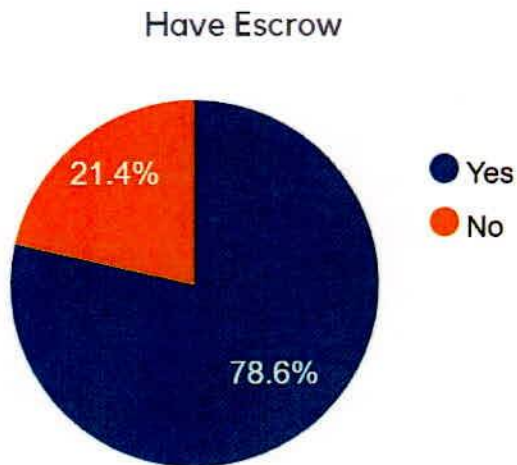
Site

Housing Authority of Salem,
Massachusetts

Client Status	Currently enrolled and all graduated clients	Gender	All Genders	Race and Ethnicity	All Races and Ethnicities
		Baseline Earnings	All Earnings		
Client Ages	All Ages				

Core Outcomes

Total accumulated escrow for 28 clients is \$81,957



Estimated Graduation Rate



Quarter

Apr 01 - Jun 30, 2025
(Q2)

Site

Housing Authority of Salem,
Massachusetts

Client Status

Currently
enrolled and
all graduated
clients

Gender

All
Genders

Race and Ethnicity

All Races and
Ethnicities

Baseline Earnings

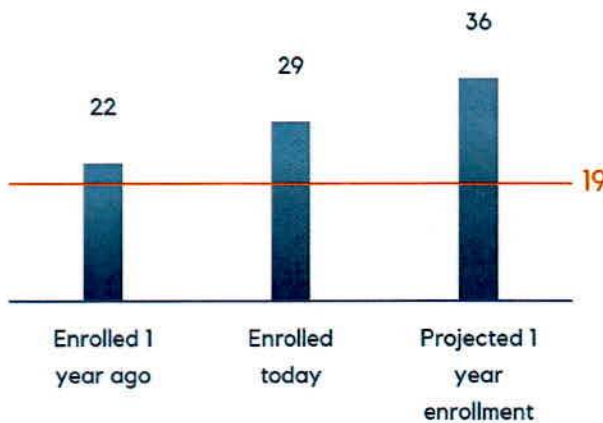
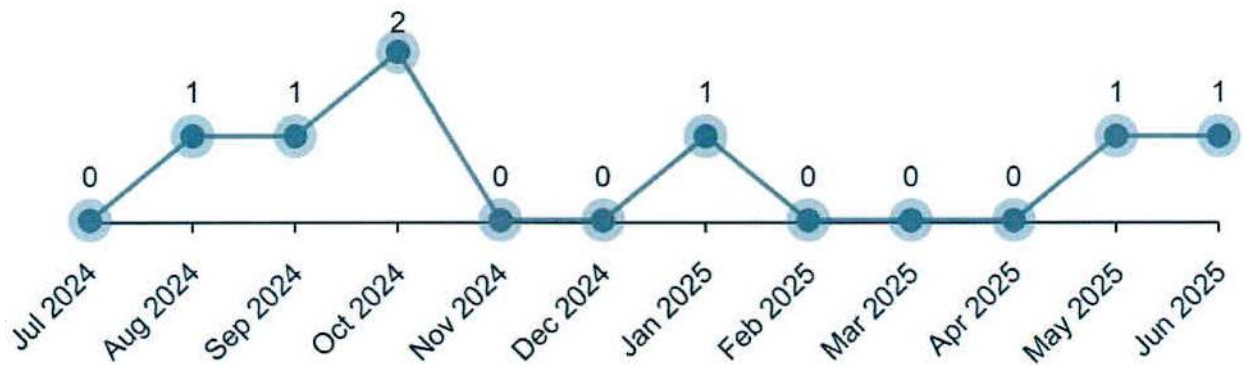
All
Earnings

Client Ages

All Ages

Enrollment Trends

New Enrollment by Month



In the last 12 months, there were 7 newly enrolled clients, 0 graduates, and 0 contract terminations. This resulted in an overall increase in enrollment of 7

If these trends continue, you will maintain your target enrollment.



Quarter

Apr 01 - Jun 30, 2025
(Q2)

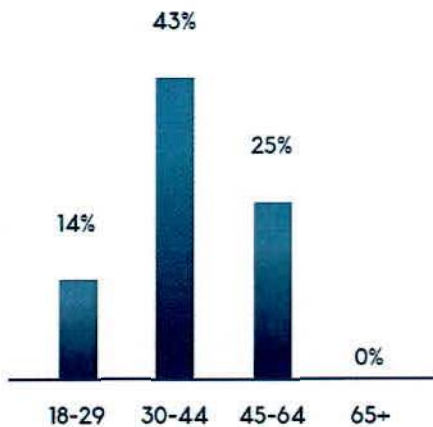
Site

Housing Authority of Salem,
Massachusetts

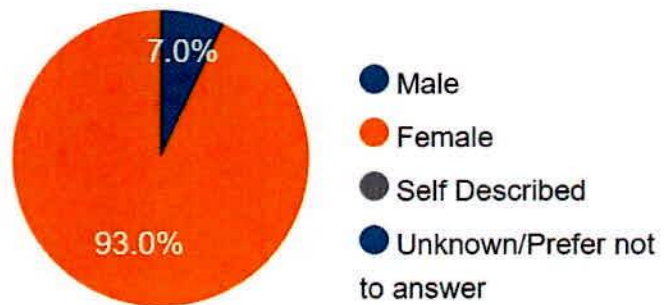
Client Status
Currently
enrolled and
all graduated
clients

Client Demographics

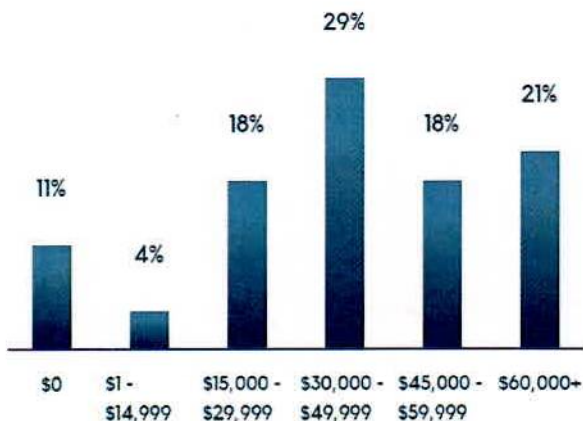
Client Ages



Gender



Baseline Earnings





Quarter

Apr 01 - Jun 30, 2025
(Q2)

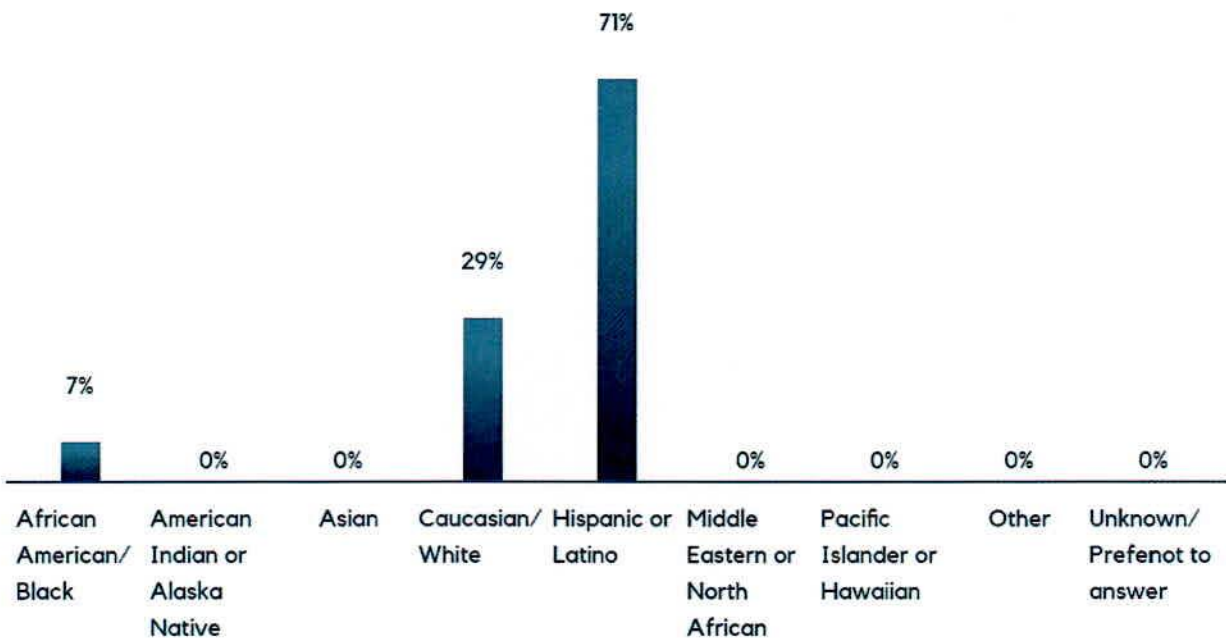
Site

Housing Authority of Salem,
Massachusetts

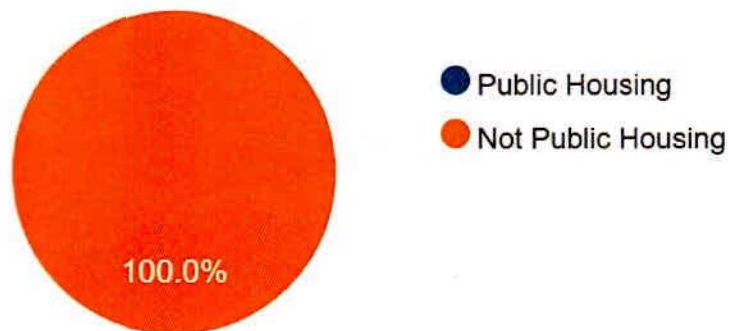
Client Status
Currently
enrolled and
all graduated
clients

Client Demographics

Race and Ethnicity



Public Housing Tenants



Salem Housing Authority

27 Charter Street
Salem, MA 01970

(978)744-4431



Cathy Hoog
Executive Director

June 1- 30, 2025
Mary Ann Kairouz

RSC MONTHLY REPORT

Total Referrals to RSC:

New Referrals: 11

On-Going Referrals: 20

Categories of services and the number of tenants provided services:

<u>Mental-behavioral health</u>	<u>1</u>
<u>Housing stabilization support, one-time deep cleaning</u>	<u>0</u>
<u>Re-certification assistance</u>	<u>1</u>
<u>Housekeeping, laundry services through agency referrals</u>	<u>5</u>
<u>Wellness and fitness workshops</u>	<u>17</u>
<u>Nutrition-SNAP application and list food pantry resources</u>	<u>2</u>
<u>healthy food access-assisting at food panty & emergency food shopping</u>	<u>67</u>
<u>Community Engagement, Socialization</u>	<u>21</u>
<u>Health insurance, Health supportive services</u>	<u>3</u>
<u>Other- resources posted in buildings</u>	<u>30</u>
<u>Other-passed out to tenants</u>	<u>4</u>
<u>Other- robo calls of events or services</u>	
A. <u>Families Robo call</u>	<u>140</u>
B. <u>Elderly Robo Calls</u>	<u>173</u>

Referrals made out to other places:

- Salem COA, Salem Pantry, Life Bridge, Gather Health HOU, MassHealth, Element Care, AgeSpan, Disability Resource Center, Element Care, REACT, Salem Fire Department, Salem PD, Bootstrap, SAVERS, Aldi.

Salem Housing Authority

27 Charter Street
Salem, MA 01970



(978)744-4431

Cathy Hoog
Executive Director

Other important info to include:

- Ingrid with the COA is working with RSCs to set up Aug and September 2025 tours for tenants to check out the COA.
- RSCs organized a Salem trolley tour on June 17th at 11AM for tenants at Dalton and Morency buildings.
- RSCs hope to set up Trolley tours for Pioneer for July
- Lunch with tenants at Ruane, 6/10/25, was well attended by residents.
- Planning social monthly at community engagement Morency, Dalton, and Pioneer community rooms (Coffee hour, snacks, movies, games, etc.)
- Ice Social for Rainbow, Park, Prince, and Congress families on 6/25
- REACT meeting, 6/4/25.
- Gather Health community engagement SCAM prevention and Bingo for June 24th at Charter location.
- Posted informative pamphlets to upcoming workshops and Events
- Socialize and interact as well as Supervision of Salem Pantry distribution to residents on Monday at Morency Manor and Dalton Place.
- Weekly office hours at Morency Manor and some office hrs. at Pioneer
- Charter St Monday Pantry hours assist with helping tenants with mobility limitations with putting them in bags or assisting with carrying.
- Meet with other community organizations- COA, EPNG, NorthShore REACT, City of Salem Members, Local Providers and/or Medical Professionals.
- Mandatory Fire Safety Q & A at Ruanne rescheduled for TBA with Salem FD.

Salem Housing Authority

27 Charter Street
Salem, MA 01970

(978)744-4431



Cathy Hoog
Executive Director

June 1- 30 2025

Kathlyn Valianti

June RSC MONTHLY REPORT

NEW Referrals to RSC: 2

Ongoing case management/referrals: 40

Category:

<u>Mental / behavioral health</u>	<u>8</u>
Housing stabilization support / One time deep cleaning	<u>8</u>
Re-certification assistance	<u>2</u>
Housekeeping/ Agency referrals	<u>8</u>
Wellness & fitness	<u>23</u>
Nutrition/Snap applications, food pantry resources	<u>2</u>
Healthy food options, food pantry and emergency shopping	<u>2</u>
Community Engagement / Socialization	<u>46</u>
Health insurance / Health supportive services	<u>5</u>
Other- Distribution of flyers and community events	<u>26</u>
Other	

Referrals made out to other places:

- Salem COA, Salem Pantry, Life Bridge, Gather Health HOU, MassHealth, Healthy Living, Element Care, AgeSpan, Disability Resource Center, Element Care, North Shore Community Action Program, Salem Commission on Disability, Mission of Deeds, REACT, Salem Fire Department, Salem PD, The Brookhouse for Woman, The Bertram House, Big Brother/Big Sister, Salvation Army, Gardener Mattress Company, Care Dimensions

Other important info to include:

6/17/25 Salem Trolley Tour

Salem Housing Authority

27 Charter Street
Salem, MA 01970

(978)744-4431



Cathy Hoog
Executive Director

6/18/25 Overdose Training

6/18/25 Met with Courtney, Coordinator for the Salem Community Garden, Parmer Cove. Salem Housing has secured 2 plots. Visted the site.

6/23/25 Robo calls for Salem Community Garden volunteer meeting, scheduled for 6/30/25

6/23/25 Angie, Pioneer Terrace tenant notified RSC that her instructor from the Commission for the Blind is coming out to Pioneer to install Braille buttons for the washers and dryers. Notice put up for tenants not to remove the buttons.

6/24/25 Gather Health Scam Prevention event for Charter St. tenants
Bingo games at Charter St Community room.

5/21/25 Spring Fling Morency/Dalton Community Room

- Wellness Wednesday will be starting January, 2025 – wellness classes will be the Morency Community Room and Pioneer Terrace Community Room, will continue through May 28th.
- No word as yet as to when new classes will be scheduled, due to grant funding questions.
- Lunch with Congregate tenants at Ruane, 5/13/25, RSC's
- Planning social monthly community engagement / workshops at Morency, Dalton, and Pioneer community rooms (Coffee hour, snacks, movies, games, etc.)
- Weekly office hours at Pioneer Terrace Community Room.
- Meet with other community organizations- EPNG, NorthShore REACT
- Posted informative pamphlets to upcoming workshops and Events.
Post up local events-Social Programs, Transportation schedule, and outing events hosted by COA.
- Working on Trolley Salem Tour, scheduled for June 17th, sign up is full.

Community Grant: Cleaning Services/ Ongoing

A.D. Bates Resident

R. Barton Square

R. Barton Square

R. Ruane

D. N. Pioneer Terrace

C. M. Dalton

L. C. Charter St

S.,L. Rainbow Terrece

Funding for M.M. Morency

Future

N.D. PioneerTerrace

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 667

Project(s): State Elderly 667-1A: **Bertram Terrace**

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee: All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	2	0	2	1.71	0.86
Routine	6	1	5	43.80	8.76
Inspection UPCS	6	2	4	63.92	15.98
Totals:	14	3	11	109.43	9.95

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	4	0	4	14.75	3.69
Bill Norris	1	0	1	29.04	29.04
Craig Powers	1	0	1	29.04	29.04
Etienne Fabrone	2	2	0	0.00	N/A
Ken Sousa	1	1	0	0.00	N/A
Michael Fitzgerald	3	0	3	25.01	8.34
Patric Bishop	4	0	4	11.59	2.90
Totals:	14	3	11	109.43	9.95

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 667

Project(s): State Elderly 667-1: Leefort Terrace

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee: All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

No Information For Selected Criteria

No Information For Selected Criteria

No Information For Selected Criteria

271 Total Work orders this month

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 667

Project(s): State Elderly 667-2: Colonial Terrace

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee: All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	12	0	12	13.93	1.16
Routine	2	0	2	47.75	23.88
Inspection UPCS	2	0	2	38.75	19.38
Totals:	16	0	16	100.43	6.28

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	3	0	3	0.38	0.13
Charlie Felton	1	0	1	2.96	2.96
Craig Powers	2	0	2	54.84	27.42
Ken Sousa	1	0	1	0.96	0.96
Michael Fitzgerald	3	0	3	32.58	10.86
Patric Bishop	7	0	7	8.71	1.24
Totals:	16	0	16	100.43	6.28

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 667

Project(s): State Elderly 667-3: Norton (3A) and Bates (3B)

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee: All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	11	1	10	35.75	3.58
Routine	5	0	5	16.33	3.27
Totals:	16	1	15	52.08	3.47

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	1	0	1	0.08	0.08
Charlie Felton	1	0	1	0.75	0.75
Craig Powers	1	0	1	1.79	1.79
Ken Sousa	1	1	0	0.00	N/A
Michael Fitzgerald	4	0	4	28.54	7.14
Patric Bishop	8	0	8	20.92	2.62
Totals:	16	1	15	52.08	3.47

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 667

Project(s): State Elderly 667-4: Pioneer Terrace

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:

All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	18	0	18	19.51	1.08
Routine	11	0	11	62.72	5.70
Vacant	2	0	2	70.66	35.33
Totals:	31	0	31	152.89	4.93

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	13	0	13	13.17	1.01
Bill Norris	5	0	5	98.04	19.61
Charlie Felton	3	0	3	2.87	0.96
Craig Powers	3	0	3	11.51	3.84
Michael Fitzgerald	1	0	1	3.71	3.71
Patric Bishop	7	0	7	23.59	3.37
Totals:	31	0	31	152.89	4.93

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 667

Project(s): State Elderly 667-5: 27 Charter St.

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:

All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	28	2	26	41.00	1.58
Routine	22	0	22	152.60	6.94
Totals:	50	2	48	193.60	4.03

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	10	0	10	0.95	0.10
Charlie Felton	5	1	4	2.80	0.70
Christian Rudloff	1	0	1	0.17	0.17
Craig Powers	8	0	8	53.08	6.64
John DeBenedictis	1	0	1	0.08	0.08
Ken Sousa	1	1	0	0.00	N/A
Michael Fitzgerald	9	0	9	68.97	7.66
Patric Bishop	15	0	15	67.55	4.50
Totals:	50	2	48	193.60	4.03

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 667

Project(s): State Elderly 667-6: **Morency Manor**

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee: All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	6	0	6	9.77	1.63
Routine	7	1	6	63.75	10.63
Preventive	1	1	0	0.00	N/A
Inspection UPCS	2	1	1	0.17	0.17
Totals:	16	3	13	73.69	5.67

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	6	0	6	1.18	0.20
Bill Norris	1	1	0	0.00	N/A
Craig Powers	3	0	3	51.08	17.03
Michael Fitzgerald	3	1	2	13.51	6.76
Patric Bishop	3	1	2	7.92	3.96
Totals:	16	3	13	73.69	5.67

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 667

Project(s): State Elderly 667-7A: **Ruane Building**

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee: All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	1	0	1	0.04	0.04
Routine	4	1	3	5.83	1.94
Totals:	5	1	4	5.87	1.47

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	3	0	3	1.83	0.61
Craig Powers	1	1	0	0.00	N/A
Michael Fitzgerald	1	0	1	4.04	4.04
Totals:	5	1	4	5.87	1.47

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 667

Project(s): State Elderly 667-7B: Dalton Building

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:

All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	11	0	11	15.12	1.37
Routine	6	2	4	24.88	6.22
Totals:	17	2	15	40.00	2.67

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	3	0	3	7.20	2.40
Bill Norris	3	1	2	0.00	N/A
Charlie Felton	2	0	2	0.21	0.11
John DeBenedictis	1	0	1	0.04	0.04
Michael Fitzgerald	5	1	4	19.46	4.87
Patric Bishop	4	0	4	13.09	3.27
Totals:	17	2	15	40.00	2.67

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 200

Project(s): State Family 200-1: Garden Terrace

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:

All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	6	0	6	9.46	1.58
Routine	8	0	8	57.26	7.16
Inspection UPCS	5	0	5	50.58	10.12
Totals:	19	0	19	117.30	6.17

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	5	0	5	0.79	0.16
Charlie Felton	1	0	1	0.58	0.58
Etienne Fabrone	2	0	2	23.33	11.67
Michael Fitzgerald	6	0	6	21.80	3.63
Patric Bishop	6	0	6	70.80	11.80
Totals:	19	0	19	117.30	6.17

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 200

Project(s): State Family 200-2: **Rainbow Terrace**

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:

All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	29	0	29	27.41	0.95
Routine	53	7	46	101.06	2.20
Preventive	15	4	11	128.18	11.65
Inspection UPCS	9	1	8	32.93	4.12
Totals:	106	12	94	289.58	3.08

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	20	0	20	22.96	1.15
Bill Norris	4	0	4	0.24	0.06
Charlie Felton	3	0	3	3.30	1.10
Craig Powers	6	1	5	57.50	11.50
Etienne Fabrone	2	0	2	7.92	3.96
Gary Dean	36	4	32	12.61	0.39
John DeBenedictis	1	0	1	0.08	0.08
Luis Lopez	40	8	32	12.61	0.39
Michael Fitzgerald	13	0	13	105.68	8.13
Patric Bishop	21	3	18	66.68	3.70
Totals:	106	12	94	289.58	3.08

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): Federal Public Housing

Project(s): Federal Elderly: **Barton and Zisson**

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:

All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	2	0	2	3.25	1.63
Routine	6	1	5	73.21	14.64
Totals:	8	1	7	76.46	10.92

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Bill Norris	1	0	1	24.83	24.83
Craig Powers	3	0	3	43.42	14.47
John DeBenedictis	1	1	0	0.00	N/A
Patric Bishop	3	0	3	8.21	2.74
Totals:	8	1	7	76.46	10.92

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): Federal Public Housing

Project(s): Federal Family: 122.5 Boston, 73 Boston, 121.5 Br

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:

All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	1	0	1	0.13	0.13
Totals:	1	0	1	0.13	0.13

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	1	0	1	0.13	0.13
Totals:	1	0	1	0.13	0.13

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 705

Project(s): State Family 705-2A: 33 Park St./26 Prince St.

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:

All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	1	0	1	0.79	0.79
Routine	3	0	3	21.00	7.00
Totals:	4	0	4	21.79	5.45

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Craig Powers	1	0	1	0.88	0.88
Luis Lopez	1	0	1	0.33	0.33
Patric Bishop	2	0	2	20.58	10.29
Totals:	4	0	4	21.79	5.45

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 705

Project(s): State Family 705-2B: 117 Congress St.

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:
All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	9	0	9	10.55	1.17
Routine	2	0	2	4.71	2.36
Totals:	11	0	11	15.26	1.39

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Alex Vega Lopez	4	0	4	2.16	0.54
Charlie Felton	2	0	2	3.46	1.73
Craig Powers	3	0	3	5.97	1.99
Patric Bishop	2	0	2	3.67	1.84
Totals:	11	0	11	15.26	1.39

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): State 705

Project(s): State Family 705-3: Farrell Court

Status: All, Status Included: Emergency, Urgent, Routine, Preventive, Vacant, Inspection UPCS, Contract, Inspection Other, Employee:
All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Emergency	1	0	1	0.92	0.92
Routine	2	0	2	46.50	23.25
Totals:	3	0	3	47.42	15.81

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Michael Fitzgerald	2	0	2	46.50	23.25
Patric Bishop	1	0	1	0.92	0.92
Totals:	3	0	3	47.42	15.81

Salem Housing Authority Work Order Complete/Incomplete Report

Program(s): Federal Public Housing, State 689, State 705, State 667 +17

Project(s): Federal Elderly: Barton and Zisson, Federal Family: 122.5 Boston, 73 Boston, 121.5 Br +41

Status: All, Status Included: Vacant, Employee: All, Created From: 5/1/2025, Created Through: 5/31/2025, Completed From: 1/1/1900, Completed Through: 12/31/9999

Work Order By Priority					
Priority	Count	Incomplete	Complete	Tot. Days	Avg. Days
Vacant	2	0	2	70.66	35.33
Totals:	2	0	2	70.66	35.33

Work Order By Employee					
Assigned Employee	Count	Incomplete	Complete	Tot. Days	Avg. Days
Bill Norris	2	0	2	70.66	35.33
Totals:	2	0	2	70.66	35.33

W/O #	Priority	Unit Address	Tenant Name	Created Date	Completed Date	Mat.	Labor	Actual	Billed
Program: State 667									
Project: State Elderly 667-4: Pioneer Terrace									
75095	Vacant	11G Pioneer Terrace		05/05/2025 08:00 AM	06/05/2025 04:00 PM	\$0.00	\$1,413.60	\$1,413.60	\$0.00
		Description: repair vacancy							
		Task Description: 507 - Rec vacancy for repair							
75319	Vacant	12C Pioneer Terrace		05/09/2025 08:00 AM	06/17/2025 04:00 PM	\$0.00	\$910.75	\$910.75	\$0.00
		Description: repair vacancy							
		Task Description: 507 - Rec vacancy for repair							
State Elderly 667-4: Pioneer Terrace		Incomplete: 0	Complete: 2			\$0.00	\$2,324.35	\$2,324.35	\$0.00
State 667		Incomplete: 0	Complete: 2			\$0.00	\$2,324.35	\$2,324.35	\$0.00
Grand Totals:		Incomplete: 0	Complete: 2			\$0.00	\$2,324.35	\$2,324.35	\$0.00



CHARTER STREET TENANT ASSOCIATION

27 Charter Street #1005
Salem, MA 01970
978-224-2458

Cathy Hoog, Executive Director
Salem Housing Authority
27 Charter Street
Salem, MA 01970

May 21, 2025

Dear Cathy,

Much thanks to you and your Staff for the fine lunch. It was good to see everyone together, having worked toward a common goal and enjoying the fruits of their labor. I hope that we will continue to work together to bring about positive change here at 27 Charter Street.

Sincerely,

Steve Gagnon

Steve Gagnon, President



CBIZ CPAs P.C.
53 State Street
17th Floor
Boston, MA 02109
P: 617.807.5000

June 23, 2025

CONFIDENTIAL

To the Board of Commissioners
Salem Housing Authority
27 Charter Street
Salem, MA 01970

To the Board of Commissioners
Salem Housing Authority

We have audited the financial statements of the business-type activities of the Salem Housing Authority (the Authority) for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 14, 2024, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether Authority's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about Authority's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on Authority's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on Authority's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Management's Discussion and Analysis, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, and Schedule of Pension Contributions, which supplements the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Supplementary Financial Data Schedule, Schedules of Actual Grant Costs, and Schedule of Expenditures of Federal Awards which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of internal controls
- Improper Revenue Recognition

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2024. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the pension and OPEB liabilities are based on actuarial valuations prepared to calculate the Authority's liability. We evaluated the key factors and assumptions used to develop the pension and OPEB liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Independence

During the year ended September 30, 2024, we were engaged to provide financial statements preparation, assist with the preparation of the data collection form for the federal audit clearinghouse, and assist with the REAC Agreed-Upon Procedures. We reviewed the nature of the requested work, our role and management's role and determined that our independence would not be impaired, in fact or appearance.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 23, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, and Schedule of Pension Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Supplementary Financial Data Schedule, Schedules of Actual Grant Costs, and Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CBIZ CPAs P.C.

Boston, MA

SALEM HOUSING AUTHORITY

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
SEPTEMBER 30, 2024**

SALEM HOUSING AUTHORITY

CONTENTS

Independent Auditors' Report	3-5
---	-----

Management's Discussion and Analysis	6-13
---	------

Basic Financial Statements

Statement of Net Position	14-15
Statement of Revenues, Expenses and Changes in Net Position	16
Statement of Cash Flows	17-18
Notes to Financial Statements.....	19-42

Required Supplementary Information

Schedule of Changes in the Total OPEB Liability and Related Ratios	43
Schedule of the Proportionate Share of the Net Pension Liability	44
Schedule of Pension Contributions.....	45
Notes to Required Supplementary Information	46-47

Supplementary Information

Supplementary Financial Data Schedule	48-51
Schedule of Actual Modernization Costs - Uncompleted.....	52
Schedule of Actual Grant Costs.....	53
Schedule of Expenditures of Federal Awards.....	54
Notes to Schedule of Expenditures of Federal Awards	55

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56-57
--	-------

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	58-60
--	-------

Schedule of Findings and Questioned Costs.....	61-62
--	-------

Independent Accountants' Report on Applying Agreed-Upon Procedures	63-65
---	-------

Independent Auditors' Report

To The Board of Commissioners
Salem Housing Authority
Salem, MA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Salem Housing Authority (the "Authority"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information presented on pages 43 through 47, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information on pages 48 through 54, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information on pages 48 through 54 as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated June 23, 2025, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Boston, MA
June 23, 2025

SALEM HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

The Salem Housing Authority (the Authority) is pleased to present its basic financial statements as of and for the year ended September 30, 2024, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended September 30, 2024, with comparative data for the year ended September 30, 2023. Please read this section in conjunction with the Authority's basic financial statements, which immediately follow this section.

HIGHLIGHTS

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at September 30, 2024 by \$15,234,047 (net position), representing an increase of \$9,825,163 from the prior year.
- Total revenues increased by \$11,886,701 from the prior year, while total expenses increased by \$1,038,070.
- The Authority's current ratio that measures liquidity decreased during the year from 5.16 to 2.92.
- The Authority's total debt decreased from \$404,851 to \$367,189.

SALEM HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2024

OVERVIEW OF THE AUTHORITY'S OPERATIONS

The Authority was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. These services are provided through the administration of the following programs:

Federal Programs

- Section 8 Housing Choice Voucher Program
- Low Rent Public Housing Program
- Public Housing Capital Fund Program
- Family Self Sufficiency Program

State/Local and Other Programs

- State Consolidated Housing
- Massachusetts Rental Voucher Program
- State Modernization Program
- Management Activities

Component Unit

- Housing Opportunities of Salem, Inc.

For additional information on the Authority's programs, see the notes to financial statements.

SALEM HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2024

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at September 30, 2024 compared to September 30, 2023. The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end of year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources).

SUMMARY OF NET POSITION
September 30, 2024 and 2023

	2024	2023	Change	% Change
Current Assets	\$ 8,219,953	\$ 5,139,610	\$ 3,080,343	59.93%
Capital Assets	9,556,707	8,756,439	800,268	9.14%
Other Noncurrent Assets	7,768,452	617	7,767,835	1258968.40%
Total Assets	25,545,112	13,896,666	11,648,446	83.82%
Deferred Outflows of Resources	2,265,096	2,793,279	(528,183)	-18.91%
Current Liabilities	2,815,910	996,777	1,819,133	182.50%
Noncurrent Liabilities	7,618,577	10,088,403	(2,469,826)	-24.48%
Total Liabilities	10,434,487	11,085,180	(650,693)	-5.87%
Deferred Inflows of Resources	2,141,674	195,881	1,945,793	993.35%
Net investment in capital assets	9,189,518	8,351,588	837,930	10.03%
Restricted	147,579	--	147,579	-
Unrestricted (deficit)	5,896,950	(2,942,704)	8,839,654	-300.39%
Total Net Position	\$ 15,234,047	\$ 5,408,884	\$ 9,825,163	181.65%

SALEM HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2024

Total assets of the Authority at September 30, 2024 and 2023 were \$25,545,112 and \$13,896,666, respectively, a change of 83.82%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital assets and notes receivable. Capital assets include land, buildings and building improvements, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

Total liabilities of the Authority at September 30, 2024 and 2023 were \$10,434,487 and \$11,085,180, respectively, a change of 5.87%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the long-term portion of debt and pension and OPEB liabilities.

Deferred inflows and outflows of resources relate to the Authority pension and OPEB liabilities. In 2024, the Authority's deferred outflows decreased by \$528,183 and deferred inflows increased by \$1,945,793. These changes are the result of fluctuations in the actuarial valuations of the liabilities and the change in the value of pension assets.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by \$8,839,654, or 300.39%, for the fiscal year.

SALEM HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2024

Summary of Revenues, Expenses and Changes in Net Position

Presented below is the condensed summary of revenues, expenses and changes in net position information for fiscal year ended September 30, 2024 compared to the year ended September 30, 2023. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the years ended September 30, 2024 and 2023

	2024	2023	Change	% Change
Revenue				
Operating Revenues	\$ 32,668,319	\$ 30,253,308	\$ 2,415,011	7.98%
Non-operating Revenues	10,115,633	643,943	9,471,690	1470.89%
Total Revenues	42,783,952	30,897,251	11,886,701	38.47%
Expenses				
Housing assistance payments	23,588,631	22,363,453	1,225,178	5.48%
Administration	3,837,931	3,626,828	211,103	5.82%
Repair and maintenance	2,383,200	2,504,769	(121,569)	-4.85%
Utilities	1,440,869	1,645,734	(204,865)	-12.45%
Depreciation and amortization expense	1,073,086	1,133,089	(60,003)	-5.30%
Insurance expense	370,734	349,236	21,498	6.16%
Other general expenses	216,280	261,276	(44,996)	-17.22%
Tenant services	17,033	8,274	8,759	105.86%
Interest expense	31,025	28,060	2,965	10.57%
Total Expenses	32,958,789	31,920,719	1,038,070	3.25%
Change in Net Position	9,825,163	(1,023,468)	10,848,631	-1059.99%
Net Position - Beginning of Year	5,408,884	6,432,352	(1,023,468)	-15.91%
Net Position - End of Year	\$ 15,234,047	\$ 5,408,884	\$ 9,825,163	181.65%

SALEM HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2024

Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide supportive services to the tenants of the Authority. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital grants represent revenues earned for public housing capital repairs.

Significant changes in revenues and expenses from the fiscal year ended September 30, 2023 to September 30, 2024 include the following:

- Operating revenues increased by \$2,415,011, or 7.98%, due to an increase in funding for the Section 8 Housing Choice Voucher Program, in order to fund an increase in housing assistance payments. In addition, there was an increase in subsidy earned by the State Consolidated Housing Program.
- Nonoperating revenues increased by \$9,471,690, or 1,470.89%, due to an increase in capital improvement activity funded by the State Modernization Program and state/local funding received from HLC for redevelopment of the Leefort Terrace property. Also, the Authority recognized a gain on sale of assets related to sale of Leefort Terrace property to BC Leefort Terrace, LLC.
- Housing assistance payments increased by \$1,225,178, or 5.48%, due to an increase in average contract rents.
- Administrative expenses increased by \$211,103, or 5.82%, due to an increase in administrative salaries related to annual increase and additional salaries funded from a new Family Self Sufficiency Program during the year. There was also an increase in legal expense related to disposition of Leefort Terrace property. These increases were offset by a decrease in employee benefits expense which was caused by the fluctuations in the pension and OPEB liabilities.
- Utilities decreased by \$204,865, or 12.45%, due to a decrease in electricity consumption related to disposition of Leefort Terrace property during the year.

SALEM HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2024, capital assets, net of accumulated depreciation/amortization was \$9,556,707 which includes land, buildings and building improvements, right-of-use assets, construction in progress, and equipment. The schedule below reflects the changes in capital assets, net of depreciation/amortization, from September 30, 2023 to September 30, 2024:

CAPITAL ASSET ANALYSIS

September 30, 2024 and 2023

	2024	2023	Change	% Change
Land	\$ 2,333,100	\$ 2,333,100	\$ --	0.00%
Buildings	45,001,644	44,845,618	156,026	0.35%
Furniture and equipment	1,043,953	965,752	78,201	8.10%
Right-of-use assets	434,038	434,038	--	0.00%
Construction in progress	3,040,076	1,938,042	1,102,034	56.86%
Total capital assets	51,852,811	50,516,550	1,336,261	2.65%
Accumulated depreciation/amortization	(42,296,104)	(41,760,111)	(535,993)	1.28%
Capital assets, net of accumulated depreciation/amortization	<u>\$ 9,556,707</u>	<u>\$ 8,756,439</u>	<u>\$ 800,268</u>	9.14%

The majority of the additions were attributable to construction in progress. Additional information on the Authority's capital assets can be found at Note 10 in the notes to financial statements.

SALEM HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2024

Long-Term Debt

At September 30, 2024, the Authority had total long-term debt of \$367,189, a decrease of \$37,662 compared to the prior year. Additional information on the Authority's long-term debt can be found in the notes to financial statements.

LONG TERM DEBT ANALYSIS

September 30, 2024 and 2023

	2024	2023	Change	% Change
Lease Obligation	\$ 367,189	\$ 404,851	\$ (37,662)	-9.30%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Significant economic factors affecting the Authority's budget in the next year are as follows:

- The Authority is primarily dependent upon HUD and the Massachusetts Executive Office of Housing and Livable Communities (HLC) for the funding of its federal and state programs, respectively; therefore, the Authority is affected more by the federal and state budget than by local economic conditions.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Catherine Hoog, Executive Director, Salem Housing Authority, 27 Charter Street, Salem, MA 01970.

SALEM HOUSING AUTHORITY

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 7,912,080
Restricted cash	156,367
Accounts receivable, net	62,811
Prepaid expenses and other current assets	88,695
Total Current Assets	<u>8,219,953</u>

Noncurrent Assets

Restricted cash	13,301
Investment in the financing of affordable housing developments	7,755,151
Capital assets, non-depreciable	5,373,176
Capital assets, net of accumulated depreciation/amortization	4,183,531
Total Noncurrent Assets	<u>17,325,159</u>

TOTAL ASSETS

25,545,112

DEFERRED OUTFLOWS OF RESOURCES

2,265,096

The accompanying notes are an integral part of these financial statements.

SALEM HOUSING AUTHORITY

STATEMENT OF NET POSITION (CONTINUED)

SEPTEMBER 30, 2024

LIABILITIES

Current Liabilities

Accounts payable, HUD	112,605
Accounts payable, other government	1,937,625
Current portion of leases payable	39,408
Accrued wages and current portion of compensated absences	208,395
Other accrued expenses	237,153
Unearned revenue	271,936
Tenant security deposits	8,788
Total Current Liabilities	2,815,910

Noncurrent Liabilities

Leases payable, net of current portion	327,781
Accrued compensated absences, net of current portion	174,698
Other noncurrent liabilities	13,301
Net pension liability	3,302,387
OPEB liability	3,800,410
Total Noncurrent Liabilities	7,618,577

TOTAL LIABILITIES

10,434,487

DEFERRED INFLOWS OF RESOURCES

2,141,674

NET POSITION

Net investment in capital assets	9,189,518
Restricted:	
Housing assistance payments	147,579
Unrestricted (deficit)	5,896,950

TOTAL NET POSITION

\$ 15,234,047

The accompanying notes are an integral part of these financial statements.

SALEM HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

OPERATING REVENUES

HUD grants	\$ 25,310,623
Tenant rental income	3,725,953
Other government grants	2,494,679
Other revenue	<u>1,137,064</u>
Total Operating Revenues	<u>32,668,319</u>

OPERATING EXPENSES

Housing assistance payments	23,588,631
Administration	3,837,931
Repair and maintenance	2,383,200
Utilities	1,440,869
Depreciation and amortization expense	1,073,086
Insurance expense	370,734
Other general expenses	216,280
Tenant services	<u>17,033</u>
Total Operating Expenses	<u>32,927,764</u>

Operating Loss (259,445)

NONOPERATING REVENUES (EXPENSES)

State/local government grants	7,755,151
Gain on sale of capital assets	614,361
Interest expense	<u>(31,025)</u>
Total Nonoperating Revenues (Expenses)	<u>8,362,979</u>

Income before Capital Grants 8,103,534

CAPITAL GRANTS

State/local government capital grants	1,604,728
HUD capital grants	<u>116,901</u>
Total Capital Grants	<u>1,721,629</u>

Change in Net Position 9,825,163

Net Position, Beginning of Year 5,408,884

Net Position, End of Year \$ 15,234,047

The accompanying notes are an integral part of these financial statements.

SALEM HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 25,530,166
Other government grants	4,378,482
Receipts from tenants	3,933,077
Other operating receipts	962,298
Payments to employees	(3,980,075)
Payments to suppliers	(4,297,143)
Payments to landlords	<u>(23,588,631)</u>
Net cash provided by operating activities	<u>2,938,174</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State/local government capital grants	1,604,728
HUD capital grants	116,901
Interest expense	(31,025)
Payments on long term debt	(37,662)
Proceeds from sale of capital assets	614,361
Acquisitions of capital assets	<u>(1,873,354)</u>
Net cash provided by capital and related financing activities	<u>393,949</u>

CASH FLOWS FROM NONOPERATING AND RELATED FINANCING ACTIVITIES

State/local government grants	<u>7,755,151</u>
Net cash provided by nonoperating and related financing activities	<u>7,755,151</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	24,492
Investment in the financing of affordable housing development	<u>(7,755,151)</u>
Net cash used in investing activities	<u>(7,730,659)</u>

Net increase in cash, cash equivalents and restricted cash 3,356,615

Cash, cash equivalents and restricted cash, beginning of year 4,725,133

Cash, cash equivalents and restricted cash, end of year \$ 8,081,748

The accompanying notes are an integral part of these financial statements.

SALEM HOUSING AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Reconciliation of operating loss to net cash provided by operating activities:

Operating Loss	\$ (259,445)
Adjustments:	
Depreciation and amortization	1,073,086
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	58,645
(Increase) decrease in accounts receivable, HUD	215,766
(Increase) decrease in accounts receivable, other government	1,093
(Increase) decrease in prepaid expenses and other current assets	(11,916)
(Decrease) increase in accounts payable, HUD	3,777
(Decrease) increase in accounts payable, other government	1,920,289
(Decrease) increase in compensated absences and accrued wages	(12,058)
(Decrease) increase in pension, OPEB liabilities, and deferred inflow/outflows of resources	40,619
(Decrease) increase in accrued expenses and other current liabilities	(73,228)
(Decrease) increase in tenant security deposits	(944)
(Decrease) increase in unearned operating revenue	(17,510)
Net cash provided by operating activities	<u>\$ 2,938,174</u>

Cash, cash equivalents and restricted cash per Statement of Net Position:

Cash and cash equivalents	\$ 7,912,080
Restricted cash - current	156,367
Restricted cash - noncurrent	<u>13,301</u>
Total cash, cash equivalents and restricted cash per Statement of Net Position	<u>\$ 8,081,748</u>

The accompanying notes are an integral part of these financial statements.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1 – ORGANIZATION

The Salem Housing Authority (the Authority) was incorporated under the laws of the Commonwealth of Massachusetts. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate-income families and elderly individuals.

The Authority maintains its accounting records by program and operates the following programs:

Federal Programs

Low Rent Public Housing – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher and the Family Self Sufficiency Program (FSS) – HUD provides grants to the Authority to subsidize rents paid by low-income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard.

FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards home-ownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; childcare, transportation, education and training, and home-ownership counseling.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1 – ORGANIZATION (CONTINUED)

State/Local and Other Programs

State Consolidated Housing – Under these programs, the Authority owns, operates and maintains rental housing acquired with grants from Massachusetts Executive Office of Housing and Livable Communities (HLC). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by HLC via operating grants.

Massachusetts Rental Voucher Program (MRVP) – HLC provides grants to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority subsidizes the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a contract amount.

State Modernization Program – HLC provides grant funds to authorities with State Consolidated units based on the Authority's application and determination of need. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the State Consolidated Housing Program.

Management Activities – The Authority accounts for its management of other public housing authorities, for which it earns a monthly management fee.

Component Unit

The Authority's financial statements include the accounts of all of the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1 – ORGANIZATION (CONTINUED)

Based on the aforementioned criteria, the Authority's has one blended component unit:

Housing Opportunities of Salem, Inc. (the Corporation) – The Corporation is a 501(c)(3) not-for-profit corporation established under the general laws of the Commonwealth of Massachusetts. The Corporation was created to develop and sustain affordable and low-income housing and to provide related resident services within such housing facilities consistent with community needs and desires; and develop, initiate, and operate projects that are in support of the Authority's activities. The Corporation is a blended component unit of the Authority as it shares common board members and the Authority is able to impose its will on the Corporation. Separate financial information for the Corporation is presented in Note 19.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

The Authority's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB). The Authority follows GASB as applied to governmental entities.

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenses occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenses are recorded as a liability until earned.

NEW ACCOUNTING STANDARDS ADOPTED

During 2024, the Authority adopted GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, which did not impact the Authority's financial statements.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Authority considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

ACCOUNTS RECEIVABLE

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

CAPITAL ASSETS

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$1,000 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of acquisition. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	20 years
Furniture, Equipment and Machinery	3-7 years
Right-of-Use Assets	10 years

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF CAPITAL ASSETS

Governmental Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures or recognition regarding impairments of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2024.

COMPENSATED ABSENCES

The Authority's policy allows employees to accumulate a maximum of 25 days of vacation time. Vacation leave accrues from two to five weeks per year based on years of service, all unused vacation time earned will be disbursed to the employee upon the voluntary or involuntary separation of employment. The policy also allows employees to earn sick leave which can be accumulated at a maximum of 180 days of sick leave. Upon retirement or death, a lump sum payment for unused sick leave of no more than 90 days will be paid, employees hired on or after August 22, 2006 are not eligible for this buyback benefit. Total accrued compensated absences at September 30, 2024 aggregated \$331,360.

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Authority routinely engages in subscription-based information technology arrangements (SBITA) to meet operating needs. A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Authority assessed that there were no material SBITAs requiring recognition or disclosure in the financial statements for the year ended September 30, 2024.

OPERATING REVENUES AND EXPENSES

Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

SALEM HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NON-OPERATING REVENUES AND EXPENSE

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and the Commonwealth of Massachusetts and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

ECONOMIC DEPENDENCY

The Authority's state and federal programs are economically dependent on grants and annual contributions from HLC and HUD, respectively. These programs operate at a loss prior to receiving these grants and contributions.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement system and additions/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the retirement system.

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation conducted by the Authority and are accounted for in accordance with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

INVESTMENT IN THE FINANCING OF AFFORDABLE HOUSING DEVELOPMENTS

Investment in the Financing of Affordable Housing Developments represents long-term subsidized loans to Public-Private Partnership entities formed to revitalize and preserve affordable housing properties. The loans were funded through a grant from the HLC. No currently known facts lead management of the Authority to believe that there is a probability of default on the loans and accordingly no allowance on these investments has been recorded. These notes are supported by promissory notes and collateralized by the properties. Interest on these notes is recognized as incurred.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (AS LESSEE) - CONTINUED

The Authority recognizes a lease obligation and an intangible right-to-use lease asset (lease asset) for a noncancellable lease in the financial statements. The Authority recognizes lease obligations with an initial, individual value of \$1,000 or more.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments due to the lessor. The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability and right of use asset if certain changes occur that are expected to significantly affect the amount of the right of use asset.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are related to pension or OPEB. The following is a summary of deferred outflows and inflows of resources at September 30, 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 1,186,144	\$ 170,545
Related to OPEB	<u>1,078,952</u>	<u>1,971,129</u>
Total	<u>\$ 2,265,096</u>	<u>\$ 2,141,674</u>

APPLICATION OF RESOURCES

The Authority would first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 23, 2025, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in these financial statements.

NOTE 3 – NET POSITION

Net position is reported in three categories:

Net Investment in Capital Assets consists of all capital assets, reduced by accumulated depreciation, the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The At September 30, 2024, the net investment in capital assets was \$9,189,518.

Restricted Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. At September 30, 2024, restrictions of \$147,579 represent the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

Unrestricted Net Position is designed to represent the net available assets, for the entire Authority. At September 30, 2024, the unrestricted net position was \$5,896,950.

NOTE 4 – CASH AND CASH EQUIVALENTS

The Authority has adopted HUD's Investment Regulation PIH 1996-33 as its investment policy. HUD regulations require that all HUD deposits in financial institutions and investments be fully insured or collateralized, by U.S. Government obligations that have a fair value of not less than the principal amount of the deposits. The policy also requires that investments not have a maturity period longer than three years.

Custodial Credit Risk – Cash Deposits

At times, the Authority's balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. Management believes that no significant risk exists with respect to cash balances as of September 30, 2024.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 5 – RESTRICTED CASH

The Authority's restricted cash balance consists of funds restricted for future HAP payments, FSS participant balances held in escrow for participants in good standing, tenant escrow account, as well as funds designated for tenant security deposits. These amounts support either a corresponding liability or restricted net position. At September 30, 2024, restricted cash was categorized as follows:

Category of Restriction	Amount
Housing assistance payments	\$ 147,579
Tenant escrow	617
FSS escrow - good standing	12,684
Tenant security deposits	<u>8,788</u>
Total	<u>\$ 169,668</u>

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at September 30, 2024.

Category of Receivable	Amount
Tenants	\$ 377,697
Allowance - Tenants	<u>(314,886)</u>
Net Receivables	<u>\$ 62,811</u>

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 7 – INVESTMENT IN THE FINANCING OF AFFORDABLE HOUSING DEVELOPMENT

Housing Opportunities of Salem, Inc. (HOSI) has a mortgage note receivable with BC Leefort Terrace LLC in the original aggregate amount of \$7,755,151 to fund development costs. The note bears interest at 1% per annum. Payments on the loan will be made annually from and to the extent of available net cash flows in accordance with the Amended and Restated Operating Agreement. The entire unpaid principal and interest balance is due upon maturity on June 13, 2077. The note is secured by a third mortgage on the property. There was no interest earned during the period ended September 30, 2024. As of September 30, 2024, the outstanding receivable balance was \$7,755,151.

NOTE 8 – GROUND LEASE

The Authority (Landlord) has entered into a 99-year Ground Lease Agreement with BC Leefort Terrace LLC in, that terminates on June 13, 2123. BC Leefort Terrace LLC is responsible for all real estate for all real estate taxes, insurance, and operating expenses. BC Leefort Terrace LLC is to pay the base rent of \$1 upon entering into the agreement.

NOTE 9 – DEVELOPER FEE RECEIVABLE

BC Leefort Terrace LLC entered into a Development-Related Services Agreement with the HOSI. Under the terms of the Development-Related Services Agreement, HOSI is entitled to 25% of the developer fee in the amount of \$2,133,099. As of September 30, 2024, \$333,506 of developer fees were earned and received by HOSI.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 10 – CAPITAL ASSETS

The following is a summary of changes in capital assets and related accumulated depreciation.

	October 1, 2023	Increases	Decreases	September 30, 2024
Capital assets not being depreciated				
Land	\$ 2,333,100	\$ --	\$ --	\$ 2,333,100
Construction in progress	1,938,042	1,795,153	(693,119)	3,040,076
Total capital assets not being depreciated	4,271,142	1,795,153	(693,119)	5,373,176
Capital assets being depreciated/amortized				
Buildings	44,845,618	693,119	(537,093)	45,001,644
Right-of-use assets	434,038	--	--	434,038
Furniture, equipment & machinery	965,752	78,201	--	1,043,953
Total capital assets being depreciated/amortized	46,245,408	771,320	(537,093)	46,479,635
Less accumulated depreciation/amortization				
Buildings	41,030,034	934,137	(537,093)	41,427,078
Right-of-use assets	36,169	43,404	--	79,573
Furniture, equipment & machinery	693,908	95,545	--	789,453
Total accumulated depreciation/amortization	41,760,111	1,073,086	(537,093)	42,296,104
Capital Assets Net	\$ 8,756,439	\$ 1,493,387	\$ (693,119)	\$ 9,556,707
Depreciation/amortization expense was charged to:				
Federal Public Housing		\$ 29,127		
Housing Choice Voucher		\$ 152,792		
State/Local Programs		\$ 891,167		

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 11 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended September 30, 2024 is as follows:

	October 1, 2023	Additions	Reductions	September 30, 2024	Amount due within one year
Compensated Absences	\$ 338,060	\$ 123,461	\$ (130,161)	\$ 331,360	\$ 156,662
FSS Escrow	--	12,684	--	12,684	--
Tenant Escrow	617	--	--	617	--
Net Pension Liability	3,529,525	--	(227,138)	3,302,387	--
OPEB Liability	6,006,629	--	(2,206,219)	3,800,410	--
Total	<u>\$ 9,874,831</u>	<u>\$ 136,145</u>	<u>\$ (2,563,518)</u>	<u>\$ 7,447,458</u>	<u>\$ 156,662</u>

NOTE 12 – LEASE LIABILITY

In 2022, the Authority entered into a lease agreement for office space with Canal Realty Development LLC for an initial term of 5 years expiring on November 30, 2027. The Authority has the option to renew the lease for 5 additional years, provided that the Authority was not in default and the Authority provided unconditional written notice of exercise to the landlord no later than nine months before expiration date of original term. In October 2022, the lease agreement was amendment which resulted in a change in the lease term. The amended lease required monthly payments of \$4,800 for the first year increasing by \$122 per year through November 30, 2027. The amended lease includes one five-year extension term which has been included in the measurement of the lease liability. The option to extend would require market rent increase at the date the option was exercised. During the year ended September 30, 2024, amortization of right-of-use assets was \$43,404 and lease interest expense was \$31,025.

Assets	
Office Space Leases	\$ 434,038
Less Accumulated Amortization	(79,573)
Total	<u>\$ 354,465</u>

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 12 – LEASE LIABILITY (CONTINUED)

The future lease payments will be amortized as follows:

Year	Amount
2025	\$ 67,346
2026	65,602
2027	63,741
2028	61,863
2029	59,911
2030-2032	<u>175,679</u>
Total minimum lease payments	494,142
Less: Amount representing interest	<u>(126,953)</u>
Present value of net minimum lease payments	367,189
Less: Current maturities of capital lease obligations	<u>(39,408)</u>
Long-term capital lease obligations	<u>\$ 327,781</u>

NOTE 13 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes a payment in lieu of taxes equal to 10% of rental income charged less utility expenses annually for all of its properties constructed with and funded by HUD. State funded scattered site units make payments in lieu of real estate taxes equal to ½ of the Municipality's tax rate plus \$100 multiplied by the number of available bedrooms. The payment in lieu of taxes for the year ended September 30, 2024 aggregated \$23,883.

SALEM HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The Authority provides pension benefits to certain employees through the Salem Contributory Retirement System (SCRS), a cost-sharing, multiple-employer public employee retirement system regulated by Public Employee Retirement Administration Commission (PERAC). The plan is a defined benefit plan. Participation is mandatory for all full time employees of the Authority. The retirement plan is a pooled risk type of plan. Under this type of plan, funding is determined based on all employees covered for all employing units. The funding liabilities are shared by each employing unit pro-rata based on the number of employees in the employing unit. Since the Authority's share of the net pension liability is not based on their employees, pension expense is determined by the total required payment to be made to the retirement plan for the year. The SCRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to SCRS, 20 Central Street, Suite 110, Salem, MA 01970 or by calling (978) 745-8983.

PLAN MEMBERSHIP

The Authority has 30 employees participating in the plan.

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS

State law establishes benefit provisions and contribution requirements of the SCRS. Employees who have at least 10 years of longevity and have attained 55 years of age are eligible to receive retirement benefits. Retired employees receive an allowance based upon the average of their three highest consecutive salary years of service multiplied by (1) the number of years and full months of creditable service at the time of retirement and (2) a percentage based on age at retirement in accordance with a schedule provided by state law. Assuming normal retirement at age 65, this percentage is 2.5%, which is reduced for individuals who retire prior to age 65 to reflect the longer payout period. Employees may elect early retirement after 20 years of service or at any time after attaining age 55 with 10 years of eligible service. Plan members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. The amount of benefits to be received depends on several factors, including the member's age, compensation, veteran status, years of creditable service, and whether or not the disability is work-related. In addition, certain death benefits exist for beneficiaries of employees who die in active service.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

FUNDING POLICY

Depending on their employment date, active Plan members must contribute either 5%, 7%, 8%, or 9% of their gross regular compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. These deductions earn interest at a rate determined by PERAC that vests based upon years of service. Member employers are required to contribute the remaining amounts necessary to finance benefits, except for certain cost-of-living adjustments (COLAs) granted before July 1, 1998, which are reimbursed by the Commonwealth. The current and two preceding years' apportionment of the annual pension cost between the employers required the Authority to contribute approximately 2.94% of the total. The Authority's required and actual contributions to SCRS for the year ended September 30, 2024 were \$563,989. Employee contributions for the same period were \$232,703.

PENSION LIABILITIES

At September 30, 2024, the Authority reported a liability of \$3,302,387 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

For the year ended September 30, 2024, the Authority recognized pension expense of \$418,320. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 282,337	\$ 170,545
Changes of assumptions	74,370	--
Changes in proportion and differences between contributions and proportionate share of contributions	265,448	--
Contributions subsequent to the measurement date	<u>563,989</u>	<u>--</u>
Total	<u>\$ 1,186,144</u>	<u>\$ 170,545</u>

These amounts will be recognized as expense, or as a reduction of expense, as follows:

Year	Deferred Outflows (Inflows) of Resources
2025	\$ 638,631
2026	131,873
2027	271,220
2028	<u>(26,125)</u>
Total	<u>\$ 1,015,599</u>

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL METHODS & ASSUMPTIONS

The total pension liability in the January 1, 2024 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	6.90%
Discount rate	6.90%
Inflation	3.00%
Salary increases	3.75%-4.25%
Cost of living adjustments	5.00% of first \$15,000 of the annual retirement allowance, effective July 1, 2022 as a one-time increase from 3.00%.
Mortality rates	RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally using Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Domestic equity	22.00%	6.29%
International developed markets	9.50%	6.39%
International emerging markets	4.50%	7.63%
Core fixed income	15.00%	1.72%
High-yield fixed income	9.00%	3.43%
Real estate	10.00%	3.24%
Timber	4.00%	3.72%
Hedge fund, GTAA, risk parity	10.00%	2.87%
Private equity	16.00%	9.43%

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount	1% Increase
	5.90%	6.90%	7.90%
Net pension liability (asset)	\$ 4,566,478	\$ 3,302,387	\$ 2,238,021

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued SCRS financial report.

PAYABLES TO THE PENSION PLAN

As of September 30, 2024, the Authority had no outstanding payables to SCRS.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

PLAN DESCRIPTION AND BENEFITS PROVIDED

The Authority's defined benefit OPEB plan provides OPEB for all permanent full-time employees of the Authority. The OPEB plan is a single employer defined benefit OPEB plan administered by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

The Authority provides comprehensive medical insurance, both with and without Medicare coordination, and life insurance to its employees who meet certain eligibility requirements. Employees are eligible for postretirement benefits if he/she has reached the age of 55 as an active employee and completed 10 years of service.

All active employees who retire from the Authority and meet the eligibility criteria will receive these benefits. The duration of these benefits is for the employee's lifetime. Under this cost sharing plan, these benefits cover 20% of premiums for Medical for those who retire on or after 10/1/2009 (15% for those who retired after 7/1/1994 but before 10/1/2009, and 10% for all others) for both individuals and family members (percentages represent the employees' portion).

The face value of each life insurance policy is \$5,000. Life insurance benefits do not apply to family members, this benefit covers 20% of premiums for Medical for those who retire on or after 10/1/2009 (15% for those who retired after 7/1/1994 but before 10/1/2009, and 10% for all others) for individuals.

PLAN MEMBERSHIP

At September 30, 2024, there are 29 active employees and 17 retired employees enrolled in the plan.

TOTAL OPEB LIABILITY

The Authority's total OPEB liability of \$3,800,410 was measured as of October 1, 2023 and was determined by an actuarial valuation as of October 1, 2023.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method	Individual Entry Age Normal
Municipal Bond Rate	4.87%
Discount Rate	4.87%
Inflation	2.50%
Salary Increase	3.00%
Pre-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward 1 year for females.
Post-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females.
Mortality Experience Study	The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.
Healthcare Trend	5.00%
Withdrawal Rates	Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service and age, from 27.0% at age 20 and 0-4 years of service to 3.50% at age 60 and 10+ years of service.
Retirement Rates	Plan participants are expected to retire at an increasing rate based on age and gender. Males and females are expected to retire at a rate of 3% for those aged 50 years, to 100% for those aged 70 years.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY

Balance at beginning of year	\$ 6,006,629
Changes for the year:	
Service cost	182,417
Interest	147,110
Difference between expected and actual experience	(681,250)
Changes of Assumptions	(1,734,828)
Benefit payments	(119,668)
Net changes	(2,206,219)
Balance at end of year	<u>\$ 3,800,410</u>

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the Plan's total OPEB liability, calculated using the discount rate of 4.87% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower, or 1 percentage-point higher, than the current rate.

	1% Decrease 3.87%	Current Discount 4.87%	1% Increase 5.87%
Total OPEB liability	<u>\$ 4,387,557</u>	<u>\$ 3,800,410</u>	<u>\$ 3,326,037</u>

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

The following table presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	1% Decrease 4.00%	Current Trend 5.00%	1% Increase 6.00%
Total OPEB liability	<u>\$ 3,281,742</u>	<u>\$ 3,800,410</u>	<u>\$ 4,445,811</u>

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended September 30, 2024, the Authority recognized OPEB expenses of \$306,251. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At September 30, 2024, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,418	\$ 555,790
Changes of assumptions	814,866	1,415,339
Contributions subsequent to the measurement date	<u>119,668</u>	<u>--</u>
Total	<u>\$ 1,078,952</u>	<u>\$ 1,971,129</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending September 30,	Deferred Outflows (Inflows) of Resources
2025	\$ 154,360
2026	34,694
2027	(444,949)
2028	(444,949)
2029	<u>(191,333)</u>
Total	<u>\$ (892,177)</u>

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 16 – OTHER RETIREMENT PLANS

The Authority provides to employees a separate deferred compensation plan in accordance with IRC §457. The plan is open to all employees. Employee contributions for 2024 were \$70,331. There were no employer contributions.

NOTE 17 – RISK MANAGEMENT

LITIGATION

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

GRANTS

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE 18 – SALE OF ASSETS

In June 2024, the Authority entered into a Disposition, Regulatory and Operating Agreement with EOHLC and BC Leefort Terrace, LLC to sell and convey its rights, title and interest in 50-unit state-aided public housing development known as Leefort Terrace that will be redeveloped into a 124-unit low- and moderate-income housing. The Authority will receive a legacy payment of \$614,361 from BC Leefort Terrace, LLC. The Authority also entered into a 99-year Ground Lease with BC Leefort Terrace, LLC (Note 8). Out of 124-units, 108-units will be subsidized through Project-Based Voucher (PBV) subsidy administered by the Authority. During the year ended September 30, 2024, the Authority recognized a gain on sale in the amount of \$614,361.

SALEM HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 19 – BLENDED COMPONENT UNIT

As disclosed in Note 1, the Authority has a blended component unit; Housing Opportunities of Salem, Inc. Condensed financial statements of the Corporation, for the period ended September 30, 2024, are presented below:

Assets	
Current	\$ 308,335
Other noncurrent	<u>7,755,151</u>
Total Assets	<u>8,063,486</u>

Net Position	
Unrestricted	<u>8,063,486</u>
Total Net Position	<u>\$ 8,063,486</u>

Condensed Summary of Revenues, Expenses and Changes in Net Position

Operating Revenues	
Other revenue	\$ 333,506
Total Operating Revenues	<u>333,506</u>

Operating Expenses	
Administration	<u>29,178</u>
Total Operating Expenses	<u>29,178</u>

Operating Income	<u>304,328</u>
-------------------------	----------------

Non-operating Revenues	
Interest income	4,007
Transfers in (out)	<u>7,755,151</u>
Total Non-operating Revenues	<u>7,759,158</u>

Change in Net Position	8,063,486
-------------------------------	-----------

Beginning Net Position	<u>--</u>
-------------------------------	-----------

Ending Net Position	<u>\$ 8,063,486</u>
----------------------------	---------------------

Condensed Summary of Cash Flows

Net Cash Provided by:	
Operating Activities	\$ 304,328
Investing	<u>4,007</u>

Net Change in Cash	308,335
---------------------------	---------

Cash and cash equivalents at beginning of year	<u>--</u>
--	-----------

Cash and cash equivalents at end of year	<u>\$ 308,335</u>
---	-------------------

SALEM HOUSING AUTHORITY

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST SEVEN FISCAL YEARS

Year	Total OPEB Liability - Beginning	Service cost	Interest	Changes of benefit terms	Difference between expected and actual experience	Changes of Assumptions	Benefit payments	Net Change in Total OPEB Liability	Total OPEB Liability - Ending
2024	\$ 6,006,629	\$ 182,417	\$ 147,110	\$ --	\$ (681,250)	\$ (1,734,828)	\$ (119,668)	\$ (2,206,219)	\$ 3,800,410
2023	\$ 5,812,683	\$ 171,131	\$ 142,188	\$ --	\$ --	\$ --	\$ (119,373)	\$ 193,946	\$ 6,006,629
2022	\$ 3,277,750	\$ 116,794	\$ 125,337	\$ --	\$ 361,045	\$ 2,037,162	\$ (105,405)	\$ 2,534,933	\$ 5,812,683
2021	\$ 3,144,898	\$ 115,731	\$ 120,356	\$ --	\$ --	\$ --	\$ (103,235)	\$ 132,852	\$ 3,277,750
2020	\$ 3,256,477	\$ 111,548	\$ 117,835	\$ --	\$ --	\$ (242,173)	\$ (98,789)	\$ (111,579)	\$ 3,144,898
2019	\$ 3,136,438	\$ 120,609	\$ 112,856	\$ --	\$ (47,659)	\$ --	\$ (65,767)	\$ 120,039	\$ 3,256,477
2018	\$ 3,243,845	\$ 107,482	\$ 115,696	\$ --	\$ (238,296)	\$ --	\$ (92,289)	\$ (107,407)	\$ 3,136,438

Year	Covered Payroll	OPEB Liability as a Percentage of Covered Payroll
2024	\$ 2,581,991	147.19%
2023	\$ 2,246,900	267.33%
2022	\$ 2,181,456	266.46%
2021	\$ 1,830,990	179.02%
2020	\$ 1,777,660	176.91%
2019	\$ 1,857,636	175.30%
2018	\$ 1,803,530	173.91%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

SALEM HOUSING AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SALEM CONTRIBUTORY RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

Measurement Period Ending December 31,	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	2.939%	\$ 3,302,387	\$ 2,048,658	161.20%	70.940%
2022	2.712%	\$ 3,529,525	\$ 1,853,798	190.39%	65.500%
2021	2.703%	\$ 2,381,053	\$ 1,777,535	133.95%	75.880%
2020	2.589%	\$ 3,023,288	\$ 1,447,238	208.90%	66.450%
2019	2.586%	\$ 3,366,254	\$ 1,389,359	242.29%	61.160%
2018	2.715%	\$ 3,679,046	\$ 1,564,138	235.21%	56.330%
2017	2.712%	\$ 3,264,534	\$ 1,498,095	217.91%	59.590%
2016	2.652%	\$ 3,470,363	\$ 1,437,356	241.44%	53.480%
2015	2.650%	\$ 3,287,536	\$ 1,486,164	221.21%	52.770%
2014	2.790%	\$ 3,217,814	\$ 1,127,151	285.48%	54.060%

See Notes to Required Supplementary Information

SALEM HOUSING AUTHORITY

SCHEDULE OF PENSION CONTRIBUTIONS

SALEM CONTRIBUTORY RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

Measurement Period Ending December 31,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2023	\$ 533,337	\$ 533,337	\$ --	\$ 2,048,658	26.03%
2022	\$ 466,215	\$ 466,215	\$ --	\$ 1,853,798	25.15%
2021	\$ 440,260	\$ 440,260	\$ --	\$ 1,777,535	24.77%
2020	\$ 399,480	\$ 399,480	\$ --	\$ 1,447,238	27.60%
2019	\$ 378,006	\$ 378,006	\$ --	\$ 1,389,359	27.21%
2018	\$ 376,116	\$ 376,116	\$ --	\$ 1,564,138	24.05%
2017	\$ 357,229	\$ 357,229	\$ --	\$ 1,498,095	23.85%
2016	\$ 329,114	\$ 329,114	\$ --	\$ 1,437,356	22.90%
2015	\$ 315,214	\$ 315,214	\$ --	\$ 1,486,164	21.21%
2014	\$ 316,491	\$ 316,491	\$ --	\$ 1,127,151	28.08%

See Notes to Required Supplementary Information

SALEM HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2024

NOTE 1 – OTHER POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios details the Plan's other postemployment benefit liability and the covered employee payroll. It demonstrates the Plan's total liability and the Plan's liability as a percentage of covered payroll.

10-YEAR TREND INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement date.

CHANGES IN ASSUMPTIONS

Effective September 30, 2024;

- Discount rate is 4.87%, previously 2.40%

NOTE 2 – PENSION PLAN SCHEDULES

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of the Proportionate Share of the Net Pension Liability presents multi-year trend information on the Authority's share of the Net Pension Liability and related ratios.

The Schedule of Contributions presents multiyear trend information for the Authority's required and actual contributions relating to the pension plan.

10-YEAR TREND INFORMATION

The Schedules of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions are intended to present information for 10 years.

SALEM HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SEPTEMBER 30, 2024

NOTE 2 – PENSION PLAN SCHEDULES (CONTINUED)

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement date.

CHANGES IN ASSUMPTIONS

There were no changes in assumptions from the prior measurement date.

SALEM HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE

SEPTEMBER 30, 2024

FDS Line Item	Description	AMP 01	PIH Family Self- Sufficiency Program	Housing Choice Vouchers	State/Local	Component Unit - Blended	Eliminations	Total
111	Cash - Unrestricted	176,862	--	2,227,785	5,199,098	308,335	--	7,912,080
113	Cash - Other Restricted	--	--	160,880	--	--	--	160,880
114	Cash - Tenant Security Deposits	522	--	--	8,266	--	--	8,788
100	Total Cash	177,384	--	2,388,665	5,207,364	308,335	--	8,081,748
126	Accounts Receivable - Tenants	6,273	--	--	109,281	--	--	115,554
126.1	Allowance for Doubtful Accounts - Tenants	(3,130)	--	--	(49,613)	--	--	(52,743)
128	Fraud Recovery	--	--	262,143	--	--	--	262,143
128.1	Allowance for Doubtful Accounts - Fraud	--	--	(262,143)	--	--	--	(262,143)
120	Total Receivables, Net of Allowances for Doubtful Accounts	3,143	--	--	59,668	--	--	62,811
142	Prepaid Expenses and Other Assets	37,146	--	22,007	29,542	--	--	88,695
150	Total Current Assets	217,673	--	2,410,672	5,296,574	308,335	--	8,233,254
161	Land	258,293	--	--	2,074,807	--	--	2,333,100
162	Buildings	3,419,498	--	576,264	41,005,882	--	--	45,001,644
164	Furniture, Equipment & Machinery - Administration	23,218	--	263,476	757,259	--	--	1,043,953
165	Leasehold Improvements	--	--	434,038	--	--	--	434,038
166	Accumulated Depreciation	(3,272,211)	--	(655,281)	(38,368,612)	--	--	(42,296,104)
167	Construction in Progress	400,595	--	--	2,639,481	--	--	3,040,076
160	Total Capital Assets, Net of Accumulated Depreciation	829,393	--	618,497	8,108,817	--	--	9,556,707
171	Notes, Loans and Mortgages Receivable - Non-Current	--	--	--	--	7,755,151	--	7,755,151
180	Total Non-Current Assets	829,393	--	618,497	8,108,817	7,755,151	--	17,311,858
200	Deferred Outflow of Resources	83,419	--	814,278	1,367,399	--	--	2,265,096
290	Total Assets and Deferred Outflow of Resources	1,130,485	--	3,843,447	14,772,790	8,063,486	--	27,810,208
321	Accrued Wage/Payroll Taxes Payable	2,282	--	20,962	28,489	--	--	51,733
322	Accrued Compensated Absences - Current Portion	5,089	--	66,030	85,543	--	--	156,662
331	Accounts Payable - HUD PHA Programs	--	--	112,605	--	--	--	112,605
333	Accounts Payable - Other Government	10,640	--	--	1,926,985	--	--	1,937,625
341	Tenant Security Deposits	522	--	--	8,266	--	--	8,788
342	Unearned Revenue	2,925	--	--	269,011	--	--	271,936

See Independent Auditors' Report

SALEM HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

SEPTEMBER 30, 2024

FDS Line Item	Description	AMP 01	PIH Family Self- Sufficiency Program	Housing Choice Vouchers	State/Local	Component Unit - Blended	Eliminations	Total
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	--	--	39,408	--	--	--	39,408
346	Accrued Liabilities - Other	14,046	--	57,336	165,771	--	--	237,153
310	Total Current Liabilities	35,504	--	296,341	2,484,065	--	--	2,815,910
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	--	--	327,781	--	--	--	327,781
353	Non-current Liabilities - Other	--	--	13,301	--	--	--	13,301
354	Accrued Compensated Absences - Non Current	5,674	--	73,632	95,392	--	--	174,698
357	Accrued Pension and OPEB Liabilities	257,813	--	2,596,975	4,248,009	--	--	7,102,797
350	Total Non-Current Liabilities	263,487	--	3,011,689	4,343,401	--	--	7,618,577
300	Total Liabilities	298,991	--	3,308,030	6,827,466	--	--	10,434,487
400	Deferred Inflow of Resources	75,815	--	764,582	1,301,277	--	--	2,141,674
508.4	Net Investment in Capital Assets	829,393	--	251,308	8,108,817	--	--	9,189,518
511.4	Restricted Net Position	--	--	147,579	--	--	--	147,579
512.4	Unrestricted Net Position	(73,714)	--	(628,052)	(1,464,770)	8,063,486	--	5,896,950
513	Total Equity - Net Assets / Position	755,679	--	(229,165)	6,644,047	8,063,486	--	15,234,047
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	1,130,485	--	3,843,447	14,772,790	8,063,486	--	27,810,208
70300	Net Tenant Rental Revenue	169,465	--	--	3,556,488	--	--	3,725,953
70500	Total Tenant Revenue	169,465	--	--	3,556,488	--	--	3,725,953
70600	HUD PHA Operating Grants	163,663	105,000	25,041,960	--	--	--	25,310,623
70610	Capital Grants	116,901	--	--	--	--	--	116,901
70700	Total Fee Revenue	--	--	--	--	--	--	--
70800	Other Government Grants	250,000	--	--	11,604,558	--	--	11,854,558
71100	Investment Income - Unrestricted	5,931	--	5,696	8,858	4,007	--	24,492
71400	Fraud Recovery	--	--	174,766	--	--	--	174,766
71500	Other Revenue	12,974	--	419,957	592,033	333,506	--	1,358,470
71600	Gain or Loss on Sale of Capital Assets	--	--	--	614,361	--	--	614,361
70000	Total Revenue	718,934	105,000	25,642,379	16,376,298	337,513	--	43,180,124
91100	Administrative Salaries	38,275	70,000	969,988	881,958	29,178	--	1,989,399

See Independent Auditors' Report

SALEM HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

SEPTEMBER 30, 2024

FDS Line Item	Description	AMP 01	PIH Family Self- Sufficiency Program	Housing Choice Vouchers	State/Local	Component Unit - Blended	Eliminations	Total
91200	Auditing Fees	412	--	14,180	19,408	--	--	34,000
91500	Employee Benefit contributions - Administrative	8,875	35,000	478,424	229,561	--	--	751,860
91600	Office Expenses	19,619	--	431,235	266,011	--	--	716,865
91700	Legal Expense	5,229	--	108,520	222,797	--	--	336,546
91800	Travel	719	--	6,495	2,047	--	--	9,261
91000	Total Operating - Administrative	73,129	105,000	2,008,842	1,621,782	29,178	--	3,837,931
92400	Tenant Services - Other	--	--	--	17,033	--	--	17,033
92500	Total Tenant Services	--	--	--	17,033	--	--	17,033
93100	Water	23,945	--	--	466,014	--	--	489,959
93200	Electricity	23,761	--	--	802,537	--	--	826,298
93300	Gas	15,360	--	--	109,252	--	--	124,612
93000	Total Utilities	63,066	--	--	1,377,803	--	--	1,440,869
94100	Ordinary Maintenance and Operations - Labor	48,746	--	--	846,088	--	--	894,834
94200	Ordinary Maintenance and Operations - Materials and Other	16,489	--	--	285,872	--	--	302,361
94300	Ordinary Maintenance and Operations Contracts	37,959	--	--	466,356	--	--	504,315
94500	Employee Benefit Contributions - Ordinary Maintenance	22,889	--	--	356,352	--	--	379,241
94000	Total Maintenance	126,083	--	--	1,954,668	--	--	2,080,751
95000	Total Protective Services	--	--	--	--	--	--	--
96140	All Other Insurance	70,543	--	40,939	259,252	--	--	370,734
96100	Total insurance Premiums	70,543	--	40,939	259,252	--	--	370,734
96200	Other General Expenses	--	--	154,728	--	--	--	154,728
96210	Compensated Absences	5,746	--	14,908	(27,352)	--	--	(6,698)
96300	Payments in Lieu of Taxes	10,640	--	--	13,243	--	--	23,883
96400	Bad debt - Tenant Rents	--	--	--	44,367	--	--	44,367
96000	Total Other General Expenses	16,386	--	169,636	30,258	--	--	216,280
96710	Interest of Mortgage (or Bonds) Payable	--	--	31,025	--	--	--	31,025
96700	Total Interest Expense and Amortization Cost	--	--	31,025	--	--	--	31,025
96900	Total Operating Expenses	349,207	105,000	2,250,442	5,260,796	29,178	--	7,994,623

See Independent Auditors' Report

SALEM HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE

SEPTEMBER 30, 2024

FDS Line Item	Description	AMP 01	PIH Family Self- Sufficiency Program	Housing Choice Vouchers	State/Local	Component Unit - Blended	Eliminations	Total
97000	Excess of Operating Revenue over Operating Expenses	369,727	--	23,391,937	11,115,502	308,335	--	35,185,501
97100	Extraordinary Maintenance	11,455	--	--	290,994	--	--	302,449
97300	Housing Assistance Payments	--	--	22,987,151	601,480	--	--	23,588,631
97350	HAP Portability-In	--	--	396,172	--	--	--	396,172
97400	Depreciation Expense	29,127	--	152,792	891,167	--	--	1,073,086
90000	Total Expenses	389,789	105,000	25,786,557	7,044,437	29,178	--	33,354,961
10030	Operating Transfers from/to Primary Government	--	--	--	(7,755,151)	--	7,755,151	--
10040	Operating Transfers from/to Component Unit	--	--	--	--	7,755,151	(7,755,151)	--
10100	Total Other financing Sources (Uses)	--	--	--	(7,755,151)	7,755,151	--	--
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	329,145	--	(144,178)	1,576,710	8,063,486	--	9,825,163
11030	Beginning Equity	426,534	--	(84,987)	5,067,337	--	--	5,408,884
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	--	--	--	--	--	--	--
11170	Administrative Fee Equity	--	--	(376,744)	--	--	--	(376,744)
11180	Housing Assistance Payments Equity	--	--	147,579	--	--	--	147,579
11190	Unit Months Available	468	--	16,056	8,628	--	--	25,152
11210	Number of Unit Months Leased	460	--	14,619	7,826	--	--	22,905
11620	Building Purchases	116,901	--	--	--	--	--	116,901

See Independent Auditors' Report

SALEM HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Project:	MA01P055501-21	MA01P055501-22
Modernization Funds Approved	\$ 82,489	\$ 100,418
Modernization Funds Expended	<u>82,112</u>	<u>68,483</u>
Excess of Modernization Funds Approved	<u>\$ 377</u>	<u>\$ 31,935</u>
Modernization Funds Advanced	\$ 82,112	\$ 68,483
Modernization Funds Expended	<u>82,112</u>	<u>68,483</u>
Excess of Modernization Funds Advanced	<u>\$ --</u>	<u>\$ --</u>

See Independent Auditors' Report

SALEM HOUSING AUTHORITY

SCHEDULE OF ACTUAL GRANT COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Grant:	FSS23MA5412
Grant Funds Approved	\$ 105,000
Grant Funds Expended	<u>105,000</u>
Excess of Grant Funds Approved	<u>\$ --</u>
Grant Funds Advanced	\$ 105,000
Grant Funds Expended	<u>105,000</u>
Excess of Grant Funds Advanced	<u>\$ --</u>

Based on our review of the completed grant:

- 1) All work in connection with the grant is complete.
- 2) All liabilities have been incurred and discharged through payment.

See Independent Auditors' Report

SALEM HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through		Total Federal Expenditures
		Entity Identifying Number	Provided to Sub-recipients	
Department of Housing & Urban Development (HUD)				
Housing Voucher Cluster				
Housing Choice Vouchers	14.871	--	\$ --	\$ 25,041,960
Total Housing Voucher Cluster			--	25,041,960
Public and Indian Housing	14.850	--	--	163,663
Public Housing Capital Fund (CFP)	14.872	--	--	116,901
PIH Family Self-Sufficiency Program	14.896	--	--	105,000
Total Department of Housing & Urban Development			--	25,427,524
Department of the Treasury				
Passed through Commonwealth of Massachusetts:				
Executive Office of Housing and Livable Communities				
Coronavirus State and Local Fiscal Recovery Funds	21.027	--	--	266,245
Total Department of the Treasury			--	266,245
Total Expenditures of Federal Awards			\$ --	\$ 25,693,769

See Notes to the Schedule of Expenditures of Federal Awards

SALEM HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Salem Housing Authority, under programs of the federal government for the year ended September 30, 2024. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Salem Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of Salem Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

NOTE 3 – INDIRECT COST RATE

The Salem Housing Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To The Board of Commissioners
Salem Housing Authority
Salem, MA

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the business-type activities of Salem Housing Authority (the "Authority"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Boston, MA
June 23, 2025

**Independent Auditors' Report on Compliance for Each Major Federal Program and Report on
Internal Control over Compliance Required by the Uniform Guidance**

To The Board of Commissioners
Salem Housing Authority
Salem, MA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Salem Housing Authority (the "Authority")'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Boston, MA
June 23, 2025

SALEM HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

FEDERAL AWARDS

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditors' report issued on compliance for major federal programs: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$770,813

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

SALEM HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior audit findings.

Independent Accountants' Report on Applying Agreed-Upon Procedures

To The Board of Commissioners
Salem Housing Authority
Salem, MA

We have performed the procedures described in the second paragraph, which was agreed to by the Salem Housing Authority (the "Authority") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information that was included with the related hard copy documents within the OMB Uniform Guidance reporting package. The Salem Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "*UFRS Rule Information*" column with the corresponding printed documents listed in the "*Hard Copy Documents*" column. The results of the performance of our agreed-upon procedures indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

We were engaged to perform an audit in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) for the Authority as of and for the year ended September 30, 2024 and have issued our reports thereon dated June 23, 2025. The information in the "*Hard Copy Documents*" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated June 23, 2025, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package, required by the OMB Uniform Guidance, which includes the auditors' reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Authority and U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Boston, MA
June 23, 2025

Attachment to Independent Accountants' Report on Applying Agreed-Upon Procedures

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	FINDING
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, If applicable	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form*	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form*	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form*	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form*	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

Salem Housing Authority

June 2025 Bills

Filter Criteria Includes: 1) Type: Payment History, 2) Date Range From: 6/1/2025 Thru: 6/30/2025, 3) Program: Revolving Fund

Check Name

A-1 Exterminators, Inc.

Smart Traps: Rats
4/Exterior Stations: Rats

\$1,438.00

Aflac

1 CHK 06-25: Aflac

\$562.95

AFSCME Council 93

06-01-25: Union Dues
06-08-25 Union Dues
06-15-25: Union Dues
06-25-22: Union Dues

\$381.81

Amesbury Chevrolet

242: Service

\$1,261.69

Asian American Civic
Association, Inc.

06-06-: AD: Fair Hsing.
Mkt. Plan
06-06: Ad: Fair Hsing.
Mkt.
06-06: Ad: Fair Hsing.
Mkt.

\$960.00

Baystate Interpreters, Inc.

2 CHK Sec. 8: Interpreter
3 CHK 05-20: Sec. 8: Interpreter

\$120.00

05-15: Interpreter:
Haitian Creole
05-20: FSS: Interpreter

5-14: Interpreter: Board
Meeting
5-27: Interpreter :Haitian
Creole

\$645.00

4 CHK 5-20: FSS Interpreter

\$110.00

\$875.00

Bell Fund VI Salem LLC

06-25 Bal. Rent

\$250.00

Black Earth Compost LLC

6-9-25: 4 Totes

\$76.00

Blue Triton Brands, Inc.

Water Delivered: 3/5
Gal. Water
2/Dispenser Clean.
Water & cups
Water Delivered: 3/5
Gal. Water

\$307.00

BOFF LLC d/b/a Proxima
Moving & Storage

1: Eviction/Storage

**Boston Fire Extinguishers Co.,
Inc.**

GT & RT: Fire
Extinguishers
705: Fire Extinguishers

Zisson & Power: Fire
Extinguishers
30: Fire Extinguishers
667: Fire Extinguishers

705-4: Fire Extinguishes

Vehicles: & Bobcat: Fire
Extinguishers
Sec.8: Fire Extinguisher

\$953.55

Boston Mutual Life Ins. Co.

05-25: Add'l Life

\$367.68

Breen & Sullivan

NT: Repair Minisplit

\$1,020.76

**Canal Realty Development,
LLC**

07+01: Rent

\$5,043.90

**Caribe Communications &
Publications, Inc.**
Ad 05-08 SSP
Coordinator

\$412.50

Charter Street Tenants

5	CHK	02-25/04-25: Laundry Share
6	CHK	06-18-25: Reimbursement

\$1,129.38

City Of Salem
03/25-05/25: S8:
48,304.064 Gals. Fuel

\$4,174.77

City Of Salem

7	CHK	200: 667:705:30 195,943.00 Cu. Ft.
---	-----	---------------------------------------

\$38,720.73

Comcast

8	CHK	Various Sites: Cable, Wifi Camera Connection
9	CHK	Various Sites: Cable, Wifi Camera Connection
10	CHK	Various Sites: Cable, Wifi Camera Connection
11	CHK	Various Sites: Cable, Wifi Camera Connection

\$1,045.71

\$334.46

\$1,680.38

\$557.35

\$3,617.90

Commonwealth of Massachusetts				
12	CHK	05-26-25: Toll: Training		\$3.15
13	CHK	05-26-25: Toll: Training		\$3.15
14	CHK	4-26-25: Toll Training		\$3.55
				\$9.85
Commonwealth Of Massachusetts				
15	CHK	04-25/06-25 Active Employ 04-25/06-25: Retirees 04-25/06-25: Survivors		\$121,349.37
16	CHK	06-25: Health, Opins. & LTD		\$11,982.37
				\$133,331.74
Dalton House Tenants Association				
17	CHK	02-25/04-25: Laundry Share		\$211.97
Dearborn Life Insurance Company				
18	CHK	06-25: STD Ins.		\$399.48
Delta Beckwith Elevator				
				05-25: Elevator Service
				\$2,745.00
Elan Financial Services				
				04-26-25/05-27-25 cc payment
				\$4,578.72
Empower				
19	CHK	06-01-25 Deferred		\$173.07
20	CHK	06-05-25 Deferred		\$203.95
21	CHK	06-15-25: Deferred Comp: "OBRA"		\$202.18
22	CHK	06-22-25: Deferred Comp: "OBRA"		\$194.25
				\$773.45
Empower Retirement				
23	CHK	06-01-25: Deferred Comp.		\$1,365.00
24	CHK	06-08-25: Deferred Comp		\$1,365.00
25	CHK	06-15-25: Deferred Comp		\$1,365.00
26	CHK	6-22-25: Deferred Comp.		\$1,365.00
				\$5,460.00
Environmental Restorations,				
				122.5 Boston: Wall Repairs & Framing 16ART: Frame Building & Rep. Columns
				\$23,160.00
F. W. Webb Company				
				Plumbing Supplies
				\$2,412.10
Fenton, Ewald & Associates, P.C.				

\$5,266.00

Frosty Ice Cream

06-25-25: "NOW" Ice
Cream Social

\$300.00

Employee

06-07-25: Speaker
Cable
Reimburse adaptor

\$425.97

Greater Salem Employees
Federal Credit UnionJune 2025 contributions
4 weeks: Credit Union

\$2,700.00

Haier US Appliance Solutions,

200: 20" and 30" Electric
Stoves

\$3,198.00

Happy Software, An MRI
Software Company

27 CHK

10-25: Utility Allowance

\$746.00

Hayden's Safe & Lock Co.,
Inc.705-4: Repair Electric
Strike

\$110.00

Hayden's Systems, Inc.

PT: Troubleshoot Fire
Alarm Panel

\$750.00

HD Supply Facilities
Maintenance

28 CHK

Maintenance Supplies

\$1,420.76

29 CHK

Maintenance Supplies

\$1,993.35

\$3,414.11

HD Supply Inc. f/k/a The
Home Depot Pro Instit.

Maintenance Supplies

\$1,916.10

Home Decor Group, LLC

Mildew
Wipes/Degreaser

\$350.48

Home Depot Commercial
Credit

30 CHK

Maintenance Supplies

\$1,425.49

HUB International

31 CHK

07-25/ Zisson: Directors
& Officers

\$1,798.00

In Control Family Foundation,
Inc.

05-22: 9/Driver Training

\$3,223.87

667-6: Cameras Garage

05-25: Computer
Maintenance
5-25: 3 Lines, 911 Caller
ID

\$4,517.44

Joe Borg

32 CHK

Power/ Reimburse Rug

\$1,180.00

JT Gardner Inc., d/b/a Curry
Printing

Power: Rent Slips &
Envelopes

\$711.57

Kelley Annese

Pre 2004: 05-07/05-28;
Wellness

\$750.00

Labor Logic LLC d/b/a
Harpers Time & Attendance

05-31: Time & Labor

\$129.50

04-25: Time & Labor

\$126.00

\$255.50

Lambros S. Koulouris, d/b/a
Lou's Cape Ann Paintin

122.5: 4 Bedroom

667-5: 1 Bedroom

PT: 1 Bedroom

RT: 2 Bedroom

NT: 1 Bedroom

CT: 1 bedroom

NT: 1 Bedroom

\$6,050.00

Lansing Building Products
Northeast LLC

33 CHK

Roof Supplies

\$457.75

M.A.H.A.M.S.

34 CHK

06-20-25: Annual
Meeting

\$600.00

MassNAHRO

35 CHK

Ad MHA: 2025 Annual
Conference Book

Ad 2025 Annual
Conference Book

\$250.00

\$250.00

McCarthy & Son Landscaping,
Inc.

05-25: Landscaping

\$6,951.75

Mini Warehousing, Inc.

06-2/6-30: 16A RT
Storage
RT: Storage

\$235.00

N.S.H.E.D.A				
	36	CHK	06-17-25: 5/Meeting	\$300.00
Nan McKay & Associates, Inc.				
			08-25/07-26: Model Admission	\$239.00
National Grid				
	37	CHK	667/200: 493 KWH	\$141.98
	38	CHK	667/200/705/30/Sect 8: 3,219 KWH	\$1,172.82
	39	CHK	667/200/30: 829 KWH	\$357.82
				\$1,672.62
National Grid				
	40	CHK	667/705: 610.39 Therms.	\$1,022.47
	41	CHK	667/200/30: 3,3389 Therms.	\$3,501.92
	42	CHK	667: 1.1 Therms.	\$78.17
				\$4,602.56
National Grid				
	43	CHK	200: 197,420 KWH	\$2,506.14
New England Mobile Systems, Inc.				
			MHA: Install Tracking & Monitoring 06-25 & 07-25	
			04-25 GPS Monitoring	
			05-25 GPS Monitoring	
			06-25 GPS Monitoring	
				\$1,025.53
New England Reglaze, Inc				
	44	CHK	6-4-25: 139 RT & 77 RT Reglaze Tubs	\$700.00
North of Boston Media Group/Accounting Department				
			Ad: SSP: State Family Self Sufficiency	
			Ad: 05-08: PHA Plan	
			Ad: 05-14: Flooring Bid	
			Ad: #258150: Electrical Bid	
				\$2,994.35
NRG Business Marketing				
	45	CHK	667: 1,797.4 Therms.	\$934.65
	46	CHK	667: 431.4 Therms.	\$608.66
			200: 739.1 Therms.	\$1,543.31
O'D Answering Services, LLC				

\$1,099.00

Omark, Inc.

258188: Bertram:
Survey

\$3,000.00

OnLine Information Services,
Inc.

03-25: Sec. 8: 2/Criminal
Reports
03-25: Sec. 8: Income
Verifications
05-25: Sec. 8: Criminal;
Reports
05-25: Sec. 8: 44 Income
Verifications
05-25: Criminal Reports

05-25: Income
Verifications

\$4,425.95

Pioneer Bertram Tenants
Association

47 CHK

02-25/04-25: Laundry
Share

\$563.05

Printer Pro d/b/a Encore

Sec. 8: Service Printer:

Sec. 8: Printer:
HP Color Laser Copier
Printer Scanner

Service Call

\$4,633.18

PureSky Payment Services
Inc.

01-01-25/01-31-25:
Solar Energy

\$23,019.02

Quadrant Health Strategies,

Physical: New Employee

\$220.00

Rafael Batista

5-25: Maintenance
667-5: Kitchen Cleaning

\$3,850.00

Recap Advisors, LLC D/B/A
Recap Real Estate Advisors

05-06/05-07: Public
Deposition

\$958.75

Reworld Sustainable Solution,
LLC

05-16/05-30 Trash
Disposal
06-02/06-13: Trash
Disposal

\$852.35

Robert Half, Inc.

05-19/05-22: 20 Hrs.
Temp

05-27/05-30: 17.25 Hrs.

06-02/06-05: 22 Hrs.

Temp

06-09/06-13: 20 Hrs.

Temp

06-16/06-20: 23 Hrs.

Temp

\$4,394.71

Rosa Clavel Carpeting Sales

667-5: VCT Flooring

122.5 Boston: VCT
Flooring

122.5 Boston: VCT
Flooring

\$23,168.32

S&D Petroleum Inc.d/b/a
Salem BP

235: Service

246: Inspection

240: Oil Change

\$685.73

Salem Contributory

06-01-25: Retirement

\$5,205.16

06-08-25: Retirement

\$5,195.55

2026 Annual
Appropriation

\$581,128.00

06-15-25: Retirement

\$5,205.15

06-22-25: Retirement

\$5,205.15

\$601,939.01

Sperling Interactive

05-25: Website
Maintenance

\$520.00

TASC

48 CHK

06-05-25: TASC: Fee

\$2.00

The Guardian Life Insurance

49 CHK

07-01/07-: Admin.

07-01/07-31: Dental

\$2,800.75

Thomas Mackey & Sons, Inc.

FC: Repair Rain Water
Gate

\$6,937.50

Thomson Reuter-West

2025 MA General Laws

\$166.00

\$166.00

Toshiba America Business
Solutions

12-15/01-14 Sec 8 &
667 Scanners

12-15/01-14: Sec.8 Z&
667-5

06-15/07-15: Se.c. 8 &
667 Scanners

06-15/07-14: Sec. 8
Copier

12-15/01-14 Sec. 8 &
667 Scanners

12-15/01-14: Sec. 8 &
667-5
03-15/04-15: 667-5 &
16A RT
04-15/05-15: 667-5 &
16A RT

\$3,526.00

Total Administrative Services

06-05-25: TASC
6-12-25 TASC
06-19-25: TASC
06-26-25: TASC

\$208.36

Tough Stuff Recycling, LLC

5-7-25: Disposal 30
Mattresses

\$990.00

U.S. Electrical Services, Inc.

50 CHK Fire Alarm Batteries

\$564.40

Uline, Inc.

667-5: 2/Picnic Tables
667-5: Umbrella & Base
Maintenance Supplies

\$5,938.33

W. B. Mason Co., Inc.

Office Supplies

\$7,922.19

Winer Bros.

Supplies: Top Soil
Supplies: Potting Soil
Supplies: Soil Return

\$75.96

Ynot Oil, Inc.

51 CHK 117 congress oil Service

\$125.00

Harpers Payroll

06-05 Payroll	\$42,927.61
State & Federal Withholding	\$11,919.11
Harpers Invoice	\$101.73
06-12 Payroll	\$45,501.80
State & Federal Withholding	\$12,503.15
Harpers Invoice	\$105.53
06-18 Payroll	\$40,893.61
State & Federal Withholding	\$10,642.07
Harpers Invoice	\$103.63
06-26 Payroll	\$38,529.10
State & Federal Withholding	\$9,814.96
Harpers Invoice	\$101.53
	<u>\$213,143.83</u>

51 Checks TOTAL

\$1,428,575.69

Grand Total:

FENTON, EWALD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
280 HILLSIDE AVENUE
NEEDHAM, MA 02494-1365

OFFICE: (781) 444-6630
(800) 369-7660
FAX: (781) 444-6836
EMAIL: office@feacpa.com

To the Board of Commissioners
Salem Housing Authority
27 Charter Street
Salem, MA 01970

We have compiled the accompanying balance sheets of the Salem Housing Authority as of **May 31, 2025**, and the related statements of Revenues and Expenses for the **8** months then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. The information included in the accompanying Agency Wide Revenue and Expenses and Analysis of Non-routine Expenditures and Credits are presented only for supplementary analysis purposes. Such information has been compiled from information that is the representation of management, without audit or review, and accordingly, we do not express an opinion or provide any assurance on such data.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusion about the authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Fenton, Ewald & Associates, P.C.

Needham, Massachusetts
Dated: June 30, 2025

Salem Housing Authority
8 months ending
May 31, 2025

AGENCY WIDE OPERATING STATEMENT
Year To Date Actual

Fenton, Ewald & Associates, P.C.

6/30/2025

Account Number	Classification	Federal Conventional	Section 8 HCVP	State Consolidated 400-1	Admin. Management Program	MRVP	Total	Pro-Rated Budget	\$ Favorable (Unfavorable)	% Favorable (Unfavorable)
OPERATING RECEIPTS										
3110 Shelter Rent - Tenant		125,452		2,490,767			2,616,219	2,681,976	(65,757)	-2%
3115 Shelter Rent - Federal Sect. 8				0			0	0	0	0%
3190 Non Dwelling Rentals		0		0			0	0	0	0%
3400 Administrative Fees (S6, MOB, MRVP)			1,311,880	0	87,015	20,240	1,419,135	1,408,575	10,560	1%
3610 Interest on Investments - Unrestricted		18,508	15,374	27,249	0	391	61,523	73,733	(12,210)	-17%
3611 Interest on Investments - Restricted				0		0	0	0	0	0%
3690 Other Revenue		13,283	59,868	22,827	14,907	0	110,885	191,459	(80,574)	-42%
3950 Operating Grants				0			0	0	0	0%
3691 Other Revenue Retained				171,472		0	171,472	92,881	78,591	85%
3801 Operating Subsidy		100,211		1,140,204		582,445	1,822,860	2,930,401	(1,107,541)	-38%
TOTAL OPERATING RECEIPTS		257,454	1,387,123	3,852,519	101,922	603,076	6,202,094	7,379,024	(1,176,930)	-16%
OPERATING EXPENDITURES										
ADMINISTRATIVE										
4110 Administration Salaries		28,945	838,230	634,658	52,322	8,669	1,562,824	1,293,970	(268,854)	-21%
4120 Compensated Absences		0	0	0	0	0	0	15,336	15,336	100%
4130 Legal		689	53,139	204,302	0	38	258,168	258,333	165	0%
4140 Compensation-Board Members				19,707		0	19,707	17,550	(2,157)	-12%
4150 Travel And Related Expenses		734	361	2,266	0	0	3,360	13,333	9,973	75%
4170 Accounting Services		6,767	18,062	12,682	0	973	38,484	43,095	4,611	11%
4171 Audit Services		333	11,604	10,329	0	234	22,500	24,000	1,500	6%
4180 Office Rent		0	45,465	0		0	45,465	45,685	220	0%
4190 Administrative Other		7,701	206,950	141,398	11,397	1,897	369,342	414,758	45,416	11%
4190.1 Mixed Population Salary			0	0		0	0	98,521	98,521	100%
TOTAL ADMINISTRATIVE EXPENSE		45,169	1,173,812	1,025,342	63,718	11,811	2,319,851	2,224,582	(95,269)	-4%
4230 Resident Services		0		11,882		0	11,882	7,567	(4,315)	-57%
UTILITIES										
4310 Water & Sewer		17,479		308,675			326,154	355,688	29,534	8%
4320 Electricity		18,875		450,885			469,740	589,146	119,406	20%
4330 Gas		15,334		62,243			77,577	86,510	8,933	10%
4340 Fuel		0		0			0	0	0	0%
4360 Energy Conservation		0		0			0	0	0	0%
4390 Other		0		0			0	0	0	0%
TOTAL UTILITIES EXPENSE		51,688	0	821,783	0	0	873,472	1,031,344	157,872	15%
ORDINARY MAINTENANCE										
4410 Maintenance Labor		31,631		515,805			547,437	609,409	61,972	10%
4420 Materials And Supplies		16,187		208,751			224,938	212,000	(12,938)	-6%
4430 Contract Costs		32,396		352,078			384,474	334,667	(49,807)	-15%
TOTAL ORDINARY MAINTENANCE		80,215	0	1,076,634	0	0	1,156,848	1,156,075	(773)	0%
GENERAL EXPENSE										
4510 Insurance		64,256	29,603	174,921	1,401	195	270,376	1,310,328	1,039,952	79%
4520 Pilot		7,376		8,880			16,256	16,922	666	4%
4540 Employee Benefits		29,375	290,487	478,923	26,134	2,609	827,509	767,253	(60,255)	-8%
4570 Collection Losses		629		45,368		0	45,997	27,333	(18,664)	-68%
4590 COVID related Costs			0	0		0	0	0	0	0%
4580/90 Other General Expenses - Port Out Fees		0	106,005				106,005	106,667	661	1%
TOTAL GENERAL EXPENSES		101,636	426,075	708,092	27,535	2,804	1,266,143	2,228,503	962,360	43%
TOTAL OPERATING EXPENSES		278,708	1,599,887	3,643,733	91,254	14,615	5,828,196	6,648,071	1,019,875	15%
NET INCOME (DEFICIT) BEFORE SUBSIDY and NON-ROUTINE EXPENSES		(121,465)	(212,764)	(931,417)	10,668	6,016	(1,248,962)	(2,199,448)	950,486	-43%
NET INCOME (DEFICIT) BEFORE NON-ROUTINE, and INCLUDING SUBSIDY		(21,254)	(212,764)	208,787	10,668	588,461	573,898	730,953	(157,055)	-21%
NONROUTINE EXPENSES AND (CREDITS)										
4610 Extraordinary Maintenance / Direct Use of Reserves		51,162	0	102,648		0	153,810	223,333	69,523	31%
4611 Equip. Purchased - Non Capitalized				39,379		0	39,379	50,000	10,621	21%
4612 Restricted Reserve Expenditures				0		0	0	0	0	0%
4715 Housing Assistance Payments				0		582,445	582,445	582,445	0	0%
7520 Replacement of Equipment		0	0	0			0	72,000	72,000	100%
7540 Betterments & Additions		0		0			0	0	0	0%
4801 Depreciation Expense				0			0	0	0	0%
TOTAL NONROUTINE EXPENSES		51,162	0	142,027	0	582,445	775,634	927,778	152,144	16%
2700 NET INCOME (DEFICIT)		(72,416)	(212,764)	66,760	10,668	6,016	(201,736)	(196,825)	(4,910)	2%

See Accountants' Compilation Report

Salem Housing Authority
PROJECT MA06-P055-003,7
BALANCE SHEET - May 31, 2025

ASSETS

CASH - GENERAL FUND - DEV AND/OR OPS	\$ 877,505.55	
PETTY CASH	0.00	\$ 877,505.55
ACCOUNTS RECEIVABLE TENANTS - Net	5,499.79	
ALLOWANCE FOR DOUBTFUL ACCOUNTS - TENANTS	(3,130.25)	
ACCOUNTS RECEIVABLE - HUD	0.00	
ACCOUNTS RECEIVABLE - Other	0.00	2,369.54
ADVANCE - LIMITED REV FUND		25,000.00
PREPAID INSURANCE	75,764.00	
INVENTORY - MATERIALS	0.00	
DEFERRED CHARGES - OTHER	0.00	
DEFERRED CHARGES - RETIREMENT	1,650.00	
INTERPROGRAM DUE TO / DUE FROM	0.00	77,414.00
ACCUMULATED DEPRECIATION - STRUCTURES & EQUIP	(3,272,211.45)	
LAND	258,293.38	
BUILDINGS	3,419,497.90	
FURNITURE, EQUIP AND MACH - DWELLINGS	0.00	
FURNITURE, EQUIP AND MACH - ADMIN	23,218.00	
WORK IN PROGRESS	530,595.05	
BUILDINGS - EQ. TRANSFERRED IN	0.00	
DEFERRED OUTFLOW OF RESOURCES	67,300.00	1,026,692.88

TOTAL ASSETS

\$ 2,008,981.97

LIABILITIES AND SURPLUS

ACCOUNTS PAYABLE	\$ -	
BID DEPOSIT	0.00	
TENANT PET DEPOSITS	522.39	
ACCOUNTS PAYABLE - HUD	0.00	
PREPAID RENTS	0.00	
ACCOUNTS PAYABLE REV FUND	717,743.26	\$ 718,265.65
ACCRUED PAYROLL	2,281.78	
ACCRUED OTHER	124,296.40	
ACCRUED COMPENSATED ABSCENCES	10,762.96	
ACCRUED PILOT	7,376.32	144,717.46
DEFERRED INFLOWS	74,788.00	74,788.00
ACCRUED OPEB LIABILITY	133,014.00	
NET PENSION LIABILITY	133,654.00	266,668.00
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT	829,392.88	
UNRESTRICTED NET ASSETS 108% of Max	191,345.05	
UNRESTRICTED NET ASSETS - OPEB	(168,429.00)	
UNRESTRICTED NET ASSETS - Pension Liab	(105,727.00)	
OPERATING TRANSFERS IN	0.00	746,581.93
CURRENT YEAR NET INCOME (DEFICIT)		57,960.93
OPEB and PENSION RELATED EXPENSES		0.00
PYA NOT AFFECTING RESIDUAL RECEIPTS		0.00
GAIN OR LOSS ON SALE OF EQUIP.		0.00
EXPENDITURES FOR PROPERTY - CONTRA		0.00

TOTAL LIABILITIES AND SURPLUS

\$ 2,008,981.97

See Accountants' Compilation Report

Salem Housing Authority
8 months ending

MA06-P055-003,7
5/31/2025

39 units
312 unit months

FENTON, EWALD & ASSOCIATES, P.C.
30-Jun-25

PSP

ACCOUNT NUMBER CLASSIFICATION	APPROVED BUDGET AMOUNT	PRO RATA BUDGET 8 Months	BUDGET P.U.M.	ACTUAL TO DATE P.U.M.	ACTUAL TO DATE AMOUNT	Favorable (Unfavorable)	ACTUAL AS A FACTOR OF PRO RATA	AVAILABLE REMAINDER OF YEAR
OPERATING RECEIPTS								
3110 Dwelling Receipts	183,783	122,522	392.70	402.09	125,451.50	2,930	1.024	58,332
3120 Excess Utilities	0	0	0.00	0.00	0.00	0		0
3190 Non-dwelling Rent	0	0	0.00	0.00	0.00	0		0
3610 Interest Income	30,000	20,000	64.10	59.32	18,508.17	(1,492)	0.925	11,492
3690 Other Income	22,200	14,800	47.44	42.57	13,283.00	(1,517)	0.898	8,917
7530 Sale of Equipment	0	0	0.00	0.00	0.00	0		0
TOTAL OPERATING RECEIPTS	235,983	157,322	504.24	503.98	157,242.67	(79)	0.999	78,740
OPERATING EXPENDITURES								
ADMINISTRATIVE								
4110 Salaries	39,891	26,594	85.24	92.77	28,944.69	(2,351)	1.088	10,946
4120 Compensated Absences	937	625	2.00	0.00	0.00	625	0.000	937
4130 Legal	5,000	3,333	10.68	2.21	689.13	2,644	0.207	4,311
4150 Travel	370	247	0.79	2.35	733.71	(487)	2.975	(364)
4170 Accounting Services	9,984	6,656	21.33	21.69	6,767.00	(111)	1.017	3,217
4171 Audit Fees	555	370	1.19	1.07	333.00	37	0.900	222
4180 Office Rent	0	0	0.00	0.00	0.00	0		0
4190 Sundry Admin	12,585	8,390	26.89	24.68	7,701.20	689	0.918	4,884
TOTAL ADMINISTRATIVE EXPENSE	69,322	46,215	148.12	144.77	45,168.73	1,046	0.977	24,153
RESIDENT SERVICES UTILITIES	975	650	2.08	0.00	0.00	650	0.000	975
4310 Water	24,663	16,442	52.70	56.02	17,479.16	(1,037)	1.063	7,184
4320 Electricity	24,474	16,316	52.29	60.50	18,875.42	(2,559)	1.157	5,599
4330 Gas	15,821	10,547	33.81	49.15	15,333.75	(4,786)	1.454	487
4340 Fuel	0	0	0.00	0.00	0.00	0		0
4350 Utility Labor	0	0	0.00	0.00	0.00	0		0
4390 Other Utility Expenses	0	0	0.00	0.00	0.00	0		0
TOTAL UTILITIES EXPENSE	64,958	43,305	138.80	165.67	51,688.33	(8,383)	1.194	13,270
ORDINARY MAINTENANCE								
4410 Labor	53,771	35,847	114.90	101.38	31,631.49	4,216	0.882	22,140
4420 Materials And Supplies	18,000	12,000	38.46	51.88	16,186.70	(4,187)	1.349	1,813
4430 Contract Costs	41,000	27,333	87.61	103.83	32,396.32	(5,063)	1.185	8,604
TOTAL ORDINARY MAINTENANCE	112,771	75,181	240.96	257.10	80,214.51	(5,034)	1.067	32,556
PROTECTIVE SERVICES GENERAL EXPENSES	0	0	0.00	0.00	0.00	0		0
4510 Insurance	128,309	85,539	274.16	205.95	64,256.40	21,283	0.751	64,053
4520 Pilot	11,883	7,922	25.39	23.64	7,376.32	546	0.931	4,507
4530 Terminal Leave Payments	0	0	0.00	0.00	0.00	0		0
4540 Employee Benefits	37,749	25,166	80.66	94.15	29,374.97	(4,209)	1.167	8,374
4541 Employee Benefits - OPEB	0	0	0.00	0.00	0.00	0		0
4542 Employee Benefits - Pension	0	0	0.00	0.00	0.00	0		0
4570 Collection Losses	1,000	667	2.14	2.01	628.60	38	0.943	371
4590 Sundry	0	0	0.00	0.00	0.00	0		0
TOTAL GENERAL EXPENSES	178,941	119,294	382.35	325.76	101,636.29	17,658	0.852	77,305
TOTAL ROUTINE EXPENSES	426,967	284,645	912.32	893.29	278,707.86	5,937	0.979	148,259
NONROUTINE EXPENSES								
4610 Nonroutine Maintenance	35,000	23,333	74.79	163.98	51,161.97	(27,829)	2.193	(16,162)
7520 Replacement of Equip	0	0	0.00	0.00	0.00	0		0
7540 Betterments & Additions	0	0	0.00	0.00	0.00	0		0
TOTAL NONROUTINE EXPENDITURES	35,000	23,333	74.79	163.98	51,161.97	(27,829)	2.193	(16,162)
Prior Yr. Adj. Affect Res. Rec.	0	0	0.00	0.00	0.00	0		0
TOTAL OPERATING EXPENSES	461,967	307,978	987.11	1,057.28	329,869.83	(21,892)	1.071	132,097
NET INCOME(DEFICIT)BEFORE SUBSIDY	(225,984)	(150,656)	(482.87)	(553.29)	(172,627.16)	(21,971)		
8020 Operating Subsidy	180,182	120,108	384.96	321.19	100,211.09	(19,897)	0.834	79,951
8020 Capital Fund	0	0	0.00	417.88	130,377.00	130,377		(130,377)
RESIDUAL RECEIPTS (DEFICIT)	(45,822)	(30,548)	(97.91)	185.77	57,960.93	88,509		

See Accountants' Compilation Report

HUD-52598

ANALYSIS OF NONROUTINE EXPENDITURES

Name of Local Authority Salem Housing Authority	Fiscal Year Ending Date 9/30/25
Locality 27 Charter Street	Report for Period Ended 5/31/2025
Development Nos. MA06-P055-003,7	Contract Nos. B-1632

Part II - Analysis Of Expenditures For Extraordinary Maintenance, Replacement Of Equipment, And Property Betterments And Additions

WORK PROJECT NUMBER	Salem Housing Authority JOB DESCRIPTION	PROJECT NUMBER	TOTAL BUDGETED COST	ACTUAL COST	% Complete
				Current Year	
	EXTRAORDINARY MAINTENANCE - ACCOUNT 4610				
	Turnover		30,000	51,161.97	
	Total - Account 4610		30,000	51,161.97	
	PRIOR YEAR ADJUSTMENTS - ACCOUNT 6010				
	Total - Account 6010			0.00	
	REPLACEMENT OF NONEXPENDABLE EQUIP. - ACCT. 7520				
	Stoves		5,000		
	Total - Account 7520		5,000	0.00	
	PROPERTY BETTERMENTS AND ADDITIONS - ACCT. 7540				
	Total - Account 7540		0	0.00	

Prepared by:

Signature: Fenton, Ewald & Associates, PC

Title: Fee Accountants Date 06/30/25

SALEM HOUSING AUTHORITY
SECTION 8 VOUCHER
BALANCE SHEET - MAY 31, 2025

ASSETS

Cash - Voucher	\$1,526,813.78	
Petty Cash	0.00	\$1,526,813.78
Accounts Receivable - Hud	0.00	
Accounts Receivable (Payable) - Mobilities	5,989.43	
Accounts Receivable -Fraud	219,886.70	
Accounts Receivable -Interprogram	0.00	225,876.13
Advances To Revolving Fund		60,000.00
Investments	0.00	
FSS Escrow Balances	68,422.93	68,422.93
Prepaid Insurance	30,352.00	
Deferred Outflows - Retirement	16,746.00	
Deferred Charges -Other	10,087.80	
Deferred Expenses - COVID-19 Related	0.00	57,185.80
Land, Structures And Equipment - Net		618,496.51
Deferred Outflow of Resources		646,051.00
<u>TOTAL ASSETS</u>		<u>\$3,202,846.15</u>

LIABILITIES AND SURPLUS

Accounts Payable - Revolving Fund	(\$563,337.54)	
Accounts Payable - HUD	105,379.00	
Current Portion Capital Project/Mortgage	39,408.00	(\$418,550.54)
Accrued Compensated Absences - Current	66,029.80	
Accrued Payroll	20,962.36	
Accrued Liabilities	57,335.82	
Fss Escrow	68,422.93	212,750.91
Deferred Fraud Income Charges	219,886.70	
Accrued Compensated Absences - Non-Current	73,631.98	
Long Term Portion Capital Project/Mortgage	327,781.00	
Accrued OPEB Liability	1,354,086.00	
Accrued Pension Liability	1,322,773.00	
Deferred Inflows of resources	752,821.00	4,050,979.68
Invested in Capital Assets - net	251,307.51	
Unrestricted Net Assets - Admin	2,069,941.75	
Unrestricted Net Assets - OPEB	(1,714,606.00)	
Unrestricted Net Assets - Pension	(1,069,023.00)	
Restricted Net Assets - HAPs	147,579.00	(314,800.74)
HUD PHA Grants - HAPs	16,186,468.00	
Less HAP Expenses	(16,346,704.00)	
Plus: Interest on HAP Reserves		
Plus: Fraud Receipts - HAP portion	45,467.00	(114,769.00)
Expenditures for Equipment - Contra		0.00
Depreciation Expense		0.00
Net Surplus (Deficit) from Operations		(212,764.16)
<u>TOTAL LIABILITIES AND SURPLUS</u>		<u>\$3,202,846.15</u>

See Accountants' Compilation Report

PSP
30-Jun-25

SALEM HOUSING AUTHORITY
SECTION 8 VOUCHER
MONTHLY OPERATING STATEMENT
8 Months Ending May 31, 2025

6/30/25

PSP

Fenton, Ewald & Associates, P.C.

Leasing %
Current Month: 88.12%
Year to Date: 88.92%

COMPUTATION OF ADMINISTRATIVE FEE EARNED:

	1st 600	rate	HUD % funding	> 600	rate	HUD % funding	Total
Oct	600	152.40	91.749%	617	142.23	91.749%	184,410.00
Nov	600	152.40	91.749%	596	142.23	91.749%	181,670.00
Dec	600	152.40	91.749%	586	142.23	91.749%	180,365.00
Jan	600	157.17	91.749%	584	146.68	91.749%	165,114.00
Feb	600	157.17	91.749%	579	146.68	91.749%	164,441.00
Mar	600	157.17	91.749%	593	146.68	91.749%	166,325.00
Apr	600	157.17	91.749%	584	146.68	91.749%	165,114.00
May	600	157.17	91.749%	579	146.68	91.749%	164,441.00
Jun	-	157.17	91.749%	-	146.68	91.749%	0.00
Jul	-	157.17	91.749%	-	146.68	91.749%	0.00
Aug	-	157.17	91.749%	-	146.68	91.749%	0.00
Sep	-	157.17	91.749%	-	146.68	91.749%	0.00
HUD Retro admin Fee - prior year							0.00
							1,311,880.00
4,800 9,518 4,718							
CARES Act Administrative Fees							0.00
TOTAL ADMINISTRATIVE FEE EARNED							1,311,880.00

STATEMENT OF OPERATING RECEIPTS AND EXPENDITURES

	BUDGET	PRO RATA BUDGET 8 months	ACTUAL 8 months	Favorable (Unfavorable)	% favorable (unfavorable)
ADMINISTRATIVE FEE EARNED	1,951,630	1,301,087	1,311,880.00	10,793.33	0.8%
INTEREST ON RESERVE FUNDS INVESTED	20,000	13,333	15,374.12	2,040.79	15.3%
MOBILITY FEE INCOME	24,738	16,492	13,401.47	(3,090.53)	-18.7%
FRAUD RECOVERY RECEIPTS	80,000	53,333	45,467.00	(7,866.33)	-14.7%
FSS COORDINATOR	110,250	73,500	0.00	(73,500.00)	-100.0%
OTHER INCOME	0	0	1,000.00	1,000.00	
TOTAL OPERATING RECEIPTS	2,186,618	1,457,745	1,387,122.59	(70,622.74)	-4.8%
ADMINISTRATIVE SALARIES	1,103,338	735,559	838,230.49	(102,671.82)	-12.2%
COMPENSATED ABSENCES	22,067	14,711	0.00	14,711.33	
LEGAL	110,000	73,333	53,139.33	20,194.00	38.0%
TRAVEL	12,782	8,521	361.14	8,160.19	2259.8%
ACCOUNTING	28,192	18,795	18,062.00	732.67	4.1%
AUDIT FEE	19,173	12,782	11,604.00	1,178.00	10.2%
OFFICE RENT	68,528	45,685	45,464.98	220.35	0.5%
SUNDRY ADMINISTRATIVE	393,152	262,101	206,949.59	55,151.74	26.8%
DIRECT CHARGES TO PRE 2004 RESERVES	0	0	0.00	0.00	
INSURANCE	52,283	34,855	29,602.50	5,252.83	17.7%
EMPLOYEE BENEFITS	444,700	296,467	290,467.26	5,999.41	2.1%
COVID19-related expenses	0	0	0.00	0.00	
OTHER GENERAL EXPENSES Ports Out Admin Fee	160,000	106,667	106,005.46	661.21	0.6%
TOTAL ROUTINE NON-HAP EXPENSES	2,414,215	1,609,477	1,599,886.75	9,589.92	0.6%
NET INCOME BEFORE NONROUTINE	(227,597)	(151,731)	(212,764.16)	(61,032.83)	40.2%
DIRECT CHARGES TO PRE 2004 RESERVES	0	0	0.00	0.00	
EMPLOYEE BENEFITS OPEB	0	0	0.00	0.00	
EMPLOYEE BENEFITS Pension	0	0	0.00	0.00	
EXPENDITURES FOR EQUIPMENT	0	0	0.00	0.00	
TOTAL NONROUTINE EXPENSES	0	0	0.00	0.00	
NET OPERATING INCOME (LOSS)	(227,597)	(151,731)	(212,764.16)	(61,032.83)	

(212,764.16)

COMPUTATION OF EXCESS OR DEFICIENCY OF FUNDS RECEIVED

		Voucher
4715	HOUSING ASSISTANCE PAYMENTS (HAPs)	16,346,704.00
	less: Fraud Receipts - HAP portion	(45,467.00)
	less: Interest Earned on Excess Funds - HAP portion	
	TOTAL ANNUAL CONTRIBUTION USED TO DATE	16,301,237.00
	percent used	100.7%
3801	AMOUNT OF ACC GRANT RECEIVED FROM HUD	16,186,488.00
	Amount (OVER) / UNDER Utilized	(114,769.00)

See Accountants' Compilation Report

Analysis and Summary of Housing Choice Voucher Program Expenditures
ABA Fund Limits, Amounts Available, Amounts Used and Balances Remaining

number of units used as basis		1,344						Restricted Net Assets - HAPs 9/30/2024				147,579		
		2021	2022	2023	2024	2025	Less: Amount used Oct-Dec. '24							
Annual ABA		\$16,449,831	\$18,597,433	\$21,779,939	\$22,720,644	\$23,617,467	= Net HAP Reserve Surplus							
average monthly ABA		\$1,370,819	\$1,549,786	\$1,814,995	\$1,893,387	\$1,968,122	Available for current year use				147,579			
ABA per unit calculation		\$1,019.95	\$1,153.11	\$1,350.44	\$1,408.77	\$1,464.38	Projected amount (used) or accumulated in Fiscal Year				(114,769)			
							Amount (used) or accumulated in Current Year							
							Estimated Current HAP Reserve balance				32,810			
											NRA			
		Actual Units Leased	% Unit Utilization	Actual Monthly Payments	Actual Average HAP	adjustments	Actual Adjusted Net	ABA available	HUD - Program Reserves	% Dollar Utilization	compare to ABA rec'd	Amount used (above) or below ABA	Cumulative Amount used (above) or below ABA	Program Reserves Balance
October	23	1,234	91.8%	1,849,725	1,499	(5,076)	1,844,649	1,814,995	(60,415)	101.6%	1,901,288	56,639	(369,379)	
November	23	1,235	91.9%	1,841,231	1,491	(5,614)	1,835,617	1,814,995	(163,829)	101.1%	1,918,409	82,792	(312,740)	(180,307)
December	23	1,230	91.5%	1,842,074	1,498	(8,145)	1,833,930	1,814,995	(224,683)	101.0%	1,875,849	41,920	(229,948)	(283,721)
January	24	1,227	91.3%	1,825,364	1,488	(4,224)	1,821,140	1,893,387	(379,511)	96.2%	2,048,215	227,075	(188,029)	(344,575)
February	24	1,228	91.4%	1,855,316	1,511	(6,602)	1,848,714	1,893,387	(392,957)	97.6%	1,906,833	58,119	39,046	(499,403)
March	24	1,227	91.3%	1,889,386	1,540	(12,527)	1,876,860	1,893,387	(407,510)	99.1%	1,907,940	31,081	97,165	(512,849)
April	24	1,219	90.7%	1,889,588	1,550	(4,797)	1,884,792	1,893,387	(478,189)	99.5%	1,964,066	79,275	128,246	(527,402)
May	24	1,210	90.0%	1,954,550	1,615	(6,691)	1,947,860	1,893,387	(549,685)	102.9%	1,964,883	17,024	207,520	(598,081)
June	24	1,204	89.6%	1,956,477	1,625	(4,741)	1,951,736	1,893,387	(548,720)	103.1%	1,982,422	17,024	224,544	(669,577)
July	24	1,206	89.7%	2,018,248	1,674	(9,506)	2,008,742	1,893,387	(547,755)	106.1%	1,892,422	(59,314)	165,230	(668,612)
August	24	1,205	89.7%	2,019,373	1,676	(13,625)	2,005,749	1,893,387	(649,761)	105.9%	1,995,393	(10,356)	48,910	(667,647)
September	24	1,194	88.8%	2,045,819	1,713	(5,838)	2,039,981	1,893,387	(536,001)	107.7%	1,779,627	(260,354)	38,554	(769,653)
October	24	1,217	90.6%	2,000,838	1,644	(6,793)	1,994,046	1,893,387	(536,001)	107.7%	1,779,627	(260,354)	(221,800)	(655,893)
November	24	1,196	89.0%	2,007,803	1,679	(5,788)	2,002,015	1,893,387	(638,007)	105.3%	1,995,393	1,348	(220,452)	(757,899)
December	24	1,186	88.2%	2,018,092	1,702	(5,310)	2,012,782	1,893,387	(579,804)	105.7%	1,835,184	(166,831)	(387,283)	(699,696)
January	25	1,184	88.1%	1,995,912	1,686	(7,708)	1,988,204	1,968,122	(751,262)	106.3%	2,064,845	52,063	(335,220)	(871,154)
February	25	1,179	87.7%	2,081,822	1,766	(6,141)	2,075,682	1,968,122	(883,468)	101.0%	2,100,328	112,124	(223,096)	(1,003,360)
March	25	1,193	88.8%	2,080,813	1,744	(4,040)	2,076,773	1,968,122	(986,969)	105.5%	2,071,623	(4,059)	(227,155)	(1,106,861)
April	25	1,184	88.1%	2,073,824	1,752	(6,948)	2,066,876	1,968,122	(1,066,805)	105.5%	2,047,959	(28,814)	(255,969)	(1,186,697)
May	25	1,179	87.7%	2,087,600	1,771	(2,740)	2,084,860	1,968,122	(1,146,642)	105.0%	2,047,959	(18,917)	(274,886)	(1,266,534)
June	25	-	-	-	-	-	-	-	(1,201,697)	105.9%	2,023,177	(61,683)	(336,569)	(1,321,589)
July	25	-	-	-	-	-	-	-	-	-	-	-	-	-
August	25	-	-	-	-	-	-	-	-	-	-	-	-	-
September	25	-	-	-	-	-	-	-	-	-	-	-	-	-
October	25	-	-	-	-	-	-	-	-	-	-	-	-	-
November	25	-	-	-	-	-	-	-	-	-	-	-	-	-
December	25	-	-	-	-	-	-	-	-	-	-	-	-	-
		24,137	149.7%	39,333,855	1,630	(132,850)	39,201,005	38,006,240		99.9%	39,233,815	(114,769)		

DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT
BALANCE SHEET

Salem Housing Authority
5/31/2025 Period Ended
4001 Program Number

ACCOUNT NUMBER	ASSETS		X Administration Modernization Development
CASH			
1111	Cash Development or Modernization fund - Unrestricted	0.00	
1111.1	Cash Development or Modernization fund - Restricted	0.00	
1112	Cash Administration Fund - Unrestricted	299,629.53	
1112.1	Cash Administration Fund - Restricted	0.00	
1113	Cash - Escrow	0.00	
1114	Pet Deposit Fund Cash	8,265.94	
1117	Petty Cash	100.00	
1118	Change Fund	0.00	307,995.47
ACCOUNTS RECEIVABLE			
1121	Federal and DHCD--Section 8 Subsidy-Shelter Rent	0.00	
1122	Tenants Accounts Receivable	133,808.38	
1122.1	Tenants Accounts Receivable - Repayment (Contra)	0.00	
1123	Allowance for Doubtful Accounts - Dwelling Rents	(49,612.93)	
1124	Accounts Receivable - Fraud/Retroactive	147,119.08	
1124.1	Fraud/Retroactive- Contra	(147,119.08)	
1125	Accounts Receivable Subsidy	1,025,202.80	
1129	Accounts Receivable - Other Federal	0.00	
1130	Interprogram Due From	350,000.00	
1131	Allowance for Doubtful Accounts - Other	0.00	
1145	Accrued Interest Receivable	0.00	1,459,398.25
INVESTMENTS			
1162	Investments - Unrestricted		3,320,778.82
DEFERRED CHARGES			
1211	Prepaid Expenses	122,945.00	
1212	Inventory/Net - Supplies	0.00	
1290	Deferred Charges - Other	1,072,014.00	1,194,959.00
FIXED ASSETS			
1400.2	Cost Control Account - Development/Modernization	0.00	
1401	Land	2,074,807.00	
1402	Building and Building Improvements	41,005,881.54	
1403	Furniture, Equipment and Machinery - Dwellings	0.00	
1404	Other Equipment - Administration/Maintenance	686,419.12	
1405	Leasehold Improvements	0.00	
1406	Accumulated Depreciation	(38,297,772.06)	
1407	Infrastructure	0.00	
1408	Capital Leases		5,469,335.60
TOTAL ASSETS			11,752,467.14
LIABILITIES AND EQUITY			
ACCOUNTS PAYABLE			
2106	Bank Overdraft	0.00	
2111	Accounts Payable <=90 Days	0.00	
2111.1	Accounts Payable >90 Days Past Due	0.00	
2112	Contract Retentions	0.00	
2114	Pet Deposits	8,265.94	
2115	Bid Deposits	0.00	
2117	Employee's Payroll Deductions	0.00	
2118	Accounts Payable - Subsidy Overpayment	1,919,924.00	
2119	Accounts Payable - Interfund	693,614.06	
2120	Accounts Payable - Other	0.00	2,621,804.00
ACCRUED LIABILITIES			
2130.2	Accrued Contingent Liability	0.00	
2135	Accrued Compensated Absences - Current Portion	80,844.46	
2137	Payment in Lieu of Taxes (PILOT)	8,880.00	
2138	Accrued Payroll	26,770.31	
2139	Accrued Liabilities - Other	160,173.39	276,668.16
DEFERRED CREDITS			
2240	Tenants Prepaid Rents	79,674.46	
2290	Undistributed Credits	27,470.00	
2291	Deferred Revenue - Subsidy	0.00	
2292	Deferred Revenue - Other	1,212,519.00	1,319,663.46
NOTES PAYABLE			
2299	Notes Payable Capital Borrowings - Current Portion	0.00	
2299.1	Notes Payable Operating Borrowings - Current Portion	0.00	0.00
NON-CURRENT LIABILITIES			
2301	Notes Payable Capital Borrowings - Non-Current Portion	0.00	
2301.1	Notes Payable Operating Borrowings - Non-Current Portion	0.00	
2335.01	Accrued Compensated Absences - Non-Current Portion	90,152.30	
2339	Other Non-Current Liabilities	0.00	
2339.1	Accrued OPEB Liability	4,244,626.00	4,334,778.30
EQUITY (NET ASSETS)			
	Unrestricted		
2700	Net Income (Deficit)	66,759.98	
2802	Invested in Capital Assets, net of Related Debt	5,469,335.60	
2805	Net Assets - Restricted	0.00	
2806	Net Assets - Unrestricted	Max % 58.33%	2,075,565.64
2806.1	Net Assets - OPEB	(4,412,108.00)	3,199,553.22
TOTAL LIABILITIES AND EQUITY			11,752,467.14

See Accountants' Compilation Report

Salem Housing Authority
8 months ending
May 31, 2025

4001

676 units
5408 unit months

Fenton, Ewald & Associates, P.C.
PSP

06/30/25

Number	Account Classification	Approved Budget Amount	Pro Rata Budget 8 Months	Budget P.U.M.	Actual To Date P.U.M.	Actual To Date Amount	Amount Favorable (Unfavorable)	Actual As a Factor of Pro Rate	Available Remainder of the Year
OPERATING RECEIPTS									
3110	Shelter Rent - Tenant	3,839,181	2,559,454	473.27	460.57	2,490,767.32	(68,687)	0.973	1,348,414
3115	Shelter Rent - Federal Sect. 8	0	0	0.00	0.00	0.00	0		0
3190	Non Dwelling Rentals	0	0	0.00	0.00	0.00	0		0
3400	Administrative Fees - MRVP	0	0	0.00	0.00	0.00	0		0
3610	Interest on Investments - Unrestricted	60,000	40,000	7.40	5.04	27,249.48	(12,751)	0.681	32,751
3611	Interest on Investments - Restricted	0	0	0.00	0.00	0.00	0		0
3690	Other Revenue	30,000	20,000	3.70	4.22	22,826.56	2,827	1.141	7,173
3650	Operating Grants	0	0	0.00	0.00	0.00	0		0
3691	Other Revenue Retained	139,321	92,881	17.17	31.71	171,472.09	78,591	1.846	(32,151)
3692	Restricted Reserve Transfer	0	0	0.00	0.00	0.00	0		0
3693	Other Revenue - Net Metering	0	0	0.00	0.00	0.00	0		0
3801	Operating Subsidy	3,341,772	2,227,848	411.95	210.84	1,140,204.00	(1,087,644)	0.512	2,201,568
TOTAL OPERATING RECEIPTS		7,410,274	4,940,183	913.50	712.37	3,852,519.45	(1,087,663)	0.780	3,557,755
OPERATING EXPENDITURES									
ADMINISTRATIVE									
4110	Administration Salaries	706,969	471,326	87.15	117.36	634,658.26	(163,332)	1.347	72,331
4120	Compensated Absences	0	0	0.00	0.00	0.00	0		0
4130	Legal	270,000	180,000	33.28	37.78	204,302.16	(24,302)	1.135	65,698
4140	Compensation-Board Members	26,325	17,550	3.25	3.64	19,706.99	(2,157)	1.123	6,618
4150	Travel And Related Expenses	6,848	4,565	0.84	0.42	2,265.56	2,300	0.496	4,582
4170	Accounting Services	19,542	13,028	2.41	2.35	12,682.00	346	0.973	8,860
4171	Audit Services	15,630	10,420	1.93	1.91	10,329.00	91	0.991	5,301
4180	Penalties & Interest	0	0	0.00	0.00	0.00	0		0
4190	Administrative Other	195,900	130,600	24.15	26.15	141,397.57	(10,798)	1.083	54,502
4190.1	Mixed Population	147,782	98,521	18.22	0.00	98,521	98,521	0.000	147,782
4191	Resident Services	10,375	6,917	1.28	2.20	11,881.51	(4,965)	1.718	(1,507)
TOTAL ADMINISTRATIVE EXPENSE		1,399,391	932,927	172.51	191.79	1,037,223.05	(104,296)	1.112	362,168
UTILITIES									
4310	Water & Sewer	508,869	339,246	62.73	57.08	308,675.14	30,571	0.910	200,194
4320	Electricity	859,245	572,830	105.92	83.37	450,864.73	121,965	0.787	408,380
4330	Gas	113,944	75,963	14.05	11.51	62,243.47	13,719	0.819	51,701
4340	Fuel	0	0	0.00	0.00	0.00	0		0
4360	Energy Conservation	0	0	0.00	0.00	0.00	0		0
4390	Other	0	0	0.00	0.00	0.00	0		0
4391	Solar Operator Costs	0	0	0.00	0.00	0.00	0		0
4392	Net Meter Utility Credit (Negative Number)	0	0	0.00	0.00	0.00	0		0
TOTAL UTILITIES EXPENSE		1,482,058	988,039	182.70	151.96	821,783.34	166,255	0.832	660,275
ORDINARY MAINTENANCE									
4410	Maintenance Labor	860,342	573,561	106.06	95.38	515,806.05	57,756	0.899	344,537
4420	Materials And Supplies	300,000	200,000	36.98	38.60	208,751.08	(8,751)	1.044	91,249
4430	Contract Costs	461,000	307,333	56.83	65.10	352,077.80	(44,744)	1.146	108,922
TOTAL ORDINARY MAINTENANCE		1,621,342	1,080,895	199.87	199.08	1,076,633.93	4,261	0.996	544,708
GENERAL EXPENSE									
4510	Insurance	1,781,993	1,187,995	219.67	32.34	174,920.99	1,013,074	0.147	1,607,072
4520	Pilot	13,500	9,000	1.66	1.64	8,880.00	120	0.987	4,620
4540	Employee Benefit Contr.	631,833	421,222	77.89	88.56	478,922.78	(57,701)	1.137	152,910
4541	Employee Benefit Contr. OPEB	0	0	0.00	0.00	0.00	0		0
4570	Collection Losses	40,000	26,667	4.93	8.39	45,368.48	(18,702)	1.701	(5,368)
4580/90	Interest & Other General Exp COVID-19	0	0	0.00	0.00	0.00	0		0
TOTAL GENERAL EXPENSES		2,467,326	1,644,884	304.16	130.93	708,092.25	936,792	0.430	1,759,234
TOTAL OPERATING EXPENSES		6,970,117	4,648,745	859.24	673.77	3,643,732.57	1,003,012	0.784	3,326,384
NET INCOME (DEFICIT) BEFORE SUBSIDY and NON-ROUTINE Expenses		(2,901,615)	(1,934,410)	-357.59	-172.23	(931,417.12)	1,002,993	0.481	(1,970,198)
NET INCOME (DEFICIT) before NON-ROUTINE, and INCLUDING SUBSIDY		440,157	293,438	54.26	38.61	208,786.88	(84,651)	0.712	231,370
NONROUTINE EXPENSES AND (CREDITS)									
4610	Extraordinary Maintenance	300,000	200,000	36.98	18.98	102,648.27	97,352	0.513	197,352
4611	Equip. Purchased - Non Capitalized	75,000	50,000	9.25	7.28	39,378.63	10,621	0.788	35,621
4612	Restricted Reserve (Grant) Expenditures	0	0	0.00	0.00	0.00	0		0
4715	Housing Assistance Payments	0	0	0.00	0.00	0.00	0		0
TOTAL NONROUTINE EXPENSES		375,000	250,000	46.23	26.26	142,026.90	107,973		
CAPITAL EXPENDITURES									
7520	Replacement of Equipment-Capitalized	108,000	72,000	13.31	0.00	0.00	72,000		
7540	Betterments & Additions - Capitalized	0	0	0.00	0.00	0.00	0		
TOTAL CAPITAL EXPENDITURES		108,000	72,000	13.31	0.00	0.00	72,000		
2700 NET INCOME (DEFICIT) FROM OPERATIONS		(42,843)	(28,562)	-5.28	12.34	66,759.98	95,322		
4801	Depreciation Expense	0	0	0.00	0.00	0.00	0		
4541	Employee Benefits - GASB 75	0	0	0.00	0.00	0.00	0		
4542	Pension Expense - GASB 68	0	0	0.00	0.00	0.00	0		
NET CHANGE IN NET ASSETS		(42,843)	(28,562)	-5.28	12.34	66,759.98	95,322		

Operating Subsidy Earned
year-to-date **\$1,140,204**

Operating Subsidy Rec'd
year-to-date **\$115,001**

Amount (Over) or Under
Subsidized **\$1,025,203**

See Accountants' Compilation Report

[illegible]

**Salem Housing Authority
Management Fund
Balance Sheet - May 31, 2025**

Assets

Cash - Management Services		\$0.00
A/R - Marblehead Housing Authority	10,961.00	
A/R - Revolving Fund	<u>132,618.48</u>	143,579.48
Deferred Charges - Prepaid Expenses		2,895.00
Fixed Assets - Net		0.00
Deferred Outflows of Resources		30,122.00
Total Assets		<u><u>\$176,596.48</u></u>

Liabilities and Surplus

Accounts Payable - Vendors		\$0.00
Accounts Payable - Revolving Fund		0.00
Accrued Compensated Absences	8,696.26	
Accrued Payroll	1,557.70	
Other Accrued Liabilities	<u>5,190.88</u>	15,444.84
Accrued OPEB Liability		119,333.00
Accrued Pension Liability		0.00
Deferred Inflows of Resources		61,893.00
Unrestricted Net Assets	120,361.18	
Invested in Capital Assets	0.00	
OPEB Reserves - GASB 75	(151,104.00)	
Pension Reserves - GASB 68	<u>0.00</u>	(30,742.82)
Net Income (Deficit) - Current Year		10,668.46
Total Liabilities and Surplus		<u><u>\$176,596.48</u></u>

See Accountants' Compilation Report

**Salem Housing Authority
Management Fund
Monthly Operating Statement
8 months ending May 31, 2025**

Fenton, Ewald & Associates, P.C.

Account Number	Classification	Approved Budget Amount	Pro Rata Budget	Actual To Date Amount	Variance Favorable (Unfavorable)
Operating Receipts					
3110.1	Management Fees	131,532.00	87,688.00	87,015.10	(672.90)
3610	Interest On Investments	-	-	-	-
3690	Other Operating Receipts	20,000.00	13,333.00	14,907.13	1,574.13
Total Operating Receipts		151,532.00	101,021.00	101,922.23	901.23
Operating Expenditures					
4110	Administration Salaries	76,972.00	51,315.00	52,321.70	(1,006.70)
4120	Compensated Absences	-	-	-	-
4130	Legal	2,000.00	1,333.00	-	1,333.00
4150	Travel and Related Expenses	-	-	-	-
4170	Accounting Services	5,256.00	3,504.00	-	3,504.00
4171	Audit Services	-	-	-	-
4190	Administrative Other	18,000.00	12,000.00	11,396.66	603.34
4510	Insurance	2,468.00	1,645.00	1,401.00	244.00
4540	Employee Benefits	31,074.00	20,716.00	26,134.41	(5,418.41)
Total Administrative Expenses		135,770.00	90,513.00	91,253.77	(740.77)
Net Income (Deficit) before Non Cash Expenses		15,762.00	10,508.00	10,668.46	160.46
4541	Post Employment Benefits - OPEB	-	-	-	-
4542	Pension Expense - GASB 68	-	-	-	-
4801	Depreciation Expense	-	-	-	-
Net Income (Deficit) after Non Cash Expenses		15,762.00	10,508.00	10,668.46	160.46

See Accountants' Compilation Report

DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT
BALANCE SHEET

Salem Housing Authority
5/31/2025 Period Ended
MRVP/DMH Program Number

ACCOUNT NUMBER	ASSETS		X Administration Modernization Development
CASH			
1111	Cash Development or Modernization fund - Unrestricted	0.00	
1111.1	Cash Development or Modernization fund - Restricted	0.00	
1112	Cash Administration Fund - Unrestricted	206,357.04	
1112.1	Cash Administration Fund - Restricted	0.00	
1113	Cash - Escrow	0.00	
1114	Security Deposit and Pet Deposit Fund Cash	0.00	
1117	Petty Cash	0.00	
1118	Change Fund	0.00	206,357.04
ACCOUNTS RECEIVABLE			
1121	Federal and DHCD--Section 8 Subsidy-Shelter Rent	0.00	
1122	Tenants Accounts Receivable	0.00	
1122.1	Tenants Accounts Receivable - Repayment (Contra)	0.00	
1123	Allowance for Doubtful Accounts - Dwelling Rents	0.00	
1125	Accounts Receivable Subsidy	0.00	
1129	Accounts Receivable - Other	0.00	
1130	Interprogram Due From	49,659.76	
1131	Allowance for Doubtful Accounts - Other	0.00	
1145	Accrued Interest Receivable	0.00	49,659.76
INVESTMENTS			
1162	Investments - Unrestricted		0.00
DEFERRED CHARGES			
1211	Prepaid Expenses	256.00	
1212	Inventory/Net - Supplies and Fuel	0.00	
1290	Deferred Charges - Other	5,914.00	6,170.00
FIXED ASSETS			
1400.2	Cost Control Account - Development/Modernization	0.00	
1401	Land	0.00	
1402	Building and Building Improvements	0.00	
1403	Furniture, Equipment and Machinery - Dwellings	0.00	
1404	Other Equipment - Administration/Maintenance	70,839.58	
1405	Leasehold Improvements	0.00	
1406	Accumulated Depreciation	(70,839.58)	
1407	Infrastructure	0.00	
1408	Capital Leases	0.00	0.00
TOTAL ASSETS			262,186.80
LIABILITIES AND EQUITY			
ACCOUNTS PAYABLE			
2106	Bank Overdraft	0.00	
2111	Accounts Payable <=90 Days	0.00	
2111.1	Accounts Payable >90 Days Past Due	0.00	
2112	Contract Costs	0.00	
2114	Tenants Security Deposits & Pet Deposits	0.00	
2115	Bid Deposits	0.00	
2117	Employee's Payroll Deductions	0.00	
2118	Accounts Payable - Subsidy Overpayment	8,416.00	
2119	Accounts Payable - Interfund	0.00	
2120	Accounts Payable - Other	0.00	8,416.00
ACCRUED LIABILITIES			
2130.2	Accrued Contingent Liability	0.00	
2135	Accrued Compensated Absences - Current Portion	587.68	
2137	Payment in Lieu of Taxes (PILOT)	0.00	
2138	Accrued Payroll	160.87	
2139	Accrued Liabilities - Other	407.27	1,155.82
DEFERRED CREDITS			
2240	Tenants Prepaid Rents	0.00	
2290	Undistributed Credits	0.00	
2291	Deferred Revenue - Subsidy	83,113.00	
2292	Deferred Revenue - Other	7,021.00	90,134.00
NOTES PAYABLE			
2299	Notes Payable Capital Borrowings - Current Portion	0.00	
2299.1	Notes Payable Operating Borrowings - Current Portion	0.00	0.00
NON-CURRENT LIABILITIES			
2301	Notes Payable Capital Borrowings - Non-Current Portion	0.00	
2301.1	Notes Payable Operating Borrowings - Non-Current Portion	0.00	
2335.01	Accrued Compensated Absences - Non-Current Portion	655.34	
2339	Other Non-Current Liabilities	22,449.00	23,104.34
EQUITY (NET ASSETS)			
2700	Net Income (Deficit)	6,015.96	
2802	Invested in Capital Assets, net of Related Debt	0.00	
2805	Net Assets - Restricted	0.00	
2806	Net Assets - Unrestricted	Max % 36.29% 157,071.68	
2806.1/2	Net Assets - Unrestricted for OPEB & Pension Liability	(23,711.00)	139,376.64
TOTAL LIABILITIES AND EQUITY			262,186.80

See Accountants' Compilation Report

Salem Housing Authority MRVP/DMH
8 months ending
May 31, 2025

16 units
368 unit months

Fenton, Ewald & Associates, P.C.
PSP 06/30/25

Account Number	Classification	Approved Budget Amount	Pro Rata Budget 8 Months	Budget P.U.M.	Actual To Date P.U.M.	Actual To Date Amount	Amount Favorable (Unfavorable)	Actual As a Factor of Pro Rata	Available Remainder of the Year
OPERATING RECEIPTS									
3400	Administrative Fees - MRVP	29,700	19,800	53.80	55.00	20,240.00	440	1.022	9,460
3610	Interest on Investments - Unrestricted	600	400	1.09	1.06	391.21	(9)	0.978	209
3611	Interest on Investments - Restricted	-	-	-	-	-	0		0
3690	Other Revenue	-	-	-	-	-	0		0
3691	Other Revenue Retained	-	-	-	-	-	0		0
3802	Operating Subsidy - MRVP Landlords	873,668	582,445	1,582.73	1,582.73	582,445.00	0	1.000	291,223
TOTAL OPERATING RECEIPTS		<u>903,968</u>	<u>602,645</u>	<u>1,637.62</u>	<u>1,638.79</u>	<u>603,076.21</u>	<u>431</u>	<u>1.001</u>	<u>300,891</u>
OPERATING EXPENDITURES									
ADMINISTRATIVE									
4110	Administration Salaries	13,765	9,177	24.94	23.56	8,669.00	508	0.945	5,096
4120	Compensated Absences	-	-	-	-	-	0		0
4130	Legal	500	333	0.91	0.10	37.83	296	0.113	462
4140	Compensation-Board Members	-	-	-	-	-	0		0
4150	Travel And Related Expenses	-	-	-	-	-	0		0
4170	Accounting Services	1,668	1,112	3.02	2.64	973.00	139	0.875	695
4171	Audit Services	642	428	1.16	0.64	234.00	194	0.547	408
4180	Penalties & Interest	-	-	-	-	-	0		0
4190	Administrative Other	2,500	1,667	4.53	5.16	1,897.27	(231)	1.138	603
4190.1	Mixed Population Salary	-	-	-	-	-	0		0
4191	Resident Services	-	-	-	-	-	0		0
TOTAL ADMINISTRATIVE EXPENSE		<u>19,075</u>	<u>12,717</u>	<u>34.56</u>	<u>32.10</u>	<u>11,811.10</u>	<u>906</u>	<u>0.929</u>	<u>7,264</u>
GENERAL EXPENSE									
4510	Insurance	439	293	0.80	0.53	195.00	98	0.666	244
4540	Employee Benefit Contr.	5,524	3,683	10.01	7.09	2,609.15	1,074	0.708	2,915
4570	Collection Losses	-	-	-	-	-	0		0
4580/90	Interest & Other General Expenses	-	-	-	-	-	0		0
TOTAL GENERAL EXPENSES		<u>5,963</u>	<u>3,975</u>	<u>10.80</u>	<u>7.62</u>	<u>2,804.15</u>	<u>1,171</u>	<u>0.705</u>	<u>3,159</u>
TOTAL OPERATING EXPENSES		<u>25,038</u>	<u>16,692</u>	<u>45.36</u>	<u>39.72</u>	<u>14,615.25</u>	<u>2,077</u>	<u>0.876</u>	<u>10,423</u>
NET INCOME (DEFICIT) BEFORE SUBSIDY and NON-ROUTINE EXPENSES		<u>5,262</u>	<u>3,508</u>	<u>9.53</u>	<u>16.35</u>	<u>6,015.96</u>	<u>2,508</u>	<u>1.715</u>	<u>(754)</u>
NET INCOME (DEFICIT) before NON-ROUTINE, and INCLUDING SUBSIDY		<u>878,930</u>	<u>585,953</u>	<u>1,592.26</u>	<u>1,599.08</u>	<u>588,460.96</u>	<u>2,508</u>	<u>1.004</u>	<u>290,469</u>
NONROUTINE EXPENSES AND (CREDITS)									
4610	Extraordinary Maintenance	-	-	-	-	-	0		0
4611	Equip. Purchased - Non Capitalized	-	-	-	-	-	0		0
4612	Restricted Reserve Expenditures	-	-	-	-	-	0		0
4715	Housing Assistance Payments	873,668	582,445	1,582.73	1,582.73	582,445.00	0	1.000	291,223
TOTAL NONROUTINE EXPENSES		<u>873,668</u>	<u>582,445</u>	<u>1,582.73</u>	<u>1,582.73</u>	<u>582,445.00</u>	<u>0</u>	<u>1.000</u>	<u>291,223</u>
NET INCOME (DEFICIT) FROM OPERATIONS		<u>5,262</u>	<u>3,508</u>	<u>9.53</u>	<u>16.35</u>	<u>6,015.96</u>	<u>2,508</u>	<u>1.715</u>	<u>(754)</u>
2700	Depreciation Expense	-	-	-	-	-	-		-
4541	Employee Benefits - GASB 45	-	-	-	-	-	-		-
4542	Pension Expense - GASB 68	-	-	-	-	-	-		-
NET CHANGE IN UNRESTRICTED NET ASSET		<u>5,262</u>	<u>3,508</u>	<u>9.53</u>	<u>16.35</u>	<u>6,015.96</u>	<u>2,508</u>	<u>1.715</u>	<u>(754)</u>

See Accountants' Compilation Report

Salem Housing Authority's Internal Control Policy

INTRODUCTION

Financial control is both the process of managing and reporting the financial position of the Salem Housing Authority (SHA) and the procedures for authorizing and expending funds that provide adequate oversight and safeguards to ensure the use of public funds in accordance with policy, regulation, and public trust. The SHA also has other applicable Policies and Procedures in place for proper control and delegation of authority.

The SHA will maintain its finances such that at the end of each fiscal year the Authority is reasonably within budget and finances are managed in a manner that is in compliance with this policy, the U.S. Department of Housing and Urban Development (HUD), the Executive Office of Housing and Livable Communities (EOHLC) and any and all other applicable financial management, procurement, and audit rules and regulations.

The Executive Director (ED) is responsible for the overall financial management of the Authority. As the Chief Procurement Officer and Contract Officer of the Authority, the Executive Director has access to all financial accounts. The ED and the Director of Finance in conjunction with the contracted fee accounting firm will develop annual budgets according to guidelines for state and federal programs. The Board of Directors will examine and approve the annual budget. The ED is authorized to expend funds in accordance with the annual budget.

The Director of Finance, Director of Leased Housing, and Director of Public Housing are responsible for the day-to-day accounting and cash management. The Executive Director, Director of Finance, and Fee Accountant are responsible for budgeting, financial forecasting, HUD reporting, report management, and financial processes. The Director of Finance through the Fee Accountant shall provide to the ED and the Board of Directors a monthly report on the annual budget which includes any variances. The Director of Finance is responsible for managing the finance department in compliance with all financial controls and policies. SHA staff will follow procedures to ensure proper recording of SHA financial transactions.

All authority account paper checks are stored in a locked cabinet in the Finance Office and in the Section 8 Office. Signature stamps are stored in a locked cabinet in the offices of the Executive Assistant and Assistant Director of Leased Housing.

A: VENDOR ACCOUNTING PAYMENT PROCESS

Purpose

To make payments to vendors, and other parties in an accurate, prompt and efficient manner.

Policy

The SHA will process payments timely, accurately, and in a manner consistent with Housing and Urban Development (HUD), Executive Office of Housing and Livable Communities (EOHLC), and Generally Accepted Accounting Principal (GAAP) standards.

Condition

The finance department must receive all invoices and check requests prior to the check run day(s). Check run days are normally weekly.

Procedures

Responsibility and Actions

All Departments

1. Should submit requisitions to the Finance Department for the issuance of a Purchase Order (PO). No payment will be made without a PO for routine goods and services. Signatures will acknowledge receipt of goods or services.
2. For some services (utilities, telephone, etc.) or non-routine payments, management staff may sign the invoice.
3. Mail is opened by the Receptionist. Invoices are given to the Finance Department for review and processing of payment.

Finance Department

1. The Accounting Coordinator creates and edits information in the Vendor File in the accounting software system and it is verified by the Director of Finance.
2. The Accounting Coordinator receives approved invoices for processing, attaches prior requested purchase order and any supporting documentation, and enters the invoice data into the accounting software A/P system for payment.
3. For utility invoices, the Accounting Coordinator directly receives the invoices and enters consumption and amount information on Excel spreadsheet, then enters invoices into the accounting software A/P system and onto the EOHLC's required software.
4. Before each A/P run the Accounting Coordinator will generate a cover voucher listing the invoices in the run and give it to the Executive Director with the invoices to be paid for review and approval.
5. The Accounting Coordinator will then process the payments. Paper checks and/or ACH payments are then created in the accounting software system. A laser printer is used to print paper checks. The Accounting Coordinator processes payment. The paper checks are signed in accordance with the Check Signing and Security Policy.
6. The Accounting Coordinator matches paper check copy to invoices and purchase documentation, staples them together and files. The Accounting Coordinator puts paper checks into envelopes with remittance advice and mails them.
7. Any payments that need to be made over the phone or online for any reason as determined by the Executive Director or Director of Finance will be recorded with the invoice back-up and receipt of payment and included in all vendor payments listed each month.

Housing Choice Vouchers (HCV), DMH Program, & Other Payables

Condition – All paper checks and ACH payments are processed by the Section 8 Coordinator.

Procedures

Responsibility and Actions

The monthly process to pay Housing Assistance Payments (HAP) to Landlords and Utility Reimbursement Payments (URP) to tenants as well as payments for the Department of Mental Health (DMH) will be completed as follows:

HAP Payments

1. The payment runs are performed monthly.
2. Near the end of each month, a "HAP Accounting Monthly Recurring Transactions" listing is pulled from the accounting software and balanced against the monthly reconciliation report by the Assistant Director of Leased Housing.
3. The Section 8 Housing Coordinator processes payment through the software program where the ACH file and any checks are created.
4. Checks are printed and signed in accordance with the Employee Check Signing Policy.
5. The Director of Leased Housing reviews and uploads the ACH file to the bank for processing and payment.

DMH Payments

1. The payment runs are performed monthly.
2. Near the end of each month a tenant and landlord listing is pulled from the accounting software and balanced against the monthly reconciliation report by the Director of Public Housing.
3. Payment is processed through the software program where the ACH file
4. Checks are printed and signed in accordance with the Employee Check Signing Policy.
5. The Director of Public Housing reviews and uploads the ACH file to the bank for processing and payment.
6. In the absence the Director of Public Housing the Assistant Director of Public Housing will perform the tasks.

B. CAPITAL/FIXED ASSETS - EQUIPMENT

Purpose

To account for equipment capital/fixed asset items by program.

Policy

The Fee Accountant will capitalize all equipment assets whose individual items costs exceed \$5,000.00 and have a useful life greater than 1 year. SHA will account for all expenditures, disposals, and transfers of capital/fixed assets in accordance with GAAP, EOHLC, and HUD guidelines.

Condition

SHA does not use a fixed asset system but rather relies on an Excel based depreciation schedule to track and depreciate capital equipment over the \$5,000.00 threshold. Disposal of equipment will be handled in a manner that complies with the disposition policy.

Definitions

Real Property. Real property comprises all land and buildings and all fixtures permanently attached thereto or installed in a fixed position.

Personal Property. Personal property comprises all material and supplies, equipment, and fixtures not attached to the land or building and not installed in a fixed position. Personal property is divided into three classes:

1. Material and Supplies- defined as items of property which (a) can be used only once; (b) are spent in use; or (c) lose their identity or become integral part of other property when put into use. The term "materials and supplies" also includes items of small tools and equipment having a value of less than \$5,000.00.
2. Expendable Equipment- defined as items of equipment having a useful life of less than one year. The cost of such property will not be treated as a capital expenditure.
3. Non-expendable Equipment- defined as items of equipment having a useful life of more than one year and having a value of \$5,000.00 or more. The cost of such property shall be treated as a capital expenditure.

Procedures

Responsibility and Actions

Finance Department

1. Annually, as part of the year end process, the Fee Accountant will ensure all newly acquired capital equipment is accounted for and is included in the depreciation schedule. This will also be done with the year-end "hard/soft" costs analysis of the CFP program expenditures.
2. Annually, the Fee Accountant will research if any capital equipment items were disposed of during the fiscal year and adjust the depreciation schedules as needed.
3. Annually the Fee Accountant will reconcile capital/fixed asset listing and depreciation schedule to the G/L, enter applicable journal entries.
4. The SHA shall take a physical inventory and count of all non-expendable equipment at least every two years.

C. RENT RECEIPTS / PAYMENTS AND POSTING

Purpose

To receive and record payments by tenants and to update tenant accounts for payments in a timely and accurate manner.

Policy

SHA tenants of Low-Income Public Housing (LIPH) units are issued payment coupons for use as well as the ability to set up an online account with the SHA through a tenant portal in the SHA's

software program. Rent payments must be made either by mailing the payment in the form of a check or a money order to the lockbox address or by making the payment through the online portal system. Other payments received such as repayment agreements or maintenance charges will also be collected and recorded in this manner. Cash is not accepted.

Condition

The lock box company sends tenant payment information to the SHA for crediting to their accounts.

Procedures

Responsibility and Actions

Public Housing staff and Tenants

1. The lock box company sends an electronic file of payment information to the SHA.
2. The Housing Administrative Coordinator will post payments to tenants' accounts within 2 business days of receipt of payment.
3. The Director of Finance will act as back in the absence of the Housing Administrative Coordinator.

D. COLLECTION LOSS WRITE-OFF OF TARS

Purpose

To account for and write off tenant account receivable balances of tenants that have vacated the unit and left a balance past due and to keep SHA TARs (Tenant Accounts Receivable) in order.

Policy

The Director of Public Housing will write off vacated tenant accounts quarterly with proper Board of Directors' approval. The Fee Accountant will update the allowance for TAR balances on the general ledger.

Condition

A tenant moves out and terminates his/her lease or passes away, leaving an unpaid balance owed after all debits and credits have been entered to his/her account (charges for damages and other items, credits for unearned rent, etc.).

Procedures

Public Housing Managers

1. Mail the tenant a letter requesting payment of the amount owed to the last known address.

Director of Public Housing

1. On a quarterly basis any vacated accounts with balances will be placed on a list for the approval of the Board of Directors to write the account off of the books, at which time the account will then be sent to collections if the balance is over \$100.00.
2. A previous tenant who has not paid his/her account and who has had amounts charged off to Collection Losses by the SHA or any other housing authority as recorded on the housing authority software system, may make application for housing, but will not be declared eligible until the

amount written off has been paid in full. Program staff will then review the applicant's current status and determine his/her eligibility for housing.

Fee Accountant

1. The Fee Accountant will adjust the allowance TARs annually at the end of the fiscal year (September 30th).

E. CREDIT CARD

Purpose

The purpose of the Credit Card Policy is to facilitate the purchase of necessary goods or services where use of a credit card would expedite the transaction in an efficient manner. The purpose of the use of card(s) is "not" to override the procedures set forth in SHA's Procurement Policy, but to provide an alternative method of purchase for necessary goods and services.

Policy

SHA credit cards may be used for necessary purchases of goods and services when deemed for efficiency or emergency.

Condition

The Executive Director determines which staff are issued SHA credit cards or any vendor credit cards such as Home Depot. Staff that are authorized by the Executive Director to carry a credit card are listed with the Finance Department.

Procedures

Responsibility and Actions

Accounting Coordinator

1. Credit card users give receipts for purchases to the Accounting Coordinator/Director of Finance as they are incurred. All expenditures by credit card must have an accompanying purchase order for the purchase.
2. The Accounting Coordinator logs into the Bank and downloads each user's credit card detail for the current bill.
3. After receipts are matched to detail, the Accounting Coordinator processes credit card payments through the accounting software system and pays the current credit card bill each month in a timely manner.

F. PAYROLL

Purpose

To accurately record time worked and attendance and to pay employees their correct rate of pay.

Policy

The SHA will ensure that an employee's time and attendance is accounted for, and that the employee receives the correct amount of pay. Employees can access their payroll records and time accrued information through the online system.

Condition

The SHA uses a payroll service, currently Harpers Payroll Services. Employees will enter their time accurately and record their hours both worked and any paid time off used each week. Requests for pre-approved time off and overtime worked are entered into this system as well. Department Supervisors are responsible for reviewing and approving time records through this online system. Department Supervisors are responsible for reviewing and approving employee time through this online system.

The SHA will utilize a payroll service for employee data entry, approval of time off requests, approval of overtime requests, and to process payroll weekly. The online payroll service will provide the necessary reporting and carry out tax payment responsibilities on behalf of the SHA. The payroll service will also generate end of the year tax documents for employees and the SHA.

Procedure

1. Employees will enter their time worked and paid time off used in the employee portal and submit requests for time off and overtime.
2. At the end of the pay period, Department Heads will utilize the automated payroll system to approve the time of the employees they supervise. The Executive Director will approve the time off that Department Heads submitted through the automated payroll system.
3. The Accounting Coordinator will review the weekly payroll and provide to the Director of Finance for approval and then submit to the payroll company for processing.
4. The Accounting Coordinator will print the related payroll reports and review them for accuracy. These payroll reports will be used to process payroll related payments such as tax withholding, retirement, credit union, union dues, deferred compensation, etc.
5. The Accounting Coordinator will file and maintain the payroll records. The Director of Finance will perform any payroll functions in the absence of the Accounting Coordinator.

G. DAILY CASH AND MISCELLANEOUS RECEIPTS

Purpose

To properly record and deposit the daily cash receipts and miscellaneous cash receipts to the appropriate accounts.

Policy

SHA will ensure that all receipts are appropriately accounted for and deposited into the correct account.

Condition

On a regular basis the SHA receives ACH deposits from HUD, EOHLC, and other sources for various SHA programs. The SHA also receives Housing Choice Vouchers, Department of Mental

Health Vouchers, and public housing repayments and other 'miscellaneous receipts' each month in the form of checks or money orders.

Procedures

Responsibility and Actions

Accounting Coordinator

1. The Accounting Coordinator logs into the appropriate Massachusetts vendorweb accounting portals/bank accounts daily, prints out deposits made, and disseminates them to the ED, Assistant Executive Director, Director of Finance, and appropriate department heads.
2. The Accounting Coordinator researches and verifies each deposit amount and identifies the nature of the cash (PH operating subsidy, HCV or Mod/Rehab subsidy, CFP draws ...etc.).
3. The Accounting Coordinator sends this information to the appropriate departments as well as the Fee Accountant. The Fee Accountant will review the journal entry and post it to the G/L.
4. The Accounting Coordinator saves a copy of all the daily journal entries with backup for later review and for audit purposes.

Miscellaneous Receipts:

1. The Accounting Coordinator, Director of Public Housing, or Assistant Director of Leased Housing may receive miscellaneous checks and program repayments on a daily basis and determine the what, who, and why of the receipt to provide the information to the appropriate employee/department for recording and processing.
2. All checks will be recorded and deposited within 2 business days. Copies of the checks and any relevant correspondence should be made for backup purposes.

H. BANK RECONCILIATION

Purpose

To ensure that the G/L accounts are properly reflecting current banking information for all bank accounts.

Policy

The appropriate SHA staff, Director of Finance and Director of Leased Housing, will reconcile bank statements within 30 days after the end of the month. This information is provided to the Fee Accountant.

Condition

All bank statements will be reconciled monthly by the appropriate SHA staff. Completed bank reconciliations will be reviewed and approved by the Fee Accountant and then filed for review by Auditor or other parties.

Procedures

Responsibility and Actions

Appropriate Staff

1. Monthly bank statements shall be retrieved from the banking systems by the appropriate staff after the end of each month and reconciled. This information will then be submitted to the Fee Accountant.
2. Bank accounts that carry balances in excess of FDIC insured limit must be fully collateralized.

I. JOURNAL ENTRIES

Purpose

To ensure that journal entries are prepared and entered in an accurate and timely manner.

Policy

The SHA Fee Accountant will prepare journal entries based on a standard format to be entered into the Authority's G/L. Only the Fee Accountant is authorized to post journal entries in the accounting software system.

Condition

SHA will follow standard procedures for the preparation, review, approval and posting of all entries.

Procedures

Responsibility and Actions

Finance Department Staff and Fee Accountant

1. Will prepare and set up all information for Journal Entries into the system using the Authority's standard entries and provide clear concise explanations and descriptions for all entries based on available data.
2. Will prepare all supporting documentation for all entries prepared
3. The Fee Accountant will interface and post all subsidiary financial systems into the G/L.

J. FINANCIAL STATEMENTS AND BOARD REPORT PREPARATION

Purpose

To provide Management and the Board of Directors with timely and accurate financial operating results.

The SHA's Fee Accountant will prepare and present monthly, quarterly, and annual financial statements to the Executive Director for dissemination to the Board Members.

Condition

The Fee Accountant is responsible for board financial report preparation and any presentations requested on a monthly, quarterly, and annual basis.

The Director of Finance is responsible for the monthly listing of bills paid for Board review and approval. The Director of Finance will submit this report to the Executive Director for review and dissemination to the Board Members.

Procedures

Responsibility and Actions

Fee Accountant

1. The Fee Accountant will create financial reports for the various housing programs. This report contains all income and expense accounts for all funds and programs. The report is distributed to the Executive Director for review and approval. The Executive Director will then present the information to the Board of Directors at the monthly Board Meetings.

K. BUDGETS

Purpose

To ensure that the SHA submits accurate budgets to the Board of Directors and/or HUD, EOHLIC, and other funding sources in a timely manner.

The Executive Director in conjunction with the Fee Accountant will prepare budgets annually as prescribed by HUD and EOHLIC and any other required agency.

Condition

Budgets/subsidy submission will be created and submitted by the established deadlines or the suggested timelines if no hard deadline is required. The SHA's fiscal year ends September 30th.

Procedures

1. The Executive Director, Director of Finance, Director of Maintenance, the Director of Leased Housing, Director of Public Housing, and others will compile and provide the required budget data necessary to prepare budgets to the Fee Accountants. Information is gathered from Department Heads as necessary. This information includes rent rolls, occupancy reports, HUD's inflation factor, utility consumption, utility rates, units offline, VMS reports, program reserves, etc.
2. The Operating Budgets for all programs will be established and once approved by the Executive Director will be submitted to the Board of Directors for approval.
3. The Board of Directors will review and approve the budgets as appropriate and sign all related documents required for submission.

L. CAPITAL FUND GRANT USE AND REPORTING

Purpose

The purpose is to distinguish the proper expenditure of the Capital Funds and to report grant activity to HUD and EOHLIC in an accurate and timely manner in accordance with HUD and EOHLIC requirements and deadlines.

Policy

SHA is allotted funds for property improvements and operational support to Public Housing Properties. The funds are contracted and confirmed through a Consolidated Annual Contributions Contract (ACC) and Contract for Financial Assistance (CFA). The SHA is responsible for the obligation and expenditures of these funds and to the proper PH Asset Management Projects (AMPS) and CAPHUB software systems. Under no circumstance will the Capital funds be used for any other purpose. The SHA will maintain source documentation for all grant receipts and expenditures by grant number and award date.

Condition

Grant receipts and expenditures will be reconciled on a monthly basis by the Fee Accountant. The responsibility for federal grant draws and the grant accounting process is assigned to the Executive Director or his/her designee.

Procedures

Responsibility and Actions

The SHA manages the Capital Fund Programs and all required reporting is performed by the Fee Accountant and other appropriate staff.

Finance Department staff

1. The Executive Director calculates amount to draw. Federal drawdowns are executed in the HUD E-LOCCs system by the Executive Director or his/her designee to ensure a segregation of duties. State requisitions are submitted and managed by the Executive Director and Assistant Executive Director.
2. The Executive Director and the Director of Leased Housing reconcile each grant E-LOCCs income and expense line item and report the information to the Fee Accountant to update the G/L each month.
3. The Fee Accountant ensures expenditures are posted to the grant G/L according to the budget detail of the grant.
4. The Fee Accountant ensures the close out information is sent by the Executive Director to the HUD Local office or EOHLIC in a timely manner.

M. PETTY CASH POLICY

Purpose

SHA has a fiduciary duty to safeguard the assets of the Authority. Cash is a primary asset and therefore a petty cash procedure is in existence.

Policy

Petty cash disbursements are limited to a reasonable amount as determined by the Executive Director.

Condition

SHA has only one petty cash fund that is in existence and the custodian is Director of Finance. The amount kept available is \$100.00.

Procedures

Responsibilities and Actions

Accounting Coordinator

1. The Executive Director will preapprove expenditures from Petty Cash. Employee will give the Accounting Coordinator an original receipt and a Petty Cash slip which has been approved by the Executive Director.
2. The Accounting Coordinator will give Petty Cash to the employee and record the transaction on the appropriate form.
3. Periodically, the Director of Finance will replenish Petty Cash to \$100.00 by entering an expense entry, having the Executive Director approve, and giving the Petty Cash slip to the Accounting Coordinator for a replenishment check to be issued.
4. The Accounting Coordinator will cash the check at the bank, put the cash in Petty Cash box, and record the transaction on the expense form.

N. YEAR-END CLOSING

Purpose

To ensure that the SHA submits timely and accurate year-end financial statements to HUD, EOHLIC, and as required by any other regulatory agencies.

Policy

SHA will close its books of accounts in a timely and efficient manner.

Condition

The Fee Accountant will ensure that the books of accounts are closed on a timely and accurate schedule. The Authority's fiscal year ends on September 30th.

Procedures

Responsibility and Actions

Accounting Coordinator

1. Accrue all payables (salaries, employee benefits, utility expenses, vendors & contractors, Section 8 HAP payments).
Create Vendor payable list from system as of September 30th. Print payroll report of period salaries will be accrued (if any). Determine if any utility invoices need to be accrued. Post any entries and have Fee Accountant approve and post to G/L.
2. Make copy of all quarterly 941 reports and pension payments made during year.
3. Compute compensated absences for employees for Fee Accountant posting.

Fee Accountant

1. Adjust tenant receivable G/L balances to agree to accounting software LIPH system detailed tenant balance report for 9/30.
2. Calculate allowance for write-off resident accounts and make adjustments.
3. Record pre-paid rent as of 9/30 for all programs (deferred revenue).
4. Reconcile FSS accounts for ensuring the FSS detail ledgers agree to the liability accounts and the investments accounts agree to the bank accounts and the bank accounts are fully funded.
5. Verify that the insurance register pre-paid at the end of the year is correct and agree to the G/L.
6. Reconcile all bank accounts as of September 30th and record all adjustments.
7. Update the property depreciation schedules ensuring it agrees to the asset accounts, for additions as well as dispositions. Enter depreciation entry and post.
8. Ensure all ledgers and the inter-fund accounts are in balance.
9. Complete analysis of grant expense versus grant income requested through LOCCS, and accrues income receivable due from HUD.
10. Request operating departments to send unit months leased and unit months available for the fiscal year.
11. Reconcile management, bookkeeping, and asset management fees to final unit month numbers.
12. Make entries to record receivables/payables due to/from HUD for HCV and other Section 8 programs and post to G/L.
13. Complete other Section 8 year-end settlement reports (HUD 52681) and record related adjustments.
16. Accrue all receivables (interest on investments, Section 8 portables, and any other income receivables).
17. Reconcile all receivables and payables and prepare detailed analysis of any balances
18. Accrue contract retention expense per contract register.
19. Close the income and expense accounts out for the year that is reconciled to final audited FDS submission.
20. Prepare a GAAP trial balance report and a Financial Data Schedule (FDS).
21. Transmit FDS to the Real Estate Assessment Center (REAC) prior to HUD's deadline including the 15 day grace period. (Before September 15th)

O. UPDATING CHART OF ACCOUNTS

Purpose

To account for all transactions in a manner suggested by the Department of Housing and Urban Development (HUD) and the Executive Office of Housing and Livable Communities (EOHLC).

Policy

The SHA will account for all transactions in accordance with GAAP and the applicability of GASB regulations and all other applicable regulatory requirements. The SHA uses the chart of account coding system as the G/L chart of accounts.

Procedures

Responsibility and Actions

Fee Accountant

1. Must take necessary action to ensure that accounting classifications used throughout SHA is in accordance with OMB A-87 and REAC guidelines.
2. Add accounts as necessary. For internal control purposes, only the Accountant is authorized to edit the GL chart of accounts.
3. When accounts are added to the GL chart of accounts, the account may need to be added to any customized financial reports.

P. COST ALLOCATION PLAN

Purpose

Cost of salaries, services, and goods should be charged to the proper federal or non-federal program.

Policy

All costs that have a direct correlation to a program or programs are allocated directly to those programs. These costs could include: Maintenance, Capital Improvements, and Administrative expenses. Costs that pertain to Public Housing are allocated on a per unit basis for all Authority Units. In the HCV and other Section 8 programs as well as the MRVP program, vouchers per program are used. For costs that need to be allocated across multiple programs one of the following guidelines should be used for allocation.

Procedures

Responsibility and Actions

Finance Department

Invoices are reviewed by the Accounting Coordinator to decide what type of allocation should be used or if a direct allocation is needed. If the Accounting Coordinator is not sure which allocation should be used or if it is a direct cost, the Fee Accountant will be consulted and make the final decision. The allocation methods can be altered where necessary. As the Authority's structure changes the cost allocation methods will either be changed or new allocations will be added. The allocation methods of choice will be in accordance to OMB A-87.

Q. CENTRAL OFFICE COST CENTER (COCC) FEE FOR SERVICE MONTHLY BILLINGS

Purpose

To ensure that the COCC Billings to Public Housing, HCV, and other programs are for the maximum supportable amounts that are consistent with HUD policies and regulations.

Policy

The Finance department shall bill the Public Housing, HCV and other programs on a monthly basis and record such billings in the G/L.

Condition

Monthly spreadsheets are kept in by the Accountant to track amounts billed by the COCC.

Procedures

1. The Fee Accountant will update the Section 8, Public Housing billings monthly for units occupied from information in the accounting software system and with confirmation from the appropriate Department Heads.
2. The Fee Accountant will prepare a journal entry and key the entry into the G/L
3. The Fee Accountant will post the journal entry to the G/L.

R. FINANCIAL DATA SCHEDULE (FDS)

The Unaudited Financial Data Schedule is due 2 months after the fiscal year end with a 15 day grace period. This form is electronically submitted to the Real Estate Assessment Center.

The Audited Financial Data Schedule is due 9 months after the fiscal year end, (there is no grace period). This form is electronically submitted to the Real Estate Assessment Center, after the auditor has performed the attestation function.

S. HOUSING CHOICE VOUCHER PORTABILITY-IN and PORTABILITY-OUT

Purpose

To properly record Portability-In and Portability-Out transactions.

Policy

The Fee Accountant will ensure transactions are recorded into the G/L and operational reports reconcile to the G/L.

Procedures

Port In's are voucher holders from another PHA that request to transfer their voucher to SHA. This voucher can be either absorbed into the SHA HCV Program or it can be administered on behalf of the initial PHA.

1. If it is determined that SHA will absorb the voucher, then SHA takes full control of the voucher.
2. If the SHA administers the voucher, it would be the same as absorbed with the exception that SHA must notify the initial PHA with every change.
3. Monthly, the initial PHA will reimburse SHA 100% for the voucher and 80% of the initial PHA's administrative fee for the voucher. Director of Leased Housing posts the payment from the initial PHA into the accounting software and makes the deposit of the check.

Port Outs are voucher holders that request a transfer to another PHA jurisdiction.

1. The voucher can either be absorbed by the receiving PHA or the receiving PHA will administer the voucher on behalf of SHA. The SHA receives notification (HUD Form 50058) from the administering PHA of the HAP amount paid on behalf of the voucher holder and will reimburse them 100% for the voucher and 80% of the initial PHA's administrative fee for the voucher.
2. The Section 8 Housing Coordinator processes payment through the software program where the ACH file and any checks are created.
3. Paper checks are printed and signed in accordance with the Employee Check Signing Policy.
4. The Director of Leased Housing reviews and uploads the ACH file to the bank for processing and payment.

T. FRAUD RECOVERY

Purpose

To record payments received for Tenant Repayment Agreements which reimburse the PHA for a voucher holder or public housing tenant's failure to report income or not fully report income.

Policy

The SHA will ensure transactions are recorded properly and update the accounting software program accounts. In accordance with state and federal regulations, Section 8 program the SHA keeps 50% and 50% offsets against HAP landlord payments, Federal Public Housing the SHA keeps 100%, and State Public Housing 2/3rds are retained by the SHA and 1/3rd is offset against subsidy due from EOHLC.

Procedures

1. Appropriate housing staff will set up Tenant Repayment Agreements in the tenant data base once signed by the tenant.
2. Appropriate housing staff receives and posts payments received in the tenant accounting software system.
3. Appropriate housing staff reconciles the monthly receipts for the repayment report and forwards the information to the Fee Accountant.
4. Fee accountant records, allocates, and reports the calculation of the fraud revenue.

U. FAMILY SELF SUFFICIENCY (FSS) PROGRAM

Purpose

To ensure proper financial management of the FSS program and track escrow proceeds and disbursements. SHA is required to deposit all escrowed funds into a single depository account for FSS participants.

Policy

The Director of Leased Housing will track escrow proceeds and disbursements from reports received from the software program from information input by the Section 8 Housing Coordinators. The Director of Leased Housing reviews operational reports and FSS bank

accounts. The FSS Coordinator approves and authorizes disbursement to any FSS participant from their escrow account.

Procedures

1. A report delineating escrows to be deposited into each FSS participant's bank account is generated by the SHA software and processed by Section 8 Housing Coordinator.
2. Director of Leased Housing tracks the information and records and reports interest income earned annually.

V. VOUCHER MANAGEMENT SYSTEM (VMS)

Purpose

To report monthly HAP expense, leased units, administrative expenses, UNP, and NRP into the REAC system for all HCV Programs. Primary purpose of the VMS is for HUD to monitor PHA use of vouchers and to provide data to HUD to fund, obligate and disburse funds to PHA based on actual voucher use.

Policy

To submit monthly reports on leasing and expense information to the HUD REAC system for the prior month, to reconcile VMS to the G/L and ensure VMS submissions are accurate.

Procedures

1. The Director of Leased Housing providing VMS entries documentation and reports to the Fee Accountant monthly.
2. The Fee Accountant downloads information from the accounting software VMS module including units leased and HAP dollars.
3. The Fee Accountant calculates NPR, UNP and cash balance from the G/L. Reviews entries in the VMS module to record any HAP adjustments and HAP retro payments.
4. The Fee Accountant enters information into REAC – VMS submission link.
5. The Fee Accountant reconciles VMS to the G/L and identifies retroactive lease and HAP expenses.
6. The Fee Accountant enters retro-active corrections into HUD REAC system to update lease and HAP expense.

Sandra J. Reiniger
66 Bennett Hill Rd.
Rowley, MA 01969
(978) 500-4795
sreiniger@verizon.net

May 21, 2025

Anne Cameron, Executive Assistant
Salem Housing Authority
Email: acameron@salemha.org

Dear Ms. Cameron,

I am writing to express my interest in the State Family Self-Sufficiency (FSS) Coordinator position with the Salem and Marblehead Housing Authorities. With almost three decades of experience designing, implementing, and managing FSS programs throughout Massachusetts, I bring both practical knowledge and the passion necessary to help families achieve long-term self-sufficiency and financial stability.

Over the course of my career, I have successfully coordinated FSS programs for five different housing authorities, most recently serving as Resident Services Supervisor and FSS Coordinator for the Medford Housing Authority. In this role, I supervise resident services staff across seven sites, oversee HUD and EOHLC compliance, cultivate strong community partnerships, and manage grant funding. My caseload management consistently supports 30-40 families, with a focus on personalized human-centered coaching offered with respect and positivity.

I am a certified Public Housing Administrator (MASS NAHRO) and hold a Family Self-Sufficiency Certification through Nan McKay & Associates. My experience includes grants management as well as outreach and direct service coordination for low-income and diverse populations. I also bring specialized training in leadership, financial coaching, and mental health first aid—skills that allow me to meet residents where they are and support them holistically.

I am particularly excited about the opportunity to serve both the Salem and Marblehead communities. I have been looking for an opportunity to assist in building a supportive FSS program within the North Shore community. I know how transformative a well-run FSS program can be, and I am committed to providing residents with the tools, support, and encouragement they need to realize their goals.

Thank you for considering my application. I would welcome the opportunity to discuss how my experience and passion align with your vision for the FSS program. I can be reached at (978) 500-4795 or via email at sreiniger@verizon.net.

Warm regards,
Sandra J. Reiniger

Sandra J. Reiniger

66 Bennett Hill Rd., Rowley, MA 01969

(978) 500-4795 | sreiniger@verizon.net

Objective

Dedicated and experienced housing professional with over 30 years coordinating Family Self-Sufficiency (FSS) programs in Massachusetts. Seeking to bring leadership, program development expertise, and a deep commitment to resident empowerment to the State Family Self-Sufficiency Coordinator role at Salem and Marblehead Housing Authorities.

Education & Certifications

Bachelor of Science in Education – Early Childhood Education

California University of Pennsylvania

Leadership Development Institute Certification -MASSCAP, 2019

Public Housing Administrator Certification – MASS NAHRO, 2021

Family Self-Sufficiency Certification – Nan McKay (San Diego, CA – 2010; Dedham, MA – 2015; Virginia – 2022)

Professional Development Highlights

Human Centered Coaching Approach
NAHRO – New Section 3 Requirements
Mental Health First Aid

Impact of Self-Absorbed Parenting
Coaching for Transformation Skills
Train-the-Trainer: Financial Coaching

Professional Experience

Resident Services Supervisor / FSS Program Coordinator **07/2022–Present**

Medford Housing Authority – Medford, MA

- Supervise Resident Services staff and programming across 7 housing sites.
- Oversee HUD/EOHLC Grants-compliance, implementation, and evaluation
- Develop partnerships with service providers, educational institutions, and employers.
- Lead grant research, application, and management for program enrichment and sustainability.

Family Self-Sufficiency (FSS) Program Coordinator – Consultant

1995-2022

- Coordinated FSS programs at 5 different Housing Authorities including Medford, Arlington, Wakefield, Melrose, and Malden
- Delivered individualized human centered/trauma informed coaching
- Managed caseloads of 40–50 families emphasizing collaboration, empowerment and respect
- Maintained compliance with HUD regulations and requirements
- Facilitated quarterly Program Coordinating Committee meetings

Program Coordinator/ Early Childhood Specialist

1997–1999, 2001–2004

Christ Church Children’s Center – Andover, MA

- Developed and implemented enrichment programs for 20+ children.
- Lead teacher for preschool classrooms of 13–15 students.

Even Start Program Coordinator / Home Visitor / Teacher

1990–1994

Amesbury Public Schools – Amesbury, MA

- Coordinated federally funded Even Start family literacy program with \$250K annual budget.
- Supervised team of 9 including ABE teachers, Early Childhood teachers and home visitors.
- Managed compliance, reporting, and full implementation of program

Core Competencies

FSS Program Design & Compliance, Case Management & Family Coaching, Community Outreach & Service Referrals, Grant Writing & Reporting, Supervisory Leadership, Crisis Intervention, Cultural Competence, Public Housing Operations, HUD/EOHLC Program Regulations

SALEM HOUSING AUTHORITY

Annual Public Housing Agency Plan

For fiscal year beginning: 10/2025

SALEM HOUSING AUTHORITY

27 Charter Street

Salem, MA 01970

Phone: 978-744-4431

Fax: 978-744-9614

E-mail: choog@salemha.org

Website: www.salemha.org

☐ **PHA Consortia:** (Check box if submitting a Joint PHA Plan and complete table below)

Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program	
				PH	HCV
Lead PHA:					

B. Plan Elements

B.1 Revision of Existing PHA Plan Elements.

(a) Have the following PHA Plan elements been revised by the PHA since its last **Annual PHA Plan** submission?

Y N

- ☐ ☒ Statement of Housing Needs and Strategy for Addressing Housing Needs.
- ☒ ☐ Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.
- ☐ ☒ Financial Resources.
- ☒ ☐ Rent Determination.
- ☐ ☒ Homeownership Programs.
- ☐ ☒ Safety and Crime Prevention.
- ☐ ☒ Pet Policy.
- ☐ ☒ Substantial Deviation.
- ☐ ☒ Significant Amendment/Modification

(b) If the PHA answered yes for any element, describe the revisions for each element below:

The SHA Administrative Plan and Admissions and Continued Occupancy Policy (ACOP) have been brought current with all recent HUD requirements and guidance, including the following:

- (PH only) Changes throughout to account for the over-income provisions of the final rule implementing parts 102, 103, and 104 of the Housing Opportunity Through Modernization Act (HOTMA), published in the Federal Register February 14, 2023
- (PH and HCVP) The SHA ACOP and Section 8 Administrative Plan are being brought current with all changes (both required and discretionary) in accordance with Section 102 and 104 of HOTMA. These changes will take effect on July 1, 2025.
- (PH and HCVP) Updates to bring the SHA's VAWA policy in line with VAWA 2022 implementation guidance, set forth in the Federal Register January 4, 2023
- (PH) Revisions to flat rent requirements as specified in Notice PIH 2022-33
- (PH and HCVP) Clarifications on the discrimination complaint process as it relates both in general and to complaints under the Equal Access Rule
- Other clarifications and modifications to make sure the content is user-friendly, current, and in compliance with all HUD regulations, guidance, and industry best-practices.
- Revisions for the new Carbon Monoxide (CO) detector requirements as specified in Notice PIH 2022-01
- Updates to definitions concerning the Family Self-Sufficiency (FSS) program as set forth in the final rule published in the Federal Register on May 17, 2022.

See Exhibit [A] for additional detail regarding these changes.

(c) The PHA must submit its Deconcentration Policy for Field Office Review.

The SHA has not changed its Deconcentration Policy.

B.2 New Activities.

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's applicable Fiscal Year?

Y N

- ☐ ☒ Choice Neighborhoods Grants.
- ☐ ☒ Modernization or Development.
- ☒ ☐ Demolition and/or Disposition.
- ☐ ☒ Conversion of Public Housing to Tenant Based Assistance.
- ☒ ☐ Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD.
- ☐ ☒ Homeownership Program under Section 32, 9 or 8(Y)
- ☐ ☒ Project Based Vouchers.
- ☐ ☒ Units with Approved Vacancies for Modernization.
- ☐ ☒ Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

(b) If any of these activities are planned for the applicable Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.

See Exhibit (B) and (C) for Additional details regarding these changes

B.3 Progress Report.

Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year Plan.

- The Salem Housing Authority has suspended issuance of Section 8 Housing Choice Vouchers due to the Housing Authority being in a funding shortfall.
- The SHA continues to use all its resources available so that residents and participants may live in an environment that is decent, safe and sanitary.
- The SHA Continues to manage its 39 public housing units in a manner that is consistent with good, financially sound property management practices. Under the Section 18 Disposition and repositioning, HUD will replace the public housing rental assistance to Section 8 Project-based rental assistance
- The Authority continues its mission of servicing residents and participants and the community in a manner that demonstrates professional courtesy, respect and caring and in empowering residents and participants with the knowledge of what their rights are under the Violence Against Women Act (VAWA) and the American with Disabilities Act (ADA)
- The Salem Housing Authority has instituted a Family Self-Sufficiency Program.

B.4	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved.</p> <p>See HUD form 50075.2 approved by HUD on July 17, 2024 (See Exhibit D)</p>
B.5	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>
C.	<p>Other Document and/or Certification Requirements.</p>
C.1	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) have comments to the PHA Plan?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>

C.2	<p>Certification by State or Local Officials.</p> <p>Form HUD-50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.3	<p>Civil Rights Certification/Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.</p> <p>Form 50077-ST-HCV-HP, <i>PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i> must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.4	<p>Challenged Elements. If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.</p> <p>(a) Did the public challenge any elements of the Plan?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, include Challenged Elements.</p>

Instructions for Preparation of Form HUD-50075-HP Annual Plan for High Performing PHAs

A. PHA Information. All PHAs must complete this section (24 CFR 903.4).

A.1 Include the full PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type, and the Availability of Information, specific location(s) of all information relevant to the public hearing and proposed PHA Plan (24 CFR 903.23(e)).

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table (24 CFR 943.128(a)).

B. Plan Elements.

B.1 Revision of Existing PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the "yes" box. If an element has not been revised, mark "no."

☐ **Statement of Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA's strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income); (ii) elderly families (iii) households with individuals with disabilities, and households of various races and ethnic groups residing in the jurisdiction or on the public housing and Section 8 tenant-based assistance waiting lists based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.

The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location (24 CFR 903.7(a)(2)(i)). Provide a description of the ways in which the PHA intends, to the maximum extent practicable, to address those housing needs in the upcoming year and the PHA's reasons for choosing its strategy (24 CFR 903.7(a)(2)(ii)).

☐ **Deconcentration and Other Policies that Govern Eligibility, Selection and Admissions.** Describe the PHA's admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA's policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR 903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements 24 CFR 903.7(b). Describe the PHA's procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists 24 CFR 903.7(b). A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV (24 CFR 903.7(b)). Describe the unit assignment policies for public housing 24 CFR 903.7(b).

☐ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program and state the planned use for the resources (24 CFR 903.7(c)).

☐ **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies (24 CFR 903.7(d)).

☐ **Homeownership Programs.** A description of any homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. For years in which the PHA's 5-Year PHA Plan is also due, this information must be included only to the extent that the PHA participates in homeownership programs under section 8(y) of the 1937 Act (24 CFR 903.7(k) and 24 CFR 903.11(c)(1)).

☐ **Safety and Crime Prevention.** A description of PHA's plan for safety and crime prevention. For High Performing PHAs, the information required by 24 CFR 903.7(m) must be included only to the extent this information is required for PHA's participation in the public housing drug elimination program and the PHA anticipates participating in this program in the applicable year (24 CFR 903.11(c)(1)).

☐ **Pet Policy.** Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing (24 CFR 903.7(n)).

☐ **Substantial Deviation.** PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan (24 CFR 903.7(s)(2)(i)).

☐ **Significant Amendment/Modification.** PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan (24 CFR 903.7(s)(2)(ii)). For modifications resulting from the Rental Assistance Demonstration (RAD) program, refer to the 'Sample PHA Plan Amendment' found in Notice PIH-2019-23(HA), successor RAD Implementation Notices, or other RAD Notices.

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2 (24 CFR 903.23(b)).

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements or discretionary policies in the applicable Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

☐ **Choice Neighborhoods Grants.** 1) A description of any housing (including project name, number (if known) and unit count) for which the PHA will apply for Choice Neighborhoods Grants; and 2) A timetable for the submission of applications or proposals. The application and approval process for Choice Neighborhoods is a separate process. See guidance on HUD's website at: <https://www.hud.gov/cn> (Notice PIH 2011-47).

☐ **Modernization or Development (Conventional & Mixed-Finance).** 1) A description of any housing (including name, project number (if known) and unit count) for which the PHA will apply for modernization or development; and 2) A timetable for the submission of applications or proposals. The application and approval process for modernization or development is a separate process. See 24 CFR part 905 and guidance on HUD's website at: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6/mfph#4.

☐ **Demolition and/or Disposition.** With respect to public housing only, describe (1) any public housing development(s), or portion of a public housing development projects, owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition approval under section 18 of the 1937 Act (42 U.S.C. 1437p); and (2) a timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. Approval of the PHA Plan does not constitute approval of these activities. See guidance on HUD's website at: https://www.hud.gov/program_offices/public_indian_housing/centers/sac/demo_dispo/ and 24 CFR 903.7(h).

☐ **Conversion of Public Housing under the Voluntary or Mandatory Conversion programs.** Describe (1) any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; (2) An analysis of the projects or buildings required to be converted under Section 33; and (3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at the Special Applications Center (SAC) (<https://www.hud.gov/sac>) and 24 CFR 903.7(j).

☐ **Conversion of Public Housing under the Rental Assistance Demonstration (RAD) program (including Faircloth to RAD).** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to Project-Based Assistance or Project-Based Vouchers under RAD. Note that all PHAs shall be required to provide the information listed in Attachment 1D of Notice PIH 2019-23(HA) as a significant amendment or its successor notice. See additional guidance on HUD's website at: <https://www.hud.gov/RAD/library/notices>.

☐ **Homeownership Programs.** A description of any homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. For years in which the PHA's 5-Year PHA Plan is also due, this information must be included only to the extent that the PHA participates in homeownership programs under section 8(y) of the 1937 Act (24 CFR 903.7(k) and 24 CFR 903.11(c)(1)).

☐ **Project-Based Vouchers.** Describe any plans to use HCVs for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in (24 CFR 983.55(b)(1)) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations (including if PBV units are planned on any former or current public housing units or sites) and describe how project-basing would be consistent with the PHA Plan (24 CFR 903.7(b), 24 CFR 903.7(r)).

☐ **Units with Approved Vacancies for Modernization.** The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with 24 CFR 990.145(a)(1).

☐ **Other Capital Grant Programs (i.e., Capital Fund Lead Based Paint, Housing Related Hazards, At Risk/Receivership/Substandard/Troubled Program, and/or Emergency Safety and Security Grants).** For all activities that the PHA plans to undertake in the applicable Fiscal Year, provide a description of the activity in the space provided.

B.3 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan (24 CFR 903.7(s)(1)).

B.4 Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section (24 CFR 903.7 (g)). To comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan in EPIC and the date that it was approved. PHAs can reference the form by including the following language in the Capital Improvement section of the appropriate Annual or Streamlined PHA Plan Template: "See Capital Fund 5 Year Action Plan in EPIC approved by HUD on XX/XX/XXXX."

B.5 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided (24 CFR 903.7(p)).

C. Other Document and/or Certification Requirements

C.1 Resident Advisory Board (RAB) comments. If the RAB had comments on the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations (24 CFR 903.13(c), 24 CFR 903.19).

C.2 Certification by State of Local Officials. Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR 903.15). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

C.3 Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan. Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed*. Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed* must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the certification requirement to affirmatively further fair housing if the PHA fulfills the requirements of 24 CFR 5.150 et. seq., 903.7(o)(1), and 903.15(d).

C.4 Challenged Elements. If any element of the Annual PHA Plan or 5-Year PHA Plan is challenged, a PHA must include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public (24 CFR 903.23(b)).

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals, and objectives for serving the needs of low-income, very low-income, and extremely low-income families.

Public reporting burden for this information collection is estimated to average 5.26 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions to reduce this burden, to the Reports Management Officer, REE, Department of Housing and Urban Development, 451 7th Street, SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2577-0226. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

EXHIBIT A

**Salem Housing Authority
Summary of Admin Plan and ACOP HOTMA POLICY DECISIONS
Section 102/104
Expected Effective Date: 7/1/2025**

1. **AUTHORIZATION FOR THE RELEASE OF INFORMATION and REVOCATION OR CONSENT**
24 CFR 5.230 and 24 CFR 5.232(c)
Applicants and participants must sign and submit the HUD-9886 only once, as applicable, at admission and no later than the next interim or regularly scheduled income reexamination. Families have the right to revoke consent by notice to the PHA, however, revoking consent will result in termination or denial of assistance.
2. **DE MINIMIS ERRORS** 24 CFR §§ 5.609(c)(4); 960.257(f); 982.516(f); 882.515(f); and 882.808(i)(5)
Once the PHA becomes aware of the existence of an income calculation error, the error(s) will be corrected retroactive to the effective date of the action, regardless of the dollar amount associated with the error. Families will not be required to repay the PHA in instances where the PHA miscalculated income resulting in a family being undercharged for rent. The PHA will take corrective action to credit or repay a family if the family was overcharged tenant rent.
3. **HUD'S ENTERPRISE INCOME VERIFICATION (EIV) : 24 CFR 5.233**
The PHA will use HUD's verification hierarchy when verifying each household's income, assets, deductions, and expenses. *The PHA* will access the EIV system and obtain an Income Report for each household during annual and interim recertifications.
4. **DETERMINATION OF INCOME USING OTHER MEANS-TESTED PUBLIC ASSISTANCE, I.E., "SAFE HARBOR" : 24 CFR 5.609(c)(3)**
The PHA **will not** accept income calculation information from other means-tested forms of federal public assistance.
5. **SSN Number Requirement:** The PHA **will not** accept alternative documentation in lieu of the required SSN verification.
6. **SYSTEM ZERO INCOME REVIEWS**

24 CFR § 5.609(b)(24)(vi); 24 CFR §§ 5.657(c)(3); 960.257(b)(3); 982.516(c)(3); and 882.515(b)(3)

The PHA will continue to conduct zero-income reviews once for zero-income families. The PHA will not assign monetary values to non-monetary in-kind donations received to calculate annual income.

Implementation date to be determined

7. SELF-CERTIFICATION OF NET FAMILY ASSETS: 24 CFR 5.603(b) "Net Family Assets" para. (2); 5.618(b)

The PHA will determine net family assets and anticipated income earned from assets at new admission and at recertification by fully verifying the information through bank statements provided by the family, regardless of the family having assets that are equal to or less than \$50,000.

Asset Limits: Asset Limitation for Interim and Annual Reexamination (24 CFR § 5.618)

At admission, a family may not be assisted if they have \$100,000 or more in assets or real property ownership. The PHA will not enforce the \$100,000 asset limit at recertification for participant families.

8. DETERMINING NET FAMILY ASSETS : 24 CFR 5.603(b)(3) and (4)

The PHA must include the value of non- necessary items of personal property if the combined value exceeds \$50,000.

9. HARDSHIP EXEMPTIONS FOR HEALTH/MEDICAL CARE EXPENSES & REASONABLE ATTENDANT CARE & AUXILIARY APPARATUS EXPENSES – GENERAL RELIEF : CFR 5.611(c)(1) and 5.611(c)(2)

The Health and Medical Care Expenses deduction will be capped at qualifying expenses in excess of 10% of annual income. The PHA will incrementally implement this policy for current participants with medical expenses. "Phased in Relief", will begin automatically as 5% in the first year; 7.5% for the second year and 10% for the third year.

A family that did not previously have medical expenses (prior to Jan. 2025) may request a hardship exemption for up to four 90-day periods (deduction capped at qualifying expense in excess of 5% (instead of 10%)) for an unexpected increase in health or medical care expenses, which must be verified.

10. HARDSHIP EXEMPTION TO CONTINUE CHILDCARE EXPENSES DEDUCTION: 24 CFR 5.611(a)(4)

The PHA may extend the childcare expense deduction for a 90-day period if the family member is no longer employed, looking for work, or furthering his or her education

11. INTERIM REEXAMINATIONS: 24 CFR §§ 960.257(b)(6); 982.516(c)(4); and 882.515(b)(4)- (b)(5).

Families must report all changes in family income or composition within 7 business days from the effective date of the change to be considered "timely."

12. DECREASES IN INCOME : 24 CFR §§ 960.257(b)(2); 982.516(c)(2); and 882.515(b)(2)

An interim reexamination will be conducted when the PHA is notified by the family that the family's adjusted income has changed by an amount that is estimated to result in a decrease of 10% or more of the family's annual adjusted income

13. INCREASES IN INCOME: 24 CFR §§ 5.657(c)(3); 960.257(b)(3); 982.516(c)(3); and 882.515(b)(3)

All families are required to report any changes in family income. The PHA will not consider any increases in **earned income** when estimating or calculating whether the family's adjusted income has increased unless the family had a previous interim examination where the family's income, of any type, decreased during the same reexamination cycle. Although families are

required to report all changes in income and household composition, no interim reexaminations will be conducted due to increases in annual adjusted income in the 3 months before the next regular annual examination.

amount associated with the error. Families will not be required to repay the PHA in instances where the PHA miscalculated income resulting in a family being undercharged for rent. The PHA will take corrective action to credit or repay a family if the family was overcharged tenant rent.

. Non HOTMA Changes: modifications are as follows:

A. National Standards for the Physical Inspection of Real Estate: The new NSPIRE inspection standards that replace HQS becomes effective October 1, 2024.

B. Repeal of the Earned Income Disregard

Exhibit B

Public Housing Units Proposed for Disposition under Section 18

Stephen Zisson Elderly Residence

Location:

292 Essex St. (above YMCA)

Units:

14 – 1 BR apts.

Category:

Senior Citizens and Disabled

Type:

Federal Public Housing

Power Block

Location:

5 Barton Sq.

Units:

16 – 1 BR apts.

Category:

Senior Citizens and Disabled

Type:

Federal Public Housing

Scattered Sites:

Location:

2 Hathorne Crecent

Units:

2- 2 BR apts.

Category:

Family

Type:

Federal Public Housing

Location:

122 ½ Boston Street

Units:

1 - 3 BR apt.

1 – 4 BR apt.

Category:

Family

Type:

Federal Public Housing

Location:

121 ½ Bridge Street

Units:

2- 2 BR apts.

Category:

Family

Type:

Federal Public Housing

Location:

73 Boston Street

Units:

1- 2 BR apt.

2- 3 BR apts.

Category:

Family

Type:

Federal Public Housing

EXHIBIT C

Leefort Terrace PBV Project

This Leefort Terrace is a multifamily housing development which will be managed by Beacon Residential Management Limited Partnership and located at 1 Leefort Terrace, Salem, MA 01970. Leasing is expected in 2026.

The property includes a total of 124 apartments, consisting of the bedroom mix as indicated below:

- ☒ One-bedroom No. of apartments: 62
- ☒ Two-bedroom No. of apartments: 38
- ☒ Three-bedroom No. of apartments: 24

The project complies with the PHA Plan in the following way:

This property, the SHA, the owner and the Management Agent are committed to providing equal opportunity to all individuals who apply to and reside at the property.

a) Nondiscrimination and Affirmative Fair Housing Marketing Plan

In carrying out the Plan, Management shall not discriminate on the basis of race, color, religion, national origin, sex, disability, familial status or other basis prohibited by local, state or federal law in any aspect of tenant selection or matters related to continued occupancy.

Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity (77 FR 5662 Effective Date: March 5, 2012) states that HUD's housing programs shall be open to all eligible individuals and families regardless of sexual orientation, gender identity, or marital status. This rule also prohibits management from asking about an applicant or resident's sexual orientation and gender identity to determine eligibility or otherwise make housing available. However, this prohibition on inquiries is not intended to prohibit mechanisms that allow for voluntary and anonymous reporting of sexual orientation or gender identity solely for compliance with data collection requirements of state or local governments or other federal assistance programs.

The Fair Housing Act, Section 504, and Title VI of the Civil Rights Act

The PHA and the Management will maintain policies to comply with Section 504 of the Rehabilitation Act of 1973, The Fair Housing Act Amendments of 1988, and Title VI of the Civil Rights Act of 1964.

Fair Housing Act – prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability. The protection against disability discrimination covers not only tenants with disabilities but also renters without disabilities who live or are associated with individuals with disabilities. Since rules, policies, practices, and services may have a different effect on persons with disabilities than on others, treating persons with disabilities the same as others will sometimes deny them an equal opportunity to use and enjoy a dwelling. The Act also prohibits housing providers from refusing residency to persons with disabilities, or placing conditions on their residency, because they require reasonable accommodations.

EXHIBIT D

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
02/28/2022

Status: Approved

Approval Date: 07/17/2024

Approved By: POPE , TALITHA

Part I: Summary						
PHA Name : Salem Housing Authority		Locality (City/County & State)				
PHA Number: MA055		<input checked="" type="checkbox"/> Original 5-Year Plan <input type="checkbox"/> Revised 5-Year Plan (Revision No:)				
A.	Development Number and Name	Work Statement for Year 1 2024	Work Statement for Year 2 2025	Work Statement for Year 3 2026	Work Statement for Year 4 2027	Work Statement for Year 5 2028
	FEDERAL ELDERLY PUBLIC HOUSING (MA055000003)	\$100,077.00	\$100,077.00	\$100,077.00	\$100,077.00	\$100,077.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
02/28/2022

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 1 2024				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	FEDERAL ELDERLY PUBLIC HOUSING (MA055000003)			\$100,077.00
ID0000010	Flooring Upgrades at 4 Scattered Sites(Dwelling Unit-Interior (1480)-Flooring (non routine))	Funds used for flooring upgrades at 122&1/2 Boston Street (2 units), 2 Hathorne Crescent Street (2 units) 122&1/2 Bridge Street (2 units) and 73 Boston Street (3 units). 9 units total. The upgrades will include expenses related to labor and flooring components.		\$100,077.00
	Subtotal of Estimated Cost			\$100,077.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
02/28/2022

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 2 2025				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	FEDERAL ELDERLY PUBLIC HOUSING (MA055000003)			\$100,077.00
ID0000011	Roof Repairs and/or Replacement(Non-Dwelling Exterior (1480)-Roofs)	Roof repairs and/or replacement needed at Barton Square Development and Boston Street Property		\$100,077.00
	Subtotal of Estimated Cost			\$100,077.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
02/28/2022

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 3 2026				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	FEDERAL ELDERLY PUBLIC HOUSING (MA055000003)			\$100,077.00
ID0000012	Kitchen and Bath Upgrades at 4 Scattered Sites(Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers)	Funds used for kitchen and bath upgrades at 122&1/2 Boston Street (2 units), 2 Hathorne Crescent Street (2 units) 122&1/2 Bridge Street (2 units) and 73 Boston Street (3 units). 9 units total. The upgrades will include cabinet replacement where needed, sink/faucet replacements, tub surround replacements and expenses related to plumbing labor and plumbing components.		\$100,077.00
	Subtotal of Estimated Cost			\$100,077.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
02/28/2022

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 4 2027				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	FEDERAL ELDERLY PUBLIC HOUSING (MA055000003)			\$100,077.00
ID0000013	Elevator Repairs and Upgrades at Zisson and Barton Square (Non-Dwelling Interior (1480)-Mechanical)	Funds used for elevator part upgrades and repairs at the Zisson building elevator and Barton Square elevator		\$100,077.00
	Subtotal of Estimated Cost			\$100,077.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
02/28/2022

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 5 2028				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	FEDERAL ELDERLY PUBLIC HOUSING (MA055000003)			\$100,077.00
ID0000014	Elevator Upgrades/Repair at Zisson and Barton Square(Non-Dwelling Interior (1480)-Mechanical)	Funds used for elevator upgrades and repairs at two developments, the Zisson Building and Barton Square		\$100,077.00
	Subtotal of Estimated Cost			\$100,077.00

EXHIBIT E

The Names of the Resident Advisory (RAB) Board Members are provided below:

**RAB Meeting #1
Zoom Tele-Conference
5/22/2025**

Sandra Smedy

Carla Pena

Comments: No comments regarding the Annual Plan.

**RAB Meeting #2
Zoom-Tele Conference
6/12/2025**

No One attended

Comments: N/A

**Public Hearing
Zoom-Tele Conference
7/1/2025**

Belkis Rojas

Comments: No Comments were made regarding the PHA Plan.

**Certifications of Compliance with
PHA Plan and Related Regulations
(Standard, Troubled, HCV-Only, and
High Performer PHAs)**

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 3/31/2024

**PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations
including PHA Plan Elements that Have Changed**

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the ___ 5-Year and/or ___ Annual PHA Plan, hereinafter referred to as "the Plan", of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the PHA fiscal year beginning _____, in connection with the submission of the Plan and implementation thereof:

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located (24 CFR § 91.2).
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments (AI) to Fair Housing Choice, or Assessment of Fair Housing (AFH) when applicable, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan (24 CFR §§ 91.2, 91.225, 91.325, and 91.425).
3. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Resident Advisory Board or Boards in developing the Plan, including any changes or revisions to the policies and programs identified in the Plan before they were implemented, and considered the recommendations of the RAB (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
4. The PHA provides assurance as part of this certification that:
 - (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
 - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
 - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program.
7. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintains records reflecting these analyses and actions.
8. For PHA Plans that include a policy for site-based waiting lists:
 - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2011-65);

- The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
 - Adoption of a site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
 - The PHA shall take reasonable measures to assure that such a waiting list is consistent with affirmatively furthering fair housing; and
 - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR 903.7(o)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
 10. In accordance with 24 CFR § 5.105(a)(2), HUD's Equal Access Rule, the PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.
 11. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
 12. The PHA will comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
 13. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
 14. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
 15. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
 16. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
 17. The PHA will keep records in accordance with 2 CFR 200.333 and facilitate an effective audit to determine compliance with program requirements.
 18. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
 19. The PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Financial Assistance, including but not limited to submitting the assurances required under 24 CFR §§ 1.5, 3.115, 8.50, and 107.25 by submitting an SF-424, including the required assurances in SF-424B or D, as applicable.
 20. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
 21. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
 22. The PHA certifies that it is in compliance with applicable Federal statutory and regulatory requirements, including the Declaration of Trust(s).

PHA Name _____

PHA Number/HA Code _____

_____ Annual PHA Plan for Fiscal Year 20 _____

_____ 5-Year PHA Plan for Fiscal Years 20 _____ - 20 _____

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Name of Executive Director _____

Name Board Chairman _____

Signature _____

Date _____

Signature _____

Date _____

The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to ensure compliance with PHA Plan, Civil Rights, and related laws and regulations including PHA plan elements that have changed.

Public reporting burden for this information collection is estimated to average 0.16 hours per year per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Civil Rights Certification (Qualified PHAs)

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0226
Expires 3/31/2024

Civil Rights Certification

Annual Certification and Board Resolution

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the 5-Year PHA Plan, hereinafter referred to as "the Plan", of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the fiscal year beginning _____ in which the PHA receives assistance under 42 U.S.C. 1437f and/or 1437g in connection with the mission, goals, and objectives of the public housing agency and implementation thereof:

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 *et seq.*), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintains records reflecting these analyses and actions.

PHA Name

PHA Number/HA Code

I hereby certify that all the statement above, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Executive Director:

Name of Board Chairperson:

Signature

Date

Signature

Date

The United States Department of Housing and Urban Development is authorized to collect the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 *et seq.*, and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. The information is collected to ensure that PHAs carry out applicable civil rights requirements.

Public reporting burden for this information collection is estimated to average 0.16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB

0348-0046

(See reverse for public burden disclosure.)

1. Type of Federal Action:

- ☐ a. contract
☐ b. grant
c. cooperative agreement
d. loan
e. loan guarantee
f. loan insurance

2. Status of Federal Action:

- ☐ a. bid/offer/application
b. initial award
c. post-award

3. Report Type:

- ☐ a. initial filing
b. material change

For Material Change Only:

year _____ quarter _____
date of last report _____

4. Name and Address of Reporting Entity:

☐ Prime

☐ Subawardee

Tier _____, if known:

Congressional District, if known: 4c

5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:

Congressional District, if known:

6. Federal Department/Agency:

7. Federal Program Name/Description:

CFDA Number, if applicable: _____

8. Federal Action Number, if known:

9. Award Amount, if known:

\$

10. a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI):

b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI):

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Signature: _____

Print Name: _____

Title: _____

Telephone No.: _____ Date: _____

Federal Use Only:

Authorized for Local Reproduction
Standard Form LLL (Rev. 7-97)

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Public reporting burden for this information collection is estimated to average 30 minutes. This includes the time for collecting, reviewing, and reporting data. The information requested is required to obtain a benefit. This form is used to ensure federal funds are not used to influence members of Congress. There are no assurances of confidentiality. HUD may not conduct or sponsor, and an applicant is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Applicant Name

Program/Activity Receiving Federal Grant Funding

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Title

Signature

Date (mm/dd/yyyy)

Chapter 6.A

INCOME AND SUBSIDY DETERMINATIONS

[24 CFR Part 5, Subparts E and F; 24 CFR 982]

INTRODUCTION

This chapter is applicable prior to the PHA's HOTMA 102/104 compliance date. After this date, the PHA will follow policies as outlined in Chapter 6.B. of the model policy.

The program regulations in the current Code of Federal Regulations (CFRs) were updated for HOTMA on January 1, 2024. As a result, pre-HOTMA regulations from 2023 are no longer available on the electronic CFRs. However, since full HOTMA implementation is still pending, the pre-HOTMA regulations continue to apply to some elements of the program, and this chapter makes references to both pre-HOTMA and HOTMA regulations where applicable. Where HOTMA regulations apply, citations in this chapter have been provided indicating that current HOTMA CFRs are applicable. For all other citations, the pre-HOTMA CFRs apply. The federal government archives previous versions of the CFRs, and PHAs may access them here:

<https://www.govinfo.gov/app/collection/cfr/2023/title24>.

A family's income determines eligibility for assistance and is also used to calculate the family's payment and the PHA's subsidy. The PHA will use the policies and methods described in this chapter to ensure that only eligible families receive assistance and that no family pays more or less than its obligation under the regulations. This chapter describes HUD regulations and PHA policies related to these topics in three parts as follows:

- Part I: Annual Income. HUD regulations specify the sources of income to include and exclude to arrive at a family's annual income. These requirements and PHA policies for calculating annual income are found in Part I.
- Part II: Adjusted Income. Once annual income has been established HUD regulations require the PHA to subtract from annual income any of five mandatory deductions for which a family qualifies. These requirements and PHA policies for calculating adjusted income are found in Part II.
- Part III: Calculating Family Share and PHA Subsidy. This part describes the statutory formula for calculating total tenant payment (TTP), the use of utility allowances, and the methodology for determining PHA subsidy and required family payment.

PART I: ANNUAL INCOME

6-I.A. OVERVIEW

~~The general regulatory definition of annual income shown below is from 24 CFR 5.609.~~

5.609 Annual income.

(a) Annual income means all amounts, monetary or not, which:

(1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or

(2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

(3) Which are not specifically excluded in paragraph [5.609(c)].

(4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

In addition to this general definition, HUD regulations establish policies for treating specific types of income and assets. The full texts of those portions of the regulations are provided in exhibits at the end of this chapter as follows:

- Annual Income Inclusions (Exhibit 6-1)
- Annual Income Exclusions (as updated for HOTMA per Notice PIH 2024-38) (Exhibit 6-2)
- Treatment of Family Assets (Exhibit 6-3)
- ~~Earned Income Disallowance for Persons with Disabilities (Exhibit 6-4)~~
- The Effect of Welfare Benefit Reduction (Exhibit 6-54)

Sections 6-I.B and 6-I.C discuss general requirements and methods for calculating annual income. The rest of this section describes how each source of income is treated for the purposes of determining annual income.

~~HUD regulations present income inclusions and exclusions separately [24 CFR 5.609(b) and 24 CFR 5.609(c)]. In this plan, however, the discussions of income inclusions and exclusions are integrated by topic (e.g., all policies affecting earned income are discussed together in section 6-I.D).~~ Verification requirements for annual income are discussed in Chapter 7.A.

6-I.B. HOUSEHOLD COMPOSITION AND INCOME

Income received by all family members must be counted unless specifically excluded by the regulations. It is the responsibility of the head of household to report changes in family composition. The rules on which sources of income are counted vary somewhat by family member. The chart below summarizes how family composition affects income determinations.

Summary of Income Included and Excluded by Person	
Live-in aides	Income from all sources is excluded [24 CFR 5.609(b)(8) as updated for HOTMA (e)(5)].
Foster child or foster adult	Income from all sources is excluded [24 CFR 5.609(b)(8) as updated for HOTMA (e)(2)].
Head, spouse, or cohead Other adult family members	All sources of income not specifically excluded by the regulations are included [24 CFR 5.609(a)].
Children under 18 years of age Minors	Earned income of children under 18 years of age is excluded [24 CFR 5.609(b)(3) as updated for HOTMA]. Employment income is excluded [24 CFR 5.609(e)(1)]. All other sources of income, except those specifically excluded by the regulations, are included.
Full-time students 18 years of age or older (not head, spouse, or cohead)	Earned income in excess of the dependent deduction is excluded [24 CFR 5.609(b)(14) as updated for HOTMA]. Employment income above \$480/year is excluded [24 CFR 5.609(e)(11)]. All other sources of income, except those specifically excluded by the regulations, are included.

Temporarily Absent Family Members

The income of family members approved to live in the unit will be counted, even if the family member is temporarily absent from the unit [HCV GB, p. 5-18].

PHA Policy

Generally an individual who is or is expected to be absent from the assisted unit for 180 consecutive days or less is considered temporarily absent and continues to be considered a family member. Generally an individual who is or is expected to be absent from the assisted unit for more than 180 consecutive days is considered permanently absent and no longer a family member. Exceptions to this general policy are discussed below.

Absent Students

PHA Policy

When someone who has been considered a family member attends school away from home, the person will continue to be considered a family member unless information becomes available to the PHA indicating that the student has established a separate household or the family declares that the student has established a separate household.

Absences Due to Placement in Foster Care

Children temporarily absent from the home as a result of placement in foster care are considered members of the family [24 CFR 5.403].

PHA Policy

If a child has been placed in foster care, the PHA will verify with the appropriate agency whether and when the child is expected to be returned to the home. Unless the agency confirms that the child has been permanently removed from the home, the child will be counted as a family member.

Absent Head, Spouse, or Cohead

PHA Policy

An employed head, spouse, or cohead absent from the unit more than 180 consecutive days due to employment will continue to be considered a family member.

Family Members Permanently Confined for Medical Reasons

If a family member is confined to a nursing home or hospital on a permanent basis, that person is no longer considered a family member and the income of that person is not counted [HCV GB, p. 5-22].

PHA Policy

The PHA will request verification from a responsible medical professional and will use this determination. If the responsible medical professional cannot provide a determination, the person generally will be considered temporarily absent. The family may present evidence that the family member is confined on a permanent basis and request that the person not be considered a family member.

When an individual who has been counted as a family member is determined permanently absent, the family is eligible for the medical expense deduction only if the remaining head, spouse, or cohead qualifies as an elderly person or a person with disabilities.

Joint Custody of Dependents

PHA Policy

Dependents that are subject to a joint custody arrangement will be considered a member of the family, if they live with the applicant or participant family 50 percent or more of the time.

When more than one applicant or participant family is claiming the same dependents as family members, the family with primary custody at the time of the initial examination or reexamination will be able to claim the dependents. If there is a dispute about which family should claim them, the PHA will make the determination based on available documents such as court orders, school records, or an IRS return showing which family has claimed the child for income tax purposes.

Caretakers for a Child

PHA Policy

The approval of a caretaker is at the owner and PHA's discretion and subject to the owner and PHA's screening criteria. If neither a parent nor a designated guardian remains in a household receiving HCV assistance, the PHA will take the following actions.

- (1) If a responsible agency has determined that another adult is to be brought into the assisted unit to care for a child for an indefinite period, the designated caretaker will not be considered a family member until a determination of custody or legal guardianship is made.
- (2) If a caretaker has assumed responsibility for a child without the involvement of a responsible agency or formal assignment of custody or legal guardianship, the caretaker will be treated as a visitor for 90 days. After the 90 days has elapsed, the caretaker will be considered a family member unless information is provided that would confirm that the caretaker's role is temporary. In such cases the PHA will extend the caretaker's status as an eligible visitor.
- (3) At any time that custody or guardianship legally has been awarded to a caretaker, the housing choice voucher will be transferred to the caretaker.
- (4) During any period that a caretaker is considered a visitor, the income of the caretaker is not counted in annual income and the caretaker does not qualify the family for any deductions from income.

6-I.C. ANTICIPATING ANNUAL INCOME

The PHA is required to count all income “anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date” [24 CFR 5.609(a)(2)]. Policies related to anticipating annual income are provided below.

Basis of Annual Income Projection

The PHA generally will use current circumstances to determine anticipated income for the coming 12-month period. HUD authorizes the PHA to use other than current circumstances to anticipate income when:

- An imminent change in circumstances is expected [HCV GB, p. 5-17]
- It is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income) [24 CFR 5.609(d)]
- The PHA believes that past income is the best available indicator of expected future income [24 CFR 5.609(d)]

PHAs are required to use HUD’s Enterprise Income Verification (EIV) system in its entirety as a third-party source to verify employment and income information, and to reduce administrative subsidy payment errors in accordance with HUD administrative guidance [24 CFR 5.233(a)(2)].

HUD allows PHAs to use tenant-provided documents (pay stubs) **dated within 120 days of the date received by the PHA** to project income once EIV data has been received in such cases where the family does not dispute the EIV employer data and where the PHA does not determine it is necessary to obtain additional third-party data. **The PHA may also accept a statement dated within the appropriate benefit year for fixed income sources.**

PHA Policy

When EIV is obtained and the family does not dispute the EIV employer data, the PHA will use current tenant-provided documents to project annual income. When the tenant-provided documents are pay stubs, the PHA will make every effort to obtain current and consecutive pay stubs dated within the last **60** 120 days.

The PHA will obtain written and/or oral third-party verification in accordance with the verification requirements and policy in Chapter 7 in the following cases:

If EIV or other UIV data is not available,

If the family disputes the accuracy of the EIV employer data, and/or

If the PHA determines additional information is needed.

In such cases, the PHA will review and analyze current data to anticipate annual income. In all cases, the family file will be documented with a clear record of the reason for the decision, and a clear audit trail will be left as to how the PHA annualized projected income.

When the PHA cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the PHA will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income.

Any time current circumstances are not used to project annual income, a clear rationale for the decision will be documented in the file. In all such cases the family may present information and documentation to the PHA to show why the historic pattern does not represent the family's anticipated income.

Known Changes in Income

If the PHA verifies an upcoming increase or decrease in income, annual income will be calculated by applying each income amount to the appropriate part of the 12-month period.

Example: An employer reports that a full-time employee who has been receiving \$8/hour will begin to receive \$8.25/hour in the eighth week after the effective date of the reexamination. In such a case the PHA would calculate annual income as follows: $(\$8/\text{hour} \times 40 \text{ hours} \times 7 \text{ weeks}) + (\$8.25 \times 40 \text{ hours} \times 45 \text{ weeks})$.

The family may present information that demonstrates that implementing a change before its effective date would create a hardship for the family. In such cases the PHA will calculate annual income using current circumstances and then require an interim reexamination when the change actually occurs. This requirement will be imposed even if the PHA's policy on reexaminations does not require interim reexaminations for other types of changes.

When tenant-provided third-party documents are used to anticipate annual income, they will be dated within ~~60~~ 120 days of the date received by the PHA. **Statements dated within the appropriate benefit year will be accepted for fixed income sources.**

Projecting Income

In HUD's EIV webcast of January 2008, HUD made clear that PHAs are not to use EIV quarterly wages to project annual income.

6-I.D. EARNED INCOME

Types of Earned Income Included in Annual Income

Wages and Related Compensation [24 CFR 5.609(a); Notice PIH 2023-27; Notice PIH 2024-38]

~~The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services is included in annual income [24 CFR 5.609(b)(1)].~~

~~The earned income of each member of the family who is 18 years of age or older, or who is the head of household or spouse/cohead regardless of age, is included in annual income. Income received as a day laborer or seasonal worker is also included in annual income, even if the source, date, or amount of the income varies [24 CFR 5.609 (b)(24) as updated for HOTMA].~~

~~Earned income means income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment. Earned income does not include any pension or annuity, transfer payments (meaning payments made or income received in which no goods or services are being paid for, such as welfare, social security, and governmental subsidies for certain benefits), or any cash or in-kind benefits [24 CFR 5.100 as updated for HOTMA].~~

~~A day laborer is defined as an individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future [24 CFR 5.603(b) as updated for HOTMA]. Income earned as a day laborer is not considered nonrecurring income.~~

~~A seasonal worker is defined as an individual who is hired into a short-term position (e.g., for which the customary employment period for the position is six months or fewer) and the employment begins about the same time each year (such as summer or winter). Typically, the individual is hired to address seasonal demands that arise for the particular employer or industry [24 CFR 5.603(b) as updated for HOTMA]. Some examples of seasonal work include employment limited to holidays or agricultural seasons. Seasonal work may include but is not limited to employment as a lifeguard, ballpark vendor, or snowplow driver [Notice PIH 2023-27]. Income earned as a seasonal worker is not considered nonrecurring income.~~

PHA Policy

The PHA will include in annual income the gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation.

For persons who regularly receive bonuses or commissions, the PHA will verify and then average amounts received for the two years preceding admission or reexamination. If only a one-year history is available, the PHA will use the prior year amounts. In either case the family may provide, and the PHA will consider, a credible justification for not using this history to anticipate future bonuses or commissions. If a new employee has not yet received any bonuses or commissions, the PHA will count only the amount estimated by the employer. The file will be documented appropriately.

Some Types of Military Pay

All regular pay, special pay and allowances of a member of the Armed Forces are counted ~~[24 CFR 5.609(b)(8)]~~ except for the special pay to a family member serving in the Armed Forces who is exposed to hostile fire [24 CFR 5.609(b)(11) as updated for HOTMA ~~(e)(7)~~].

Types of Earned Income Not Counted in Annual Income

~~Temporary, Nonrecurring, or Sporadic Income [24 CFR 5.609(e)(9)]~~

~~This type of income (including gifts) is not included in annual income. Sporadic income includes temporary payments from the U.S. Census Bureau for employment lasting no longer than 180 days [Notice PIH 2009-19].~~

PHA Policy

~~Sporadic income is income that is not received periodically and cannot be reliably predicted. For example, the income of an individual who works occasionally as a handyman would be considered sporadic if future work could not be anticipated and no historic, stable pattern of income existed.~~

~~Children's Earnings of a Minor [24 CFR 5.609(b)(3) as updated for HOTMA]~~

~~A minor is a member of the family, other than the head of household or spouse, who is under 18 years of age. Employment income earned by children (including foster children) under the age of 18 years—minors is not included in annual income [24 CFR 5.609(e)(1)]. (See Eligibility chapter for a definition of foster children.) All other sources of unearned income, except those specifically excluded by the regulations, are included.~~

~~Certain Earned Income of Full-Time Students [24 CFR 5.609(b)(14) as updated for HOTMA]~~

~~Earnings in excess of \$480 for full-time student 18 years old or older (except for the head, spouse, or cohead are not counted [24 CFR 5.609(e)(1)]. The earned income of a dependent full-time student in excess of the amount of the dependent deduction is excluded from annual income. All sources of unearned income, except those specifically excluded by the regulations, are included.~~

~~To be considered "full-time," a student must be considered "full-time" by an educational institution with a degree or certificate program [HCV GB, p. 5-29].~~

~~A family member other than the head of household or spouse/cohead is considered a full-time student if they are attending school or vocational training on a full-time basis [24 CFR 5.603(b)]. Full-time status is defined by the educational or vocational institution the student is attending [New PH OCC GB, Lease Requirements, p. 5].~~

Income of a Live-in Aide

~~Income earned by a live-in aide, as defined in [24 CFR 5.403], is not included in annual income [24 CFR 5.609(b)(8) (e)(5) as updated for HOTMA]. (See Eligibility chapter for a full discussion of live-in aides.)~~

~~Income Earned under Certain Federal Programs~~

~~Income from some federal programs is specifically excluded from consideration as income [24 CFR 5.609(e)(17)], including:~~

- ~~• Payments to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058)~~
- ~~• Awards under the federal work-study program (20 U.S.C. 1087 uu)~~
- ~~• Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f))~~
- ~~• Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))~~
- ~~• Allowances, earnings, and payments to participants in programs funded under the Workforce Investment Act of 1998 (29 U.S.C. 2931)~~

Resident Service Stipend

~~Amounts received under a resident service stipend are not included in annual income. A resident service stipend is a modest amount (not to exceed \$200 per individual per month) received by a resident for performing a service for the PHA or owner, on a part time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. N~~

~~o resident may receive more than one such stipend during the same period of time [24 CFR 5.600(c)(8)(iv)].~~

State and Local Employment Training Programs

~~Incremental earnings and benefits to any family member resulting from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff are excluded from annual income. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the training program [24 CFR 5.609(e)(8)(v)].~~

PHA Policy

~~The PHA defines *training program* as “a learning process with goals and objectives, generally having a variety of components, and taking place in a series of sessions over a period of time. It is designed to lead to a higher level of proficiency, and it enhances the individual’s ability to obtain employment. It may have performance standards to measure proficiency. Training may include, but is not limited to: (1) classroom training in a specific occupational skill, (2) on-the-job training with wages subsidized by the program, or (3) basic education” [expired Notice PIH 98-2, p. 3].~~

~~The PHA defines *incremental earnings and benefits* as the difference between: (1) the total amount of welfare assistance and earnings of a family member prior to enrollment in a training program, and (2) the total amount of welfare assistance and earnings of the family member after enrollment in the program [expired Notice PIH 98-2, pp. 3-4].~~

~~In calculating the incremental difference, the PHA will use as the pre-enrollment income the total annualized amount of the family member’s welfare assistance and earnings reported on the family’s most recently completed HUD-50058.~~

~~End of participation in a training program must be reported in accordance with the PHA’s interim reporting requirements.~~

HUD-Funded Training Programs

~~Amounts received under training programs funded in whole or in part by HUD [24 CFR 5.609(e)(8)(i)] are excluded from annual income. Eligible sources of funding for the training include operating subsidy, Section 8 administrative fees, and modernization, Community Development Block Grant (CDBG), HOME program, and other grant funds received from HUD.~~

PHA Policy

~~To qualify as a training program, the program must meet the definition of *training program* provided above for state and local employment training programs.~~

Earned Income Tax Credit

~~Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j)), are excluded from annual income [24 CFR 5.609(e)(17)]. Although many families receive the EITC annually when they file taxes, an EITC can also be received throughout the year. The prorated share of the annual EITC is included in the employee’s payroll check.~~

Earned Income Disallowance

~~The earned income disallowance for persons with disabilities is discussed in section 6 I.E below.~~

6-I.E. EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES [24 CFR 5.617; Streamlining Final Rule (SFR) Federal Register 3/8/16; **Notice PIH 2023-27**]

~~The earned income disallowance (EID) encourages people with disabilities to enter the work force by not including the full value of increases in earned income for a period of time. The full text of 24 CFR 5.617 is included as Exhibit 6-4 at the end of this chapter. Eligibility criteria and limitations on the disallowance are summarized below.~~

HOTMA removed the statutory authority for the EID. The EID is available only to families that are eligible for and participating in the program as of December 31, 2023, or before; no new families may be added on or after January 1, 2024. If a family is receiving the EID prior to or on the effective date of December 31, 2023, they are entitled to the full amount of the benefit for a full 24-month period. The policies below are applicable only to such families. No family will still be receiving the EID after December 31, 2025. The EID will sunset on January 1, 2026, and the PHA policies below will no longer be applicable as of that date or when the last qualifying family exhausts their exclusion period, whichever is sooner.

Eligibility

~~This disallowance applies only to individuals in families already participating in the HCV program (not at initial examination). To qualify, the family must experience an increase in annual income that is the result of one of the following events:~~

- ~~• Employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment. *Previously unemployed* includes a person who annually has earned not more than the minimum wage applicable to the community multiplied by 500 hours. The applicable minimum wage is the federal minimum wage unless there is a higher state or local minimum wage.~~
- ~~• Increased earnings by a family member who is a person with disabilities and whose earnings increase during participation in an economic self-sufficiency or job training program. A self-sufficiency program includes a program designed to encourage, assist, train, or facilitate~~
- ~~• the economic independence of HUD-assisted families or to provide work to such families [24 CFR 5.603(b)].~~
- ~~• New employment or increased earnings by a family member who is a person with disabilities and who has received benefits or services under Temporary Assistance for Needy Families (TANF) or any other state program funded under Part A of Title IV of the Social Security Act within the past six months. If the benefits are received in the form of monthly maintenance, there is no minimum amount. If the benefits or services are received in a form other than monthly maintenance, such as one-time payments, wage subsidies, or transportation assistance, the total amount received over the six-month period must be at least \$500.~~

Calculation of the Disallowance

Calculation of the earned income disallowance for an eligible member of a qualified family begins with a comparison of the member's current income with their "baseline income." The family member's baseline income is their income immediately prior to qualifying for the EID. The family member's baseline income remains constant throughout the period that they are participating in the EID. The family member's baseline income remains constant throughout the period that he or she is participating in the EID. ~~While qualification for the disallowance is the same for all families, calculation of the disallowance will differ depending on when the family member qualified for the EID. Participants qualifying prior to May 9, 2016, will have the disallowance calculated under the "Original Calculation Method" described below which requires a maximum lifetime disallowance period of up to 48 consecutive months. Participants qualifying on or after May 9, 2016, will be~~

~~subject to the “Revised Calculation Method” Which shortens the lifetime disallowance period to 24 consecutive months.~~

~~Under both the original and new methods, the EID eligibility criteria, the benefit amount, the single lifetime eligibility requirement and the ability of the applicable family member to stop and restart employment during the eligibility period are the same~~

Original Calculation Method

Initial 12-Month Exclusion

During the initial exclusion period of 12 consecutive months, the full amount (100 percent) of any increase in income attributable to new employment or increased earnings is excluded. ~~The 12 months are cumulative and need not be consecutive.~~

PHA Policy

The initial EID exclusion period will begin on the first of the month following the date an eligible member of a qualified family is first employed or first experiences an increase in earnings.

Second 12-Month Exclusion and Phase-In

During the second exclusion period of 12 consecutive months, the PHA must exclude at least 50 percent of any increase in income attributable to employment or increased earnings. ~~The 12 months are cumulative and need not be consecutive.~~

Lifetime Limitation

The EID has a ~~four-year two-year (48-month)~~ (24-month) lifetime maximum. The ~~four-year two-year~~ eligibility period begins at the same time that the initial exclusion period begins and ends ~~24 (48)~~ months later. ~~The one-time eligibility for the EID applies~~ During the 24-month period, an individual remains eligible for EID even if ~~the eligible individual~~ they begin to receive assistance from ~~another~~ a different housing agency, ~~if the individual~~ moves between public housing and Section 8 assistance,, or have breaks in assistance. The EID will sunset on January 1, 2026. In no circumstances will a family member’s exclusion period continue past January 1, 2026.

PHA Policy

~~During the 48-month eligibility period, the PHA will schedule and conduct an interim reexamination each time there is a change in the family member’s annual income that affects or is affected by the EID (e.g., when the family member’s income falls to a level at or below his/her prequalifying income, when one of the exclusion periods ends, and at the end of the lifetime maximum eligibility period).~~

Revised Calculation Method

Initial 12-Month Exclusion

~~During the initial exclusion period of 12 consecutive months, the full amount (100 percent) of any increase in income attributable to new employment or increased earnings is excluded.~~

PHA Policy

~~The initial EID exclusion period will begin on the first of the month following the date an eligible member of a qualified family is first employed or first experiences an increase in earnings.~~

Second 12-Month Exclusion

~~During the second exclusion period of 12 consecutive months, the PHA must exclude at least 50 percent of any increase in income attributable to employment or increased earnings.~~

PHA Policy

During the second 12-month exclusion period, the PHA will exclude 100 percent of any increase in income attributable to new employment or increased earnings.

Lifetime Limitation

The EID has a two-year (24-month) lifetime maximum. The two-year eligibility period begins at the same time that the initial exclusion period begins and ends 24 months later. During the 24-month period, an individual remains eligible for EID even if they begin to receive assistance from a different housing agency, move between public housing and Section 8 assistance, or have breaks in assistance.

6-I.F. BUSINESS INCOME [24 CFR 5.609(b)(2)(28) as updated for HOTMA; Notice PIH 2023-27]

Annual income includes “the net income from the operation of a business or profession. *Net income is gross income minus business expenses that allows the business to operate. Gross income is all income amounts received into the business, prior to the deduction of business expenses.*

Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family” ~~[24 CFR 5.609(b)(2)]~~.

Business Expenses

~~Net income is “gross income less business expense” [HCV GB, p. 5-19].~~

PHA Policy

To determine business expenses that may be deducted from gross income, the PHA will use current applicable Internal Revenue Service (IRS) rules for determining allowable business expenses [see IRS Publication 535], unless a topic is addressed by HUD regulations or guidance as described below.

Independent Contractors

Income received as an independent contractor is included in annual income, even if the source, date, or amount of the income varies [24 CFR 2.609 (b)(24) as updated for HOTMA].

An *independent contractor* is defined as an individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code federal income tax requirements and whose earnings are consequently subject to the self-employment tax. In general, an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done [24 CFR 5.603(b) as updated for HOTMA]. This may include individuals such as third-part

y delivery and transportation service providers and “gig workers” like babysitters, landscapers, rideshare drivers, and house cleaners. Income earned as an independent contractor is not considered nonrecurring income.

Business Expansion

HUD regulations do not permit the PHA to deduct from gross income expenses for business expansion.

PHA Policy

Business expansion is defined as any capital expenditures made to add new business activities, to expand current facilities, or to operate the business in additional locations. For example, purchase of a street sweeper by a construction business for the purpose of adding street cleaning to the services offered by the business would be considered a business expansion. Similarly, the purchase of a property by a hair care business to open at a second location would be considered a business expansion.

Capital Indebtedness

HUD regulations do not permit the PHA to deduct from gross income the amortization of capital indebtedness.

PHA Policy

Capital indebtedness is defined as the principal portion of the payment on a capital asset such as land, buildings, and machinery. This means the PHA will allow as a business expense interest, but not principal, paid on capital indebtedness.

Negative Business Income

If the net income from a business is negative, no business income will be included in annual income; a negative amount will not be used to offset other family income.

Withdrawal of Cash or Assets from a Business

HUD regulations require the PHA to include in annual income the withdrawal of cash or assets from the operation of a business or profession unless the withdrawal reimburses a family member for cash or assets invested in the business by the family.

PHA Policy

Acceptable investments in a business include cash loans and contributions of assets or equipment. For example, if a member of an assisted family provided an up-front loan of \$2,000 to help a business get started, the PHA will not count as income any withdrawals from the business up to the amount of this loan until the loan has been repaid. Investments do not include the value of labor contributed to the business without compensation.

Co-owned Businesses

PHA Policy

If a business is co-owned with someone outside the family, the family must document the share of the business it owns. If the family's share of the income is lower than its share of ownership, the family must document the reasons for the difference.

6-I.G. STUDENT FINANCIAL ASSISTANCE [24 CFR 5.609(b)(9)]

Introduction

The treatment of student financial assistance depends on the HUD program, student/household characteristics, and the type of financial assistance received by the student. For public housing residents, all income received under Title IV of the HEA must be excluded from income. Other student financial assistance may be included depending on the students actual covered costs to For Section 8 programs, including HCV, however, for over 10 years HUD appropriations have included a provision that for Section 8 students who are age 23 and under and without dependent children, any amounts received in excess of tuition and any other required fees and charges must be considered income. Under HOTMA, HUD has interpreted this limitation to apply when the student is the head of household or spouse, but not when the student resides with their parents [71 FR 18146].

For any funds from a year where HUD's appropriations continue to include this Section 8 student financial assistance limitation, if the student does not reside with their parents is the head of household, cohead, or spouse, and is under the age of 23 or without dependent children, then both the assistance received under Title IV HEA and other student financial assistance received by the student is included as income to the extent that it exceeds the total of tuition and any other required fees and charges.

In contrast, student financial assistance received by a Section 8 student who is the head of household, spouse, or cohead, and is over the age of 23 with dependent children, or a student who resides with their parents in a Section 8 unit, is governed by the HOTMA student rule, which is described below.

During years in which an appropriations act does not contain this Section 8 student financial assistance limitation (or any other such limitation), then the determination of student financial assistance for all Section 8 students defaults to the methodology for public housing.

HOTMA Student Financial Assistance Requirements [24 CFR 5.609(b)(9)]

The regulations under HOTMA distinguish between two categories of student financial assistance paid to both full-time and part-time students. The first category is any assistance to students under section 479B of the Higher Education Act of 1965 (Title IV of the HEA) which must be excluded from the family's annual income [24 CFR 5.609(b)(9)(i)]. Examples of assistance under title IV of the HEA include:

- Federal Pell Grants;
- Teach Grants;
- Federal Work Study Programs;
- Federal Perkins Loans;
- Income earned in employment and training programs under section 134 of the Workforce Innovation and Opportunity Act (WIOA); or

- Bureau of Indian Affairs/Education student assistance programs
 - The Higher Education Tribal Grant
 - The Tribally Controlled Colleges or Universities Grant Program

The second category is any other grant-in-aid, scholarship, or other assistance amounts an individual receives for the actual covered costs charged by the institute of higher education (not otherwise excluded by the Federally mandated income exclusions) [24 CFR 5.609(b)(9)(ii)]. Other student financial assistance received by the student that, either by itself or in combination with HEA assistance, exceeds the actual covered costs is included in income.

Actual covered costs are defined as the actual costs of:

- Tuition, books, and supplies;
 - Including supplies and equipment to support students with learning disabilities or other disabilities
- Room and board; and
- Other fees required and charged to a student by the education institution.

For a student who is not the head of household or spouse/cohead, actual covered costs also include the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit.

Further, to qualify, other student financial assistance must be expressly:

- For tuition, book, supplies, room and board, or other fees required and charged to the student by the educational institution;
- To assist a student with the costs of higher education; or
- To assist a student who is not the head of household or spouse with the reasonable and actual costs of housing while attending the educational institution and not residing in an assisted unit.

The student financial assistance may be paid directly to the student or to the educational institution on the student's behalf. However, any student financial assistance paid to the student must be verified by the PHA.

The financial assistance must be a grant or scholarship received from:

- The Federal government;
- A state, tribal, or local government ;
- A private foundation registered as a nonprofit;
- A business entity (such as corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, or nonprofit entity); or
- An institution of higher education.

Student financial assistance, does not include:

- Financial support provided to the student in the form of a fee for services performed; (e.g., a work study or teaching fellowship that is not excluded under section 479B of the Higher Education Act HEA);
- Gifts, including gifts from family or friends; or
- Any amount of the scholarship or grant that, either by itself or in combination with assistance excluded under the HEA, exceeds the actual covered costs of the student.

Calculating Income from Student Financial Assistance [HOTMA Student Financial Assistance Resource Sheet; Notice PIH 2023-27]

There are two steps required as part of the calculation for Section 8 students. First, determine the student's relationship to the household, age, and whether they have dependent children. Second, calculate whether any excess student financial assistance should be included in the family's income.

If the student does not live with their parents and is the head of household, cohead, or spouse, and is 23 or younger or does not have dependent children, then Title IV HEA assistance is considered when determining the student's total financial aid amount. Subtract the total tuition plus required fees and charges from the total student financial assistance (Title IV HEA assistance and any other student financial assistance). If the total tuition plus required fees and charges is zero or exceeds the amount of total financial assistance from all sources, then no student financial assistance is included in annual income. Any amount of student financial assistance that exceeds the total tuition plus required fees and charges must be included in annual income.

If the student either lives with their parents or is over 23 with dependent children, then the calculation will use the HOTMA methodology for calculating financial assistance, which always begins with deducting the assistance received under 479B of the HEA from the total actual covered costs, because the 479B assistance is intended to pay the student's actual covered costs. When a student receives assistance from both Title IV of the HEA and from other sources, the assistance received under Title IV of the HE

A must be applied to the student's actual covered costs first and then other student financial assistance is applied to any remaining actual covered costs. Once actual costs are covered, any remaining student financial assistance is considered income.

PHA Policy

If the student does not live with their parents and is the head of household, cohead, or spouse, and is 23 or younger or does not have dependent children, then Title IV HEA assistance will be considered when determining the student's total financial assistance to be included in annual income. The PHA will use Notice PIH 2015-21 as a guide to determine the total amount of the student's tuition plus required fees and charges. The PHA will subtract the total tuition plus required fees and charges from the total

student financial assistance. If the result is zero or exceeds the amount of total financial assistance from all sources, then no student financial assistance will be included in annual

income. Any amount of student financial assistance that exceeds the total tuition plus required fees and charges will be included in annual income.

Example 1

- Tuition and required fees and charges: \$20,000
- Title IV HEA assistance: \$10,000
- Other student financial assistance: \$15,000
- Total student financial assistance: $\$10,000 + \$15,000 = \$25,000$
- Included income: $\$25,000$ in financial assistance - $\$20,000$ tuition and required fees = $\$5,000$

If a student is head, spouse, or cohead, and is over 23 with dependent children or lives with their parents, the following applies:

If a student only receives financial assistance under Title IV of the HEA and does not receive any other student financial assistance, the PHA will exclude the full amount of the assistance received under Title IV from the family's annual income. The PHA will not calculate actual covered costs in this case.

If the student does not receive any assistance under Title IV of the HEA but does receive assistance from another source, the PHA will first calculate the actual covered costs to the student in accordance with 24 CFR 5.609(b)(ii). The PHA will then subtract the total amount of the student's financial assistance from the student's actual covered costs. The PHA will include any amount of financial assistance in excess of the student's actual covered costs in the family's annual income.

Example 1

- Actual covered costs: \$20,000
- Other student financial assistance: \$25,000
- Excluded income: \$20,000 (\$25,000 in financial assistance - \$20,000 in actual covered costs)
- Included income: \$5,000

When a student receives assistance from both Title IV of the HEA and from other sources, the PHA will first calculate the actual covered costs to the student in accordance with 24 CFR 5.609(b)(ii). The assistance received under Title IV of the HEA will be applied to the student's actual covered costs first and then the other student financial assistance will be applied to any remaining actual covered costs.

If the amount of assistance excluded under Title IV of the HEA equals or exceeds the actual covered costs, none of the assistance included under other student financial assistance" would be excluded from income.

Example 2

- Actual covered costs: \$25,000
- Title IV HEA assistance: \$26,000
- Title IV HEA assistance covers the students entire actual covered costs.
- Other Student Financial Assistance: \$5,000
- Excluded income: The entire Title IV HEA assistance of \$26,000
- Included income: All other financial assistance of \$5,000

If the amount of assistance excluded under Title IV of the HEA is less than the actual covered costs, the PHA will exclude the amount of other student financial assistance up to the amount of the remaining actual covered costs.

Example 3

- Actual covered costs: \$22,000
- Title IV HEA assistance: \$15,000
- The remaining amount not covered by Title IV HEA assistance is \$7,000 (\$22,000 in actual covered costs - \$15,000 in Title IV HEA assistance).
- Other Student Financial Assistance: \$5,000
- \$7,000 in remaining actual covered costs - \$5,000 in other financial assistance
- Excluded income: \$15,000 entire amount of the Title IV HEA Assistance + \$5,000 in other financial assistance
- Included income: \$0

Example 4

- Actual covered costs: \$18,000
- Title IV HEA Assistance: \$15,000
- The remaining amount not covered by Title IV HEA assistance is \$3,000 (\$18,000 in actual covered costs - \$15,000 in Title IV HEA Assistance)
- Other student Financial Assistance: \$5,000
- When other student financial assistance is applied, financial assistance exceeds actual covered costs by \$2,000 (\$3,000 in actual covered costs - \$5,000 in other financial assistance).
- Included income: \$2,000 (the amount by which the financial aid exceeds the student's actual covered costs).

6-I.H. PERIODIC PAYMENTS [Notice PIH 2023-27]

Periodic payments are forms of income received on a regular basis.

Income that will not be repeated beyond the coming year (i.e., the 12 months following the effective date of the certification), based on information provided by the family, is considered nonrecurring income and is excluded from annual income. Income that has a discrete end date and will not be repeated beyond the coming year is excluded from a family's annual income because it is nonrecurring income. For example, a family receives income from a guaranteed income program in the

city that has a discrete be

ginning and end date. While the guaranteed income will be repeated in the coming year, it will end before the family's next annual reexamination. This income is fully excluded from annual income.

However, this does not include unemployment income and other types of periodic payments that are received at regular intervals (such as weekly, monthly, or yearly). Unemployment income and other types of periodic payments are not considered nonrecurring income, unless explicitly excluded from income under 25 CFR 5.

609(b) as updated for HOTMA, and thus they are included in annual income.

Insurance payments and settlements for personal or property losses, including but not limited to payments under health insurance, motor vehicle insurance, and workers' compensation, are excluded from annual income. Any workers' compensation is always excluded from annual income, regardless of the frequency or length of the payments.

Lump-Sum Payments for the Delayed Start of a Periodic Payment [24 CFR 5.609(b)(16) as updated for HOTMA]

Deferred periodic amounts from Supplemental Security Income (SSI) and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs (VA) disability benefits that are received in a lump sum amount or in prospective monthly amounts are excluded from annual income.

PHA Policy

The PHA will include in annual income lump sums received as a result of delays in processing periodic payments (other than those specifically excluded by the regulation), such as unemployment or welfare assistance.

When a delayed-start payment is received that is to be included and the family reports this during the period in which the PHA is processing an annual reexamination, the PHA will adjust the family's rent retroactively for the period the payment was intended to cover.

If the delayed-start payment is received outside of the time the PHA is processing an annual reexamination, then the PHA will consider whether the amount meets the threshold to conduct an interim reexamination. If so, the PHA will conduct an in

terim in accordance with PHA policies in Chapter 9. If not, the PHA will consider the amount when processing the family's next annual recertification.

Retirement Accounts [24 CFR 5.609(b)(26) as updated for HOTMA; Notice PIH 2023-27]

Income received from any account under a retirement plan recognized as such by the IRS, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals is not considered actual income from assets.

However, any distribution of periodic payments from such accounts is included in annual income at the time they are received by the family.

An asset moved to a retirement account held by a member of the family is not considered to be an asset disposed of for less than fair market value.

Social Security Benefits [Notice PIH 2023-27]

The PHA is required to use the gross benefit amount to calculate annual income from Social Security benefits.

Annually in October, the Social Security Administration (SSA) announces the cost-of-living adjustment (COLA) by which federal Social Security and SSI benefits are adjusted to reflect the increase, if any, in the cost of living. The federal COLA does not apply to state-paid disability benefits. Effective the day after the SSA has announced the COLA, PHAs are required to factor in the COLA when determining Social Security and SSI annual income for all annual reexaminations and interim reexaminations of family

income that have not yet been completed and will be effective January 1 or later of the upcoming year [Notice PIH 2023-27]. When a family member's benefits are garnished, levied, or withheld to pay restitution, child support, tax debt, student loan debt, or other debts, the PHA must use the gross amount of the income, prior to the reduction, to determine a family's annual income.

PHA Policy

Annual income includes "all amounts received," not the amount that a family may be legally entitled to receive but which they do not receive. When the SSA overpays an individual, resulting in a withholding or deduction from their benefit amount until the overpayment is paid in full, the PHA must use the reduced benefit amount after deducting only the amount of the overpayment withholding from the gross benefit amount.

6-I.I. NONRECURRING INCOME [24 CFR 5.609(b)(24) as updated for HOTMA and Notice PIH 2023-

27]

Nonrecurring income, which is income that will not be repeated beyond the coming year (e.g., 12 months following the effective date of the certification) based on information provided by the family, is excluded from annual income. The PHA may accept a self-certification from the family stating that the income will not be repeated in the coming year. See Chapter 7 for PHA policies related to verification of nonrecurring income.

Income received as an independent contractor, day laborer, or seasonal worker is

not excluded from income as nonrecurring income, even if the source, date, or amount of the income varies.

Income that has a discrete end date and will not be repeated beyond the coming year during the family's upcoming annual reexamination period will be excluded from a family's annual income as nonrecurring income. This exclusion does not include unemployment income and other types of periodic payments that are received at r

egular intervals (such as weekly, monthly, or yearly).

Income amounts excluded under this category may include, but are not limited to:

- Nonrecurring payments made to the family or to a third party on behalf of the family to assist with utilities;
- Payments for eviction prevention;
- Security deposits to secure housing;
- Payments for participation in research studies (depending on the duration); and
- General one-time payments received by or on behalf of the family.

Nonrecurring income that is excluded under the regulations includes:

- Payments from the U.S. Census Bureau for employment (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not culminating in permanent employment [24 CFR 5.609(b)(24)(i) as updated for HOTMA].
- Direct federal or state payments intended for economic stimulus or recovery [24 CFR 5.609(b)(24)(ii) as updated for HOTMA].
- Amounts directly received by the family as a result of state refundable tax credits or state or federal tax refunds at the time they are received [24 CFR 5.609(b)(24)(iii) and (iv) as updated for HOTMA].
- Gifts for holidays, birthdays, or other significant life events or milestones (e.g., wedding gifts, baby showers, anniversaries) [24 CFR 5.609(b)(24)(v) as updated for HOTMA].

- Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization [24 CFR 5.609(b)(24)(vi) as updated for HOTMA]. When calculating annual income, PHAs are prohibited from assigning monetary value to such non-monetary in-kind donations received by the family [Notice PIH 2023-27]. Non-recurring, non-monetary in-kind donations from friends and family are excluded as non-recurring income. However, the value of regular in-kind donations (such as the value of food groceries) received by friends and family are included.
- Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings [24 CFR 5.609(b)(24)(vii) as updated for HOTMA].

6-I.J. STATE PAYMENTS TO ALLOW INDIVIDUALS WITH DISABILITIES TO LIVE AT HOME [24 CFR 5.609(b)(19) as updated for HOTMA]

Payments made by or authorized by a state Medicaid agency (including through a managed care entity) or other state or federal agency to an assisted family to enable a member of the assisted family who has a disability to reside in the family's assisted unit are excluded.

Authorized payments may include payments to a member of the assisted family through state Medicaid-managed care systems, other state agencies, federal agencies, or other authorized entities.

The payments must be received for caregiving services a family member provides to enable another member of the assisted family who has a disability to reside in the family's assisted unit. Payments to a family member for caregiving services for someone who is not a member of the assisted family (such as for a relative that

resides elsewhere) are not excluded from income.

Furthermore, if the agency is making payments for caregiving services to the family member for an assisted family member and for a person outside of the assisted family, only the payments attributable to the caregiving services for the caregiver's assisted family member would be excluded from income.

6-I.K. CIVIL RIGHTS SETTLEMENTS [24 CFR 5.609(b)(25) as updated for HOTMA; FR Notice 2/14/23]

Regardless of how the settlement or judgment is structured, civil rights settlements or judgments, including settlements or judgments for back pay, are excluded from annual income. This may include amounts received because of litigation or other actions, such as conciliation agreements, voluntary compliance agreements, consent orders, other forms of settlement agreements, or administrative or judicial orders under the Fair Housing Act, Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act

(Section 504), the Americans with Disabilities Act, or any other civil rights or fair housing statute or requirement.

While these civil rights settlement or judgment amounts are excluded from income, the settlement or judgment amounts will generally be counted toward the family's net family assets (e.g., if the funds are deposited into the family's savings account or a revocable trust under the control of the family or some other asset that is not excluded from the definition of *net family assets*). Income generated on the settlement or judgment amount after it has become a net family asset is not excluded from income. For example, if the family received a settlement or back pay and deposited the money in an interest-bearing savings account, the interest from that account would be income at the time the interest is received.

Furthermore, if a civil rights settlement or judgment increases the family's net family assets such that they exceed the HUD-published threshold amount (\$50,000 for 2024, and \$51,600 for 2025), then income will be

imputed on the net family assets pursuant to 24 CFR 5.609(a)(2). If the imputed income, which HUD considers unearned income, increases the family's annual adjusted income by 10 percent or more, then an interim reexamination of income will be required unless the addition to the family's net family assets occurs within the last three months of the family's income certification period and the PHA or owner chooses not to conduct the examination.

6-I.L. ADDITIONAL EXCLUSIONS FROM ANNUAL INCOME [24 CFR 5.609(b) as updated for HOTMA; FR Notice 1/31/2024]

Other exclusions contained in 24 CFR 5.609(b) as updated for HOTMA and FR Notice 1/31/2024 that have not been discussed earlier in this chapter include the following:

- Payments received for the care of foster children or foster adults or state or tribal kinship or guardianship care payments [24 CFR 5.609(b)(4) as updated for HOTMA].
- Insurance payments and settlements for personal or property losses, including but not limited to payments through health insurance, motor vehicle insurance, and workers' compensation [24 CFR 5.609(b)(5) as updated for HOTMA]. However, periodic payments paid at regular intervals (such as weekly, monthly, or yearly) for a period of greater than
- one year that are received in lieu of wages are included in annual income [Notice PIH 2023-27].
- Amounts received by the family that are specifically for, or in reimbursement of, the cost of health and medical care expenses for any family member [24 CFR 5.609(b)(6) as updated for HOTMA].
- Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, that resulted in a member of the family becoming disabled [24 CFR 5.609(b)(7) as updated for HOTMA].
- Income and distributions from any Coverdell education savings account under Section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under Section 529 of such Code [24 CFR 5.609(b)(10) as updated for HOTMA].
- Income earned by government contributions to, and distributions from, "baby bond" accounts created, authorized, or funded by federal, state, or local government [24 CFR 5.609(b)(10) as updated for HOTMA].
- The special pay to a family member serving in the Armed Forces who is exposed to hostile fire [24 CFR 5.609(b)(11) as updated for HOTMA].
- Payments related to aid and attendance under 38 U.S.C. 1521 to veterans in need of regular aid and attendance [24 CFR 5.609(b)(17) as updated for HOTMA]. This income exclusion applies only to veterans in need of regular aid and attendance and not to other beneficiaries of the payments, such as a surviving spouse [Notice PIH 2023-27].
- Loan proceeds (the net amount disbursed by a lender to or on behalf of a borrower, under the terms of a loan agreement) received by the family or a third party (e.g., proceeds received by the family from a private loan to enable attendance at an educational institution or to finance the purchase of a car) [24 CFR 5.609(b)(20) as updated for HOTMA]. The loan borrower or co-borrower must be a member of the family for this income exclusion to be applicable [Notice PIH 2023-27].

- Payments received by tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States, to the extent such payments are also excluded from gross income under the Internal Revenue Code or other federal law [24 CFR 5.609(b)(21) as updated for HOTMA]. Generally, payments received by tribal members in excess of the first \$2,000 of per capita shares are included in a family's annual income for purposes of determining eligibility. However, as explained in Notice PIH
- 2023-27, payments made under the Cobell Settlement, and certain per capita payments under the recent Tribal Trust Settlements, must be excluded from annual income.
- Replacement housing "gap" payments made in accordance with 49 CFR Part 24 that offset increased out of pocket costs of displaced persons that move from one federally subsidized housing unit to another federally subsidized housing unit. Such replacement housing "gap" payments are not excluded from annual income if the increased cost of rent and utilities is subsequently reduced or eliminated, and the displaced person retains or continues to receive the replacement housing "gap" payments [24 CFR 5.609(b)(23) as updated for HOTMA].
- Income earned on amounts placed in a family's Family Self-Sufficiency account [24 CFR 5.609(b)(27) as updated for HOTMA].
- Amounts received by participants in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (e.g., special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program [24 CFR 5.609(c)(12)(ii) as updated for HOTMA].
- Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS) [(24 CFR 5.609(b)(12)(i) as updated for HOTMA].
- Amounts received under a resident service stipend not to exceed \$200 per month. A resident service stipend is a modest amount received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development [24 CFR 5.600(b)(12)(iii) as updated for HOTMA].

- Incremental earnings and benefits to any family member resulting from participation in qualifying training program funded by HUD or in qualifying federal, state, tribal, or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff are excluded from annual income. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the training program unless those amounts are excluded under 24 CFR 5.609(b)(9)(i) [24 CFR 5.609(b)(12)(iv) as updated for HOTMA].

PHA Policy

The PHA defines *training program* as “a learning process with goals and objectives, generally having a variety of components, and taking place in a series of sessions over a period of time. It is designed to lead to a higher level of proficiency, and it enhances the individual’s ability to obtain employment. It may have performance standards to measure proficiency. Training may include but is not limited to: (1) classroom training in a specific occupational skill, (2) on-the-job training with wages subsidized by the program, or (3) basic e

ducation” [expired Notice PIH 98-2, p. 3].

The PHA defines *incremental earnings and benefits* as the difference between (1) the total amount of welfare assistance and earnings of a family member prior to enrollment in a training program and (2) the total amount of welfare assistance and earnings of the family member after enrollment in the program [expired Notice PIH 98-2, pp. 3-4].

In calculating the incremental difference, the PHA will use as the pre-enrollment income the total annualized amount of the family member’s welfare assistance and earnings reported on the family’s most recently complete

d HUD-50058.

End of participation in a training program must be reported in accordance with the PHA’s interim reporting requirements (see Chapter 9).

- Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era [24 CFR 5.609(b)(13) as updated for HOTMA].
- Adoption assistance payments for a child in excess of the amount of the dependent deduction per adopted child [24 CFR 5.609(b)(15) as updated for HOTMA].
- Refunds or rebates on property taxes paid on the dwelling unit [24 CFR 5.609(b)(20) as updated for HOTMA].

- Amounts that HUD is required by federal statute to exclude from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(b) as updated for HOTMA apply. HUD will publish a notice in the *Federal Register* to identify the benefits that qualify for this exclusion. Updates will be published when necessary [24 CFR 5.609(b)(22) as updated for HOTMA].

HUD publishes an updated list of these exclusions periodically. The most recent list of exclusions was published in the *Federal Register* on January 31, 2024. It includes:

- (a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 (b)). This exclusion also applies to assets.
- (b) Benefits under Section 1780 of the Richard B. Russell School Lunch Act and Child Nutrition Act of 1966, including WIC and reduced-price lunches.
- (c) Payments, including for supportive services and reimbursement of out-of-pocket expenses, to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058). The exclusion also applies to assets.
 - Except, the exclusion does not apply when the Chief Executive Officer of the Corporation for National and Community Service determines that the value of all such payments, adjusted to reflect the number of hours such volunteers are serving, is equivalent to or greater than the minimum wage
 - then in effect under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) or the minimum wage, under the laws of the State where such volunteers are serving, whichever is the greater (42 U.S.C. 5044(f)(1)).
- (d) Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c)).
- (e) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 5506).
- (f) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f)(1)).
- (g) Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 which was reauthorized as the Workforce Innovation and Opportunity Act of 2014 (29 U.S.C. 3241(a)(2)).
- (h) Deferred disability benefits from the Department of Veterans Affairs, whether received as a lump sum or in monthly prospective amounts.
- (i) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Section 6).
- (j) Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b)).

- (k) A lump sum or periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the United States District Court case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010.
- (l) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408). This exclusion does not include proceeds of gaming operations regulated by the Commission (25 U.S.C. 1407–1408).
- (m) Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f)).
- (n) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent Orange* product liability litigation, M.D.L. No. 381 (E.D.N.Y.). This exclusion also applies to assets.
- (o) Payments received under 38 U.S.C. 1833(c) to children of Vietnam veterans born with spinal bifida, children of women Vietnam veterans born with certain birth defects, and children of certain Korean and Thailand service veterans born with spinal bifida (42 U.S.C. 12637(d)).
- (p) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721). This exclusion also applies to assets.
- (q) The value of any childcare provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Childcare and Development Block Grant Act of 1990 (42 U.S.C. 9858q).
- (r) Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j)). This exclusion also applies to assets.
- (s) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433). This exclusion also applies to assets.
- (t) Amounts of student financial assistance funded under Title IV of the Higher Education Act of 1965j, including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu).

For Section 8 programs only, any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income if the individual is over the age of 23 with dependent children (Pub. L. 109–115, section 327 (as amended)).

- (u) Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d)).

(v) Any amount of crime victim compensation that provides medical or other assistance (or payment or reimbursement of the cost of such assistance) under the Victims of Crime Act of 1984 received through a crime victim assistance program, unless the total amount of assistance that the applicant receives from all such programs is sufficient to fully compensate the applicant for losses suffered as a result of the crime (34 U.S.C. 20102(c)).

(w) Any amounts in an “individual development account” are excluded from assets and any assistance, benefit, or amounts earned by or provided to the individual development account are excluded from income, as provided by the Assets for Independence Act,

as amended (42 U.S.C. 604(h)(4)).

(x) Major disaster and emergency assistance received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act and comparable disaster assistance provided by states, local governments, and disaster assistance

organizations. This exclusion also applies to assets.

(y) Distributions from an ABLE account, distributions from and certain contributions to an ABLE account established under the ABLE Act of 2014 (Pub. L. 113–295.), as described in Notice PIH 2019–09 or subsequent or superseding notice is excluded from income and assets.

(z) The amount of any refund (or advance payment with respect to a refundable credit) issued under the Internal Revenue Code is excluded from income and assets for a period of 12 months from receipt (26 U.S.C. 6409).

(aa) Assistance received by a household under the Emergency Rental Assistance Program pursuant to the Consolidated Appropriations Act, 2021 (Pub. L. 116–260, section 501(j)), and the American Rescue Plan Act of 2021.

(ab) Per capita payments made from the proceeds of Indian Tribal Trust Settlements listed in IRS Notice 2013-1 and 2013-55 must be excluded from annual income unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe’s private bank account in which the Tribe has deposited the settlement proceeds. Such amounts received in excess of the Tribal Trust Settlement are included in the gross income of the members of the Tribe receiving the per capita payments as described in IRS Notice 2013-1. The first \$2,000 of per capita payments are also excluded from assets unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe’s private bank account in which the Tribe has deposited

the settlement proceeds (25 U.S.C. 117b(a), 25 U.S.C. 1407).

(ac) Any amounts (i) not actually received by the family, (ii) that would be eligible for exclusion under 42 U.S.C. 1382b(a)(7), and (iii) received for service-connected disability under 38 U.S.C. Chapter 11 or dependency and indemnity compensation under 38 U.S.C. Chapter 13 (25 U.S.C. 4103(9)(C)) as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111–269 section 2) to the definition of income applicable to programs under the Native American Housing Assistance and Se

If-Determination Act (NAHASDA) (25 U.S.C. 4101 et seq.).

6-I.M (G). ASSETS [24 CFR 5.609(b)(3); 24 CFR 5.603(b)]

Overview

There is no asset limitation for participation in the HCV program. However, HUD requires that the PHA include in annual income the anticipated “interest, dividends, and other net income of any kind from real or personal property” [24 CFR 5.609(b)(3)]. This section discusses how the income from various types of assets is determined. For most types of assets, the PHA must determine the value of the asset in order to compute income from the asset. Therefore, for each asset type, this section discusses:

- How the value of the asset will be determined
- How income from the asset will be calculated

Exhibit 6-1 provides the regulatory requirements for calculating income from assets [24 CFR 5.609(b)(3)], and Exhibit 6-3 provides the regulatory definition of *net family assets*. This section begins with a discussion of general policies related to assets and then provides HUD rules and PHA policies related to each type of asset.

Optional policies for family self-certification of assets are found in Chapter 7.

General Policies

Income from Assets

The PHA generally will use current circumstances to determine both the value of an asset and the anticipated income from the asset. As is true for all sources of income, HUD authorizes the PHA to use other than current circumstances to anticipate income when (1) an imminent change in circumstances is expected (2) it is not feasible to anticipate a level of income over 12 months or (3) the PHA believes that past income is the best indicator of anticipated income. For example, if a family member owns real property that typically receives rental income but the property is currently vacant, the PHA can take into consideration past rental income along with the prospects of obtaining a new tenant.

PHA Policy

Anytime current circumstances are not used to determine asset income, a clear rationale for the decision will be documented in the file. In such cases the family may present information and documentation to the PHA to show why the asset income determination does not represent the family’s anticipated asset income.

Valuing Assets

The calculation of asset income sometimes requires the PHA to make a distinction between an asset's market value and its cash value.

- The market value of an asset is its worth in the market (e.g., the amount a buyer would pay for real estate or the total value of an investment account).
- The cash value of an asset is its market value less all reasonable amounts that would be incurred when converting the asset to cash.

PHA Policy

Reasonable costs that would be incurred when disposing of an asset include, but are not limited to, penalties for premature withdrawal, broker and legal fees, and settlement costs incurred in real estate transactions [HCV GB, p. 5-28].

Lump-Sum Receipts

~~Payments that are received in a single lump sum, such as inheritances, capital gains, lottery winnings, insurance settlements, and proceeds from the sale of property, are generally considered assets, not income. However, such lump sum receipts are counted as assets only if they are retained by a family in a form recognizable as an asset (e.g., deposited in a savings or checking account) [RHHP FAQs]. (For a discussion of lump sum payments that represent the delayed start of a periodic payment, most of which are counted as income, see sections 6-I.H and 6-I.I.)~~

Lump-Sum Additions to Net Family Assets [24 CFR 5.609(b)(24)(viii) as updated for HOTMA; Notice PIH 2023-27]

~~The regulations exclude income from lump-sum additions to family assets, including lottery or other contest winnings as a type of nonrecurring income.~~

~~In addition, lump sums from insurance payments, settlements for personal or property losses, and recoveries from civil actions or settlements based on claims of malpractice, negligence, or other breach of duty owed to a family member arising out of law that resulted in a member of the family becoming a family member with a disability are excluded from income.~~

~~Further, deferred periodic amounts from Supplemental Security Income (SSI) and Social Security benefits that are received in a lump sum amount or in p~~

~~rospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts are also excluded from income.~~

~~However, these amounts may count toward net family assets. The PHA must consider any actual or imputed returns from assets as income at the next applicable income examination. In the case where the lump sum addition to assets would lead to imputed income, which is unearned income, that increases the family's annual adjusted income by 10 percent or more, then the addition of the lump sum to the family's assets will trigger an immediate interim reexamination of income in accordance with Chapter 9. This reexam~~

~~ination of income must take place as soon as the lump sum is added to the family's net family assets unless the addition takes place in the last three months of family's income certification period and the PHA chooses not to conduct the examination.~~

For a discussion of lump-sum payments that represent the delayed start of a periodic payment, most of which are counted as income, see sections 6-I.H and 6-I.I.

PHA Policy

Any lump-sum receipts are only counted as assets if they are retained by a family in a form recognizable as an asset. [RHIIP FAQs]. For example, if the family receives a \$1,000 lump sum for lottery winnings, and the family immediately spends the entire amount, the lump sum will not be counted toward net family assets.

Imputing Income from Assets [24 CFR 5.609(b)(3), Notice PIH 2012-29]

When net family assets are \$5,000 or less, the PHA will include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets in excess of \$5,000, the PHA will include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed income from assets is calculated by multiplying the total cash value of all family assets by an average passbook savings rate as determined by the PHA.

- Note: The HUD field office no longer provides an interest rate for imputed asset income. The “safe harbor” is now for the PHA to establish a passbook rate within 0.75 percent of a national average.
- The PHA must review its passbook rate annually to ensure that it remains within 0.75 percent of the national average.

PHA Policy

The PHA initially set the imputed asset passbook rate at the national rate established by the Federal Deposit Insurance Corporation (FDIC).

The PHA will review the passbook rate annually. The rate will not be adjusted unless the current PHA rate is no longer within 0.75 percent of the national rate. If it is no longer within 0.75 percent of the national rate, the passbook rate will be set at the current national rate.

~~Changes to the passbook rate will take effect on February 1 following the December review~~

The effective date of changes to the passbook rate will be determined at the time of the review.

Determining Actual Anticipated Income from Assets

It may or may not be necessary for the PHA to use the value of an asset to compute the actual anticipated income from the asset. When the value is required to compute the anticipated income from an asset, the market value of the asset is used. For example, if the asset is a property for which a family receives rental income, the anticipated income is determined by annualizing the actual monthly rental amount received for the property; it is not based on the property's market value. However, if the asset is a savings account, the anticipated income is determined by multiplying the market value of the account by the interest rate on the account.

Withdrawal of Cash or Liquidation of Investments

Any withdrawal of cash or assets from an investment will be included in income except to the extent that the withdrawal reimburses amounts invested by the family. For example, when a family member retires, the amount received by the family from a retirement investment plan is not counted as income until the family has received payments equal to the amount the family member deposited into the retirement investment plan.

Jointly Owned Assets

The regulation at 24 CFR 5.609(a)(4) specifies that annual income includes “amounts derived (during the 12-month period) from assets to which any member of the family has access.”

PHA Policy

If an asset is owned by more than one person and any family member has unrestricted access to the asset, the PHA will count the full value of the asset. A family member has unrestricted access to an asset when they can legally dispose of the asset without the consent of any of the other owners.

If an asset is owned by more than one person, including a family member, but the family member does not have unrestricted access to the asset, the PHA will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, the PHA will prorate the asset evenly among all owners.

Assets Disposed of for Less than Fair Market Value [24 CFR 5.603(b)]

HUD regulations require the PHA to count as a current asset any business or family asset that was disposed of for less than fair market value during the two years prior to the effective date of the examination/reexamination, except as noted below.

Minimum Threshold

The *HCV Guidebook* permits the PHA to set a threshold below which assets disposed of for less than fair market value will not be counted [HCV GB, p. 5-27].

PHA Policy

The PHA will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than \$1,000.

When the two-year period expires, the income assigned to the disposed asset(s) also expires. If the two-year period ends between annual recertifications, the family may request an interim recertification to eliminate consideration of the asset(s).

Assets placed by the family in nonrevocable trusts are considered assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgments.

Separation or Divorce

The regulation also specifies that assets are not considered disposed of for less than fair market value if they are disposed of as part of a separation or divorce settlement and the applicant or tenant receives important consideration not measurable in dollar terms.

PHA Policy

All assets disposed of as part of a separation or divorce settlement will be considered assets for which important consideration not measurable in monetary terms has been received. In order to qualify for this exemption, a family member must be subject to a formal separation or divorce settlement agreement established through arbitration, mediation, or court order.

Foreclosure or Bankruptcy

Assets are not considered disposed of for less than fair market value when the disposition is the result of a foreclosure or bankruptcy sale.

Family Declaration

PHA Policy

Families must sign a declaration form at initial certification and each annual recertification identifying all assets that have been disposed of for less than fair market value or declaring that no assets have been disposed of for less than fair market value. The PHA may verify the value of the assets disposed of if other information available to the PHA does not appear to agree with the information reported by the family.

Types of Assets

Checking and Savings Accounts

For regular checking accounts and savings accounts, *cash value* has the same meaning as *market value*. If a checking account does not bear interest, the anticipated income from the account is zero.

PHA Policy

~~In determining the value of a checking account, the PHA will use the average monthly balance for the last six months.~~

In determining the value of checking account and savings accounts, the PHA will use the current balance.

In determining the anticipated income from an interest-bearing checking or savings account, the PHA will multiply the value of the account by the current rate of interest paid on the account.

ABLE Accounts [24 CFR 5.609(b)(10) as updated for HOTMA; Notice PIH 2019-09]

~~An Achieving a Better Life Experience (ABLE) account is a type of tax-advantaged savings account that an eligible individual can use to pay for qualified disability expenses. Section 103 of the ABLE Act mandates that an individual's ABLE account (specifically, its account balance, contributions to the account, and distributions from the account) is excluded when determining the designated beneficiary's eligibility and continued occupancy under certain federal means-tested programs. The PHA must exclude the entire value of the individual's ABLE account from the household's assets. Distributions from the ABLE account are also not considered income. However, all wage income received, regardless of which account the money is paid to, is included as income.~~

Investment Accounts Such as Stocks, Bonds, Saving Certificates, and Money Market Funds

Interest or dividends earned by investment accounts are counted as actual income from assets even when the earnings are reinvested. The cash value of such an asset is determined by deducting from the market value any broker fees, penalties for early withdrawal, or other costs of converting the asset to cash.

PHA Policy

In determining the market value of an investment account, the PHA will use the value of the account on the most recent investment report.

How anticipated income from an investment account will be calculated depends on whether the rate of return is known.

For assets that are held in an investment account with a known rate of return (e.g., savings certificates), asset income will be calculated based on that known rate (market value multiplied by rate of earnings).

When the anticipated rate of return is not known (e.g., stocks), the PHA will calculate asset income based on the earnings for the most recent reporting period.

Equity in Real Property or Other Capital Investments

Equity (cash value) in a property or other capital asset is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset [HCV GB, p. 5-25].

PHA Policy

In determining the equity, the PHA will determine market value by examining recent sales of at least three properties in the surrounding or similar neighborhood that possess comparable factors that affect market value.

The PHA will first use the payoff amount for the loan (mortgage) as the unpaid balance to calculate equity. If the payoff amount is not available, the PHA will use the basic loan balance information to deduct from the market value in the equity calculation.

Equity in real property and other capital investments is considered in the calculation of asset income **except** for the following types of assets:

- Equity accounts in HUD homeownership programs [24 CFR 5.603(b)]
- The value of a home currently being purchased with assistance under the HCV program Homeownership Option for the first 10 years after the purchase date of the home [24 CFR 5.603(b), Notice PIH 2012-3]
- Equity in owner-occupied cooperatives and manufactured homes in which the family lives [HCV GB, p. 5-25]
- Equity in real property when a family member's main occupation is real estate [HCV GB, p. 5-25]. This real estate is considered a business asset, and income related to this asset will be calculated as described in section 6-I.F.

- Interests in Indian Trust lands [24 CFR 5.603(b)]
- Real property and capital assets that are part of an active business or farming operation [HCV GB, p. 5-25]

The PHA must also deduct from the equity the reasonable costs for converting the asset to cash. Using the formula for calculating equity specified above, the net cash value of real property is the market value minus the balance of the loan (mortgage) minus the expenses to convert to cash [Notice PIH 2012-3].

PHA Policy

For the purposes of calculating expenses to convert to cash for real property, the PHA will use ten percent of the market value of the home.

A family may have real property as an asset in two ways: (1) owning the property itself and (2) holding a mortgage or deed of trust on the property. In the case of a property owned by a family member, the anticipated asset income generally will be in the form of rent or other payment for the use of the property. If the property generates no income, actual anticipated income from the asset will be zero.

In the case of a mortgage or deed of trust held by a family member, the outstanding balance (unpaid principal) is the cash value of the asset. The interest portion only of payments made to the family in accordance with the terms of the mortgage or deed of trust is counted as anticipated asset income.

PHA Policy

In the case of capital investments owned jointly with others not living in a family's unit, a prorated share of the property's cash value will be counted as an asset unless the PHA determines that the family receives no income from the property and is unable to sell or otherwise convert the asset to cash.

Trusts [24 CFR 5.609(b)(2) as updated for HOTMA]

A *trust* is a legal arrangement generally regulated by state law in which one party (the creator or grantor) transfers property to a second party (the trustee) who holds the property for the benefit of one or more third parties (the beneficiaries).

The basis for determining how to treat trusts relies on information about who has access to either the principal in the account or the income from the account. There are two types of trusts, *revocable* and *irrevocable*.

When the creator sets up an *irrevocable trust*, the creator has no access to the funds in the account. Typically, special needs trusts are considered irrevocable. Irrevocable trusts not under the control of any member of the family are excluded from net family assets. The value of the trust continues to be excluded from net family assets so long as the fund continues to be held in a trust that is not revocable by, or under the control of, any member of the family or household [24 CFR 5.603(b)(4) as updated for HOTMA]. Further, where an irrevocable trust is excluded from net family assets, the PHA must not consider actual income earned by the trust (e.g., interest earned, rental income if property is held in the trust) for so long as the income from the trust is not distributed.

Revocable Trusts

~~If any member of a family has the right to withdraw the funds in a trust, the value of the trust is considered an asset [HCV GB, p. 5-25]. Any income earned as a result of investment of trust funds is counted as actual asset income, whether the income is paid to the family or deposited in the trust~~

Nonrevocable Trusts

~~In cases where a trust is not revocable by, or under the control of, any member of a family, the value of the trust fund is not considered an asset. However, any income distributed to the family from such a trust is counted as a periodic payment or a lump-sum receipt, as appropriate [24 CFR 5.603(b)]. (Periodic payments are covered in section 6 I.H. Lump-sum receipts are discussed earlier in this section.)~~

A revocable trust is a trust that the creator of the trust may amend or end (revoke). When there is a revocable trust, the creator has access to the funds in the trust account.

- A revocable trust that is under the control of the family is included in net family assets when the grantor is a member of the assisted family. If a revocable trust is included in the calculation of net family assets, then the actual income earned by the revocable trust is also included in the family's income. For example, interest earned or rental income if the property is held in the trust. The PHA must calculate imputed income on the revocable trust if net family assets are more than the HUD-published threshold amount, which is adjusted annually and listed in HUD's Inflation Adjusted Values tables (\$50,000 for 2024, and \$51,600 for 2025), and actual income from the trust cannot be calculated (e.g., if the trust is comprised of farmland that is not in use).
- A revocable trust that is not under the control of the family is excluded from net family assets. This happens when a member of the assisted family is the beneficiary of a revocable trust, but the grantor is not a member of the assisted family. In this case the beneficiary does not "own" the revocable trust, and the value of the trust is excluded from net family assets. For the revocable trust to be considered excluded from net family assets, no family or household member may be the account's trustee.

For both irrevocable and revocable trusts, if the value of the trust is not considered part of net family assets, then distributions from the trust are treated as follows:

- All distributions from the trust's principal are excluded from income.
- Distributions of income earned by the trust (i.e., interest, dividends, realized gains, or other earnings on the trust's principal), are included as income unless the distribution is used to pay for the health and medical expenses for a minor.

Retirement Accounts

Company Retirement/Pension Accounts

In order to correctly include or exclude as an asset any amount held in a company retirement or pension account by an employed person, the PHA must know whether the money is accessible before retirement [HCV GB, p. 5-26].

While a family member is employed, only the amount the family member can withdraw without retiring or terminating employment is counted as an asset [HCV GB, p. 5-26].

After a family member retires or terminates employment, any amount distributed to the family member is counted as a periodic payment or a lump-sum receipt, as appropriate [HCV GB, p. 5-26], except to the extent that it represents funds invested in the account by the family member. (For more on periodic payments, see

section 6-I.H.) The balance in the account is counted as an asset only if it remains accessible to the family member.

IRA, Keogh, and Similar Retirement Savings Accounts

IRA, Keogh, and similar retirement savings accounts are counted as assets even though early withdrawal would result in a penalty [HCV GB, p. 5-25].

Personal Property

Personal property held as an investment, such as gems, jewelry, coin collections, antique cars, etc., is considered an asset [HCV GB, p. 5-25].

PHA Policy

In determining the value of personal property held as an investment, the PHA will use the family's estimate of the value. The PHA may obtain an appraisal to confirm the value of the asset if there is reason to believe that the family's estimated value is off by \$50 or more. The family must cooperate with the appraiser, but cannot be charged any costs related to the appraisal.

Generally, personal property held as an investment generates no income until it is disposed of. If regular income is generated (e.g., income from renting the personal property), the amount that is expected to be earned in the coming year is counted as actual income from the asset.

Necessary items of personal property are not considered assets [24 CFR 5.603(b)].

PHA Policy

Necessary personal property consists of only those items not held as an investment, and may include clothing, furniture, household furnishings, jewelry, and vehicles, including those specially equipped for persons with disabilities.

Life Insurance

The cash value of a life insurance policy available to a family member before death, such as a whole life or universal life policy, is included in the calculation of the value of the family's assets [HCV GB 5-25]. The cash value is the surrender value. If such a policy earns dividends or interest that the family could elect to receive, the anticipated amount of dividends or interest is counted as income from the asset whether or not the family actually receives it.

6-I.H. PERIODIC PAYMENTS

Periodic payments are forms of income received on a regular basis. HUD regulations specify periodic payments that are and are not included in annual income.

Periodic Payments Included in Annual Income

- ~~Periodic payments from sources such as social security, unemployment and welfare assistance, annuities, insurance policies, retirement funds, and pensions. However, periodic payments from retirement accounts, annuities, and similar forms of investments are counted only after they exceed the amount contributed by the family [24 CFR 5.609(b)(4) and (b)(3)].~~
- ~~Disability or death benefits and lottery receipts paid periodically, rather than in a single lump sum [24 CFR 5.609(b)(4) and HCV, p. 5-14].~~

Lump-Sum Payments for the Delayed Start of a Periodic Payment

~~Most lump sums received as a result of delays in processing periodic payments, such as unemployment or welfare assistance, are counted as income. However, lump sum receipts for the delayed start of periodic social security or supplemental security income (SSI) payments are not counted as income. Additionally, any deferred disability benefits that are received in a lump sum or in prospective monthly amounts from the Department of Veterans Affairs are to be excluded from annual income [24 CFR 5.609(c)(14)].~~

PHA Policy

~~When a delayed start payment is received and reported during the period in which the PHA is processing an annual reexamination, the PHA will adjust the family share and PHA subsidy retroactively for the period the payment was intended to cover. The family may pay in full any amount due or request to enter into a repayment agreement with the PHA.~~

Treatment of Overpayment Deductions from Social Security Benefits

~~The PHA must make a special calculation of annual income when the Social Security Administration (SSA) overpays an individual, resulting in a withholding or deduction from his or her benefit amount until the overpayment is paid in full. The amount and duration of the withholding will vary depending on the amount of the overpayment and the percent of the benefit rate withheld. Regardless of the amount withheld or the length of the withholding period, the PHA must use the reduced benefit amount after deductin~~

~~g only the amount of the overpayment withholding from the gross benefit amount [Notice PIH 2012-10].~~

Periodic Payments Excluded from Annual Income

- ~~Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the assisted family, who are unable to live alone) [24 CFR 5.609(e)(2)]. Kinship guardianship assistance payments (Kin-GAP) and other similar guardianship payments are treated the same as foster care payments and are likewise excluded from annual income [Notice PIH 2012-1].~~

PHA Policy

~~The PHA will exclude payments for the care of foster children and foster adults only if the care is provided through an official arrangement with a local welfare agency [HCV GB, p. 5-18].~~

- ~~Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [24 CFR 5.609(e)(16)].~~
- ~~Amounts received under the Low Income Home Energy Assistance Program (42 U.S.C. 1626(e)) [24 CFR 5.609(e)(17)].~~
- ~~Amounts received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q) [24 CFR 5.609(e)(17)].~~
- ~~Earned Income Tax Credit (EITC) refund payments (26 U.S.C. 32(j)) [24 CFR 5.609(e)(17)]. Note: EITC may be paid periodically if the family elects to receive the amount due as part of payroll payments from an employer.~~
- ~~Lump sums received as a result of delays in processing Social Security and SSI payments (see section 6 I.H.) [24 CFR 5.609(e)(14)].~~
- ~~Lump sums or prospective monthly amounts received as deferred disability benefits from the Department of Veterans Affairs (VA) [24 CFR 5.609(e)(14)].~~

6.I.I. PAYMENTS IN LIEU OF EARNINGS

~~Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay, are counted as income [24 CFR 5.609(b)(5)] if they are received either in the form of periodic payments or in the form of a lump sum amount or prospective monthly amounts for the delayed start of a periodic payment. If they are received in a one-time lump sum (as a settlement, for instance), they are treated as lump sum receipts [24 CFR 5.609(e)(3)]. (See also the discussion of periodic~~

~~payments in section 6 I.H and the discussion of lump sum receipts in section 6 I.G.)~~

6-I.N J. WELFARE ASSISTANCE

Overview

Welfare assistance is counted in annual income. Welfare assistance includes Temporary Assistance for Needy Families (TANF) and any payments to individuals or families based on need that are made under programs funded separately or jointly by federal, state, or local governments [24 CFR 5.603(b)].

Sanctions Resulting in the Reduction of Welfare Benefits [24 CFR 5.615]

The PHA must make a special calculation of annual income when the welfare agency imposes certain sanctions on certain families. The full text of the regulation at 24 CFR 5.615 is provided as Exhibit 6-5. The requirements are summarized below. This rule applies only if a family was receiving HCV assistance at the time the sanction was imposed.

Covered Families

The families covered by 24 CFR 5.615 are those “who receive welfare assistance or other public assistance benefits (‘welfare benefits’) from a State or other public agency (‘welfare agency’) under a program for which Federal, State or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance” [24 CFR 5.615(b)]

Imputed Income

When a welfare agency imposes a sanction that reduces a family’s welfare income because the family commits fraud or fails to comply with the agency’s economic self-sufficiency program or work activities requirement, the PHA must include in annual income “imputed” welfare income. The PHA must request that the welfare agency provide the reason for the reduction of benefits and the amount of the reduction of benefits. The imputed welfare income is the amount that the benefits were reduced as a result of the sanction.

This requirement does not apply to reductions in welfare benefits: (1) at the expiration of the lifetime or other time limit on the payment of welfare benefits, (2) if a family member is unable to find employment even though the family member has complied with the welfare agency economic self-sufficiency or work activities requirements, or (3) because a family member has not complied with other welfare agency requirements [24 CFR 5.615(b)(2)].

Offsets

The amount of the imputed welfare income is offset by the amount of additional income the family begins to receive after the sanction is imposed. When the additional income equals or exceeds the imputed welfare income, the imputed income is reduced to zero [24 CFR 5.615(c)(4)].

6-I.O K. PERIODIC AND DETERMINABLE ALLOWANCES [24 CFR 5.609(b)(7)]

Annual income includes periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing with an assisted family.

Alimony and Child Support

The PHA must count alimony or child support amounts awarded as part of a divorce or separation agreement.

PHA Policy

The PHA will count court-awarded amounts for alimony and child support unless the PHA verifies that: (1) the payments are not being made, and (2) the family has made reasonable efforts to collect amounts due, including filing with courts or agencies responsible for enforcing payments [HCV GB, pp. 5-23 and 5-47].

Families who do not have court-awarded alimony and child support awards are not required to seek a court award and are not required to take independent legal action to obtain collection.

Regular Contributions or Gifts

~~The PHA must count as income regular monetary and nonmonetary contributions or gifts from persons not residing with an assisted family [24 CFR 5.609(b)(7)]. Temporary, nonrecurring, or sporadic income and gifts are not counted [24 CFR 5.609(e)(9)].~~

PHA Policy

~~Examples of regular contributions include: (1) regular payment of a family's bills (e.g., utilities, telephone, rent, credit cards, and car payments), (2) cash or other liquid assets provided to any family member on a regular basis, and (3) "in-kind" contributions such as groceries and clothing provided to a family on a regular basis.~~

~~Nonmonetary contributions will be valued at the cost of purchasing the items, as determined by the PHA. For contributions that may vary from month to month (e.g., utility payments), the PHA will include an average amount based upon past history.~~

~~6-LL. STUDENT FINANCIAL ASSISTANCE [24 CFR 5.609(b)(9); Notice PIH 2015-21]~~

~~In 2005, Congress passed a law (for Section 8 programs only) requiring that certain student financial assistance be included in annual income. Prior to that, the full amount of student financial assistance was excluded. For some students, the full exclusion still applies.~~

~~Student Financial Assistance Included in Annual Income [24 CFR 5.609(b)(9); FR 4/10/06; Notice PIH 2015-21]~~

~~The regulation requiring the inclusion of certain student financial assistance applies only to students who satisfy all of the following conditions:~~

- ~~• They are enrolled in an institution of higher education, as defined under the Higher Education Act (HEA) of 1965.~~
- ~~• They are seeking or receiving Section 8 assistance on their own—that is, apart from their parents—through the HCV program, the project-based voucher program, or the moderate rehabilitation program.~~

• ~~They are under 24 years of age OR they have no dependent children.~~

~~For students who satisfy these three conditions, any financial assistance in excess of tuition and any other required fees and charges received: (1) under the 1965 HEA, (2) from a private source, or (3) from an institution of higher education, as defined under the 1965 HEA, must be included in annual income.~~

~~To determine annual income in accordance with the above requirements, the PHA will use the definitions of dependent child, institution of higher education, and parents in section 3 II.E, along with the following definitions [FR 4/10/06, pp. 18148-18150]:~~

- ~~• Assistance under the Higher Education Act of 1965 includes Pell Grants, Federal Supplement Educational Opportunity Grants, Academic Achievement Incentive Scholarships, State Assistance under the Leveraging Educational Assistance Partnership Program, the Robert G. Byrd Honors Scholarship Program, and Federal Work Study programs.~~
- ~~• Assistance from private sources means assistance from nongovernmental sources, including parents, guardians, and other persons not residing with the student in an HCV-assisted unit.~~
- ~~• Tuition and fees are defined in the same manner in which the Department of Education defines tuition and fees [Notice PIH 2015-21].~~
 - ~~— This is the amount of tuition and required fees covering a full academic year most frequently charged to students.~~
 - ~~— The amount represents what a typical student would be charged and may not be the same for all students at an institution.~~
 - ~~— If tuition is charged on a per-credit hour basis, the average full-time credit hour load for an academic year is used to estimate average tuition.~~
 - ~~— Required fees include all fixed-sum charges that are required of a large proportion of all students. Examples include, but are not limited to, writing and science lab fees and fees specific to the student's major or program (i.e., nursing program).~~
 - ~~— Expenses related to attending an institution of higher education must **not** be included as tuition. Examples include, but are not limited to, room and board, books, supplies, meal plans, transportation and parking, student health insurance plans, and other non-fixed-sum charges.~~

Student Financial Assistance Excluded from Annual Income [24 CFR 5.609(e)(6)]

~~Any student financial assistance not subject to inclusion under 24 CFR 5.609(b)(9) is fully excluded from annual income under 24 CFR 5.609(e)(6), whether it is paid directly to the student or to the educational institution the student is attending. This includes any financial assistance received by:~~

- ~~• Students residing with parents who are seeking or receiving Section 8 assistance~~
- ~~• Students who are enrolled in an educational institution that does **not** meet the 1965 HEA definition of institution of higher education~~
- ~~• Students who are over 23 **AND** have at least one dependent child, as defined in section 3 II.E~~
- ~~• Students who are receiving financial assistance through a governmental program not authorized under the 1965 HEA.~~

~~6.I.M. ADDITIONAL EXCLUSIONS FROM ANNUAL INCOME~~

~~Other exclusions contained in 24 CFR 5.609(e) that have not been discussed earlier in this chapter include the following:~~

- ~~• Reimbursement of medical expenses [24 CFR 5.609(e)(4)]~~
- ~~• Amounts received by participants in other publicly assisted programs which are specifically for or in reimbursement of out of pocket expenses incurred and which are made solely to allow participation in a specific program [24 CFR 5.609(e)(8)(iii)]~~
- ~~• Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS) [(24 CFR 5.609(e)(8)(ii))]~~
- ~~• Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era [24 CFR 5.609(e)(10)]~~
- ~~• Adoption assistance payments in excess of \$480 per adopted child [24 CFR 5.609(e)(12)]~~
- ~~• Refunds or rebates on property taxes paid on the dwelling unit [24 CFR 5.609(e)(15)]~~
- ~~• Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [24 CFR 5.609(e)(16)]~~
- ~~• Amounts specifically excluded by any other federal statute [24 CFR 5.609(e)(17), FR Notice 5/20/14]. HUD publishes an updated list of these exclusions periodically. It includes:~~
 - ~~(c) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b))~~
 - ~~(d) Benefits under Section 1780 of the School Lunch Act and Child Nutrition Act of 1966, including WIC~~
 - ~~(e) Payments to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058)~~
 - ~~(d) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(e))~~
 - ~~(e) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e)~~
 - ~~(f) Payments or allowances made under the Department of Health and Human Services' Low Income Home Energy Assistance Program (42 U.S.C. 8624(f))~~
 - ~~(g) Payments received under programs funded in whole or in part under the Workforce Investment Act of 1998 (29 U.S.C. 2931)~~
 - ~~(h) Deferred disability benefits from the Department of Veterans Affairs, whether received as a lump sum or in monthly prospective amounts~~
 - ~~(i) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04)~~

- ~~(j) Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b))~~
- ~~(k) A lump sum or periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the United States District Court case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010~~
- ~~(l) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408)~~
- ~~(m) Benefits under the Indian Veterans Housing Opportunity Act of 2010 (only applies to Native American housing programs)~~
- ~~(n) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f))~~
- ~~(o) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent Orange* product liability litigation, M.D.L. No. 381 (E.D.N.Y.)~~
- ~~(p) Payments received under 38 U.S.C. 1833(e) to children of Vietnam veterans born with spinal bifida, children of women Vietnam veterans born with certain birth defects, and children of certain Korean service veterans born with spinal bifida~~
- ~~(q) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721)~~
- ~~(r) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q)~~
- ~~(s) Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j))~~
- ~~(t) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433)~~
- ~~(u) Amounts of scholarships funded under Title IV of the Higher Education Act of 1965j, including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu). For Section 8 programs, the exception found in § 237 of Public Law 109-249 applies and requires that the amount of financial assistance in excess of tuition and mandatory fees shall be considered income in accordance with the provisions codified at 24 CFR 5.609(b)(9), except for those persons with disabilities as defined by 42 U.S.C. 1437a(b)(3)(E) (Pub. L. 109-249) (See Section 6-I.L. for exceptions.)~~
- ~~(v) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))~~

- ~~(w) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602)~~
- ~~(x) Any amounts in an "individual development account" as provided by the Assets for Independence Act, as amended in 2002~~
- ~~(y) Payments made from the proceeds of Indian tribal trust cases as described in Notice PIH 2013-30, "Exclusion from Income of Payments under Recent Tribal Trust Settlements" (25 U.S.C. 117b(a))~~
- ~~(z) Major disaster and emergency assistance received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act and comparable disaster assistance provided by states, local governments, and disaster assistance organizations~~

PART II: ADJUSTED INCOME

6-II.A. INTRODUCTION

Overview

HUD regulations require PHAs to deduct from annual income any of five mandatory deductions for which a family qualifies. The resulting amount is the family's adjusted income. Mandatory deductions are found in 24 CFR 5.611.

5.611(a) Mandatory deductions. In determining adjusted income, the responsible entity [PHA] must deduct the following amounts from annual income:

- (1) \$480 for each dependent;
- (2) \$400 for any elderly family or disabled family;
- (3) The sum of the following, to the extent the sum exceeds three percent of annual income:
 - (i) Unreimbursed **health and medical care** ~~medical~~ expenses of any elderly family or disabled family;
 - (ii) Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and
- (4) Any reasonable childcare expenses necessary to enable a member of the family to be employed or to further his or her education.

This part covers policies related to these mandatory deductions. Verification requirements related to these deductions are found in Chapter 7.

Anticipating Expenses

PHA Policy

Generally, the PHA will use current circumstances to anticipate expenses. When possible, for costs that are expected to fluctuate during the year (e.g., childcare during school and nonschool periods and cyclical medical expenses), the PHA will estimate costs based on historic data and known future costs.

If a family has an accumulated debt for medical or disability assistance expenses, the PHA will include as an eligible expense the portion of the debt that the family expects to pay during the period for which the income determination is being made. However, amounts previously deducted will not be allowed even if the amounts were not paid as expected in a preceding period. The PHA may require the family to provide documentation of payments made in the preceding year.

6-II.B. DEPENDENT DEDUCTION

An allowance of \$480 is deducted from annual income for each dependent [24 CFR 5.611(a)(1)]. *Dependent* is defined as any family member other than the head, spouse, or cohead who is under the age of 18 or who is 18 or older and is a person with disabilities or a full-time student. Foster children, foster adults, and live-in aides are never considered dependents [24 CFR 5.603(b) **as updated for HOTMA**].

6-II.C. ELDERLY OR DISABLED FAMILY DEDUCTION

A single deduction of \$400 is taken for any elderly or disabled family [24 CFR 5.611(a)(2)]. An *elderly family* is a family whose head, spouse, cohead, or sole member is 62 years of age or older, and a *disabled family* is a family whose head, spouse, cohead, or sole member is a person with disabilities [24 CFR 5.403].

6-II.D. HEALTH AND MEDICAL CARE ~~MEDICAL~~ EXPENSES DEDUCTION [24 CFR 5.611(a)(3)(i) and 5.603(b) as updated for HOTMA]

Unreimbursed ~~health and medical care medical~~ expenses may be deducted to the extent that, in combination with any disability assistance expenses, they exceed three percent of annual income.

The ~~medical health and medical care~~ expense deduction is permitted only for families in which the head, spouse, or cohead is at least 62 or is a person with disabilities. If a family is eligible for a ~~health and medical care medical~~ expense deduction, the medical expenses of all family members are counted [VG, p. 28].

Definition of Medical Expenses

~~HUD regulations define medical expenses at 24 CFR 5.603(b) to mean “medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance.”~~

HUD regulations define *health and medical care expenses* at 24 CFR 5.603(b) (as updated for HOTMA) to mean “any costs incurred in the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body. Health and medical care expenses include medical insurance premiums and long-term care premiums that are paid or anticipated during the period for which annual income is computed.” Health and medical care expenses may be deducted from annual income only if they are eligible under this definit

ion and not otherwise reimbursed.

Although HUD revised the definition of *health and medical care expenses* to reflect the Internal Revenue Service (IRS) general definition of medical expenses, HUD is not permitting PHAs to specifically align their policies to IRS Publication 502. PHAs must review each expense to determine whether it is eligible in accordance with HUD’s definition. While PHA policies may not specifically align with IRS Publication 502, HUD recommends PHAs use it as a standard for determining allowable expenses, and the PHA may list examples of allowable expenses in their policy provided they comply with HUD’s definition at 24 CFR 5.603 as updated for HOTMA. The PHA may not define *health and medical care expenses* more narrowly than the regulation.

PHA Policy

The PHA will use the most current IRS Publication 502, ~~Medical and Dental Expenses~~, ~~will be used as a reference to determine the costs that qualify as medical expenses~~, as a standard for determining if expenses claimed by eligible families qualify as health and medical care expenses. However, under no circumstances will the PHA deduct any expenses listed in IRS Publication 502 that do not conform with HUD’s definition of *health and medical care expenses*.

**Summary of Typical Allowable Health and Medical Care Medical Expenses
from IRS Publications 502**

<p>Services of medical professionals</p> <p>Surgery and medical procedures that are necessary, legal, and non-cosmetic</p> <p>Services of medical facilities</p> <p>Hospitalization, long-term care, and in-home nursing services</p> <p>Prescription medicines and insulin, but <u>not</u> nonprescription medicines even if recommended by a doctor</p> <p>Improvements to housing directly related to medical needs (e.g., ramps for a wheelchair, handrails)</p> <p>Medical insurance premiums or the cost of a health maintenance organization (HMO)</p> <p>Medicare Part B and Part D premiums</p>	<p>Substance abuse treatment programs</p> <p>Psychiatric treatment</p> <p>Ambulance services and some costs of transportation related to medical expenses. The PHA will use the most current medical mileage rate listed in IRS Publication 502.</p> <p>The cost and care of necessary equipment related to a medical condition (e.g., eyeglasses/lenses, hearing aids, crutches, and artificial teeth)</p> <p>Cost and continuing care of necessary service animals</p> <p>The costs of buying, training, and maintaining a guide dog or other service animal to assist a visually impaired or hearing disabled person, or a person with other physical disabilities. In general, this includes any costs, such as food, grooming, and veterinary care, incurred in maintaining the health and vitality of the service animal so that it may perform its duties.</p> <p>Medical insurance premiums or the cost of a health maintenance organization (HMO)</p>
--	--

Note: This chart provides a summary of eligible **health and medical care** expenses only. In all cases, the PHA will consider whether health and medical expenses care expenses claimed by the family are eligible under HUD's definition.

~~Detailed information is provided in IRS Publication 502. Medical expenses are considered only to the extent they are reimbursed by insurance or some other sources.~~

Families That Qualify for Both ~~Health and Medical Care Medical~~ and Disability Assistance Expenses

PHA Policy

This policy applies only to families in which the head, spouse, or cohead is 62 or older or is a person with disabilities.

When expenses anticipated by a family could be defined as either ~~health and medical care medical~~ or disability assistance expenses, the PHA will consider them ~~health and medical care medical~~ expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.

6-II.E. DISABILITY ASSISTANCE EXPENSES DEDUCTION [24 CFR 5.603(b) and 24 CFR 5.611(a)(3)(ii)]

Reasonable expenses for attendant care and auxiliary apparatus for a disabled family member may be deducted if they: (1) are necessary to enable a family member 18 years or older to work, (2) are not paid to a family member or reimbursed by an outside source, (3) in combination with any medical expenses, exceed three percent of annual income, and (4) do not exceed the earned income received by the family member who is enabled to work.

Earned Income Limit on the Disability Assistance Expense Deduction

A family can qualify for the disability assistance expense deduction only if at least one family member (who may be the person with disabilities) is enabled to work [24 CFR 5.603(b)].

The disability expense deduction is capped by the amount of “earned income received by family members who are 18 years of age or older and who are able to work” because of the expense [24 CFR 5.611(a)(3)(ii)]. The earned income used for this purpose is the amount verified before any income exclusions are applied.

PHA Policy

The family must identify the family members enabled to work as a result of the disability assistance expenses. In evaluating the family’s request, the PHA will consider factors such as how the work schedule of the relevant family members relates to the hours of care provided, the time required for transportation, the relationship of the family members to the person with disabilities, and any special needs of the person with disabilities that might determine which family members are enabled to work.

When the PHA determines that the disability assistance expenses enable more than one family member to work, the expenses will be capped by the sum of the family members’ incomes.

Eligible Disability Expenses

Examples of auxiliary apparatus are provided in the *HCV Guidebook* as follows: “Auxiliary apparatus are items such as wheelchairs, ramps, adaptations to vehicles, or special equipment to enable a blind person to read or type, but only if these items are directly related to permitting the disabled person or other family member to work” [HCV GB, p. 5-30].

HUD advises PHAs to further define and describe auxiliary apparatus [VG, p. 30].

Eligible Auxiliary Apparatus

PHA Policy

Expenses incurred for maintaining or repairing an auxiliary apparatus are eligible. In the case of an apparatus that is specially adapted to accommodate a person with disabilities (e.g., a vehicle or computer), the cost to maintain the special adaptations (but not maintenance of the apparatus itself) is an eligible expense. The cost of service animals trained to give assistance to persons with disabilities, including the cost of acquiring the animal, veterinary care, food, grooming, and other continuing costs of care, will be included.

Eligible Attendant Care

The family determines the type of attendant care that is appropriate for the person with disabilities.

PHA Policy

Attendant care includes, but is not limited to, reasonable costs for home medical care, nursing services, in-home or center-based care services, interpreters for persons with hearing impairments, and readers for persons with visual disabilities.

Attendant care expenses will be included for the period that the person enabled to work is employed plus reasonable transportation time. The cost of general housekeeping and personal services is not an eligible attendant care expense. However, if the person enabled to work is the person with disabilities, personal services necessary to enable the person with disabilities to work are eligible.

If the care attendant also provides other services to the family, the PHA will prorate the cost and allow only that portion of the expenses attributable to attendant care that enables a family member to work. For example, if the care provider also cares for a child who is not the person with disabilities, the cost of care must be prorated. Unless otherwise specified by the care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

Payments to Family Members

No disability assistance expenses may be deducted for payments to a member of an assisted family [24 CFR 5.603(b)]. However, expenses paid to a relative who is not a member of the assisted family may be deducted if they are not reimbursed by an outside source.

Necessary and Reasonable Expenses

The family determines the type of care or auxiliary apparatus to be provided and must describe how the expenses enable a family member to work. The family must certify that the disability assistance expenses are necessary and are not paid or reimbursed by any other source.

PHA Policy

The PHA determines the reasonableness of the expenses based on typical costs of care or apparatus in the locality. To establish typical costs, the PHA will collect information from organizations that provide services and support to persons with disabilities. A family may present, and the PHA will consider, the family's justification for costs that exceed typical costs in the area.

Families That Qualify for Both Medical and Disability Assistance Expenses

PHA Policy

This policy applies only to families in which the head or spouse is 62 or older or is a person with disabilities.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, the PHA will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.

6-II.F. CHILDCARE EXPENSE DEDUCTION

HUD defines *childcare expenses* at 24 CFR 5.603(b) as “amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for childcare. In the case of childcare necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.”

Clarifying the Meaning of *Child* for This Deduction

Childcare expenses do not include child support payments made to another on behalf of a minor who is not living in an assisted family’s household [VG, p. 26]. However, childcare expenses for foster children that are living in the assisted family’s household are included when determining the family’s childcare expenses [HCV GB, p. 5-29].

Qualifying for the Deduction

Determining Who Is Enabled to Pursue an Eligible Activity

PHA Policy

The family must identify the family member(s) enabled to pursue an eligible activity. The term *eligible activity* in this section means any of the activities that may make the family eligible for a childcare deduction (seeking work, pursuing an education, or being gainfully employed).

In evaluating the family’s request, the PHA will consider factors such as how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

Seeking Work

PHA Policy

If the childcare expense being claimed is to enable a family member to seek employment, the family must provide evidence of the family member’s efforts to obtain employment at each reexamination. The deduction may be reduced or denied if the family member’s job search efforts are not commensurate with the childcare expense being allowed by the PHA.

Furthering Education

PHA Policy

If the childcare expense being claimed is to enable a family member to further their education, the member must be enrolled in school (academic or vocational) or participating in a formal training program. The family member is not required to be a full-time student, but the time spent in educational activities must be commensurate with the childcare claimed.

Being Gainfully Employed

PHA Policy

If the childcare expense being claimed is to enable a family member to be gainfully employed, the family must provide evidence of the family member's employment during the time that childcare is being provided. Gainful employment is any legal work activity (full- or part-time) for which a family member is compensated.

Earned Income Limit on Childcare Expense Deduction

When a family member looks for work or furthers their education, there is no cap on the amount that may be deducted for childcare – although the care must still be necessary and reasonable. However, when childcare enables a family member to work, the deduction is capped by “the amount of employment income that is included in annual income” [24 CFR 5.603(b)].

The earned income used for this purpose is the amount of earned income verified after any income exclusions are applied.

When the person who is enabled to work is a full-time student whose earned income above \$480 is excluded, childcare costs related to enabling a family member to work may not exceed the portion of the person's earned income that actually is included in annual income.

The PHA must not limit the deduction to the least expensive type of childcare. If the care allows the family to pursue more than one eligible activity, including work, the cap is calculated in proportion to the amount of time spent working [HCV GB, p. 5-30].

PHA Policy

When the childcare expense being claimed is to enable a family member to work, only one family member's income will be considered for a given period of time. When more than one family member works during a given period, the PHA generally will limit allowable childcare expenses to the earned income of the lowest-paid member. The family may provide information that supports a request to designate another family member as the person enabled to work.

Eligible Childcare Expenses

The type of care to be provided is determined by the assisted family. The PHA may not refuse to give a family the childcare expense deduction because there is an adult family member in the household that may be available to provide childcare [VG, p. 26].

Allowable Childcare Activities

PHA Policy

For school-age children, costs attributable to public or private school activities during standard school hours are not considered. Expenses incurred for supervised activities after school or during school holidays (e.g., summer day camp, after-school sports league) are allowable forms of childcare.

The costs of general housekeeping and personal services are not eligible. Likewise, childcare expenses paid to a family member who lives in the family's unit are not eligible; however, payments for childcare to relatives who do not live in the unit are eligible.

If a childcare provider also renders other services to a family or childcare is used to enable a family member to conduct activities that are not eligible for consideration, the PHA will prorate the costs and allow only that portion of the expenses that is attributable to childcare for eligible activities. For example, if the care provider also cares for a child with disabilities who is 13 or older, the cost of care will be prorated. Unless otherwise specified by the childcare provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

Necessary and Reasonable Costs

Childcare expenses will be considered necessary if: (1) a family adequately explains how the care enables a family member to work, actively seek employment, or further their education, and (2) the family certifies, and the childcare provider verifies, that the expenses are not paid or reimbursed by any other source.

PHA Policy

Childcare expenses will be considered for the time required for the eligible activity plus reasonable transportation time. For childcare that enables a family member to go to school, the time allowed may include not more than one study hour for each hour spent in class.

To establish the reasonableness of childcare costs, the PHA will use the schedule of childcare costs from a qualified local entity that either subsidizes childcare costs or licenses childcare providers. Families may present, and the PHA will consider, justification for costs that exceed typical costs in the area.

PART III: CALCULATING FAMILY SHARE AND PHA SUBSIDY

6-III.A. OVERVIEW OF RENT AND SUBSIDY CALCULATIONS

TTP Formula [24 CFR 5.628]

HUD regulations specify the formula for calculating the total tenant payment (TTP) for an assisted family. TTP is the highest of the following amounts, rounded to the nearest dollar:

- 30 percent of the family's monthly adjusted income (adjusted income is defined in Part II)
- 10 percent of the family's monthly gross income (annual income, as defined in Part I, divided by 12)
- The welfare rent (in as-paid states only)
- A minimum rent between \$0 and \$50 that is established by the PHA

The PHA has authority to suspend and exempt families from minimum rent when a financial hardship exists, as defined in section 6-III.B.

The amount that a family pays for rent and utilities (the family share) will never be less than the family's TTP but may be greater than the TTP depending on the rent charged for the unit the family selects.

Welfare Rent [24 CFR 5.628]

PHA Policy

Welfare rent does not apply in this locality.

Minimum Rent [24 CFR 5.630]

PHA Policy

The minimum rent for this locality is \$0.

Family Share [24 CFR 982.305(a)(5)]

If a family chooses a unit with a gross rent (rent to owner plus an allowance for tenant-paid utilities) that exceeds the PHA's applicable payment standard: (1) the family will pay more than the TTP, and (2) at initial occupancy the PHA may not approve the tenancy if it would require the family share to exceed 40 percent of the family's monthly adjusted income. (For a discussion of the application of payment standards, see section 6-III.C.)

PHA Subsidy [24 CFR 982.505(b)]

The PHA will pay a monthly housing assistance payment (HAP) for a family that is equal to the lower of (1) the applicable payment standard for the family minus the family's TTP or (2) the gross rent for the family's unit minus the TTP. (For a discussion of the application of payment standards, see section 6-III.C.)

Utility Reimbursement [24 CFR 982.514(b); 982.514(c)]

When the PHA subsidy for a family exceeds the rent to owner, the family is due a utility reimbursement. HUD permits the PHA to pay the reimbursement to the family or directly to the utility provider.

PHA Policy

The PHA will make utility reimbursements to the family.

The PHA may make all utility reimbursement payments to qualifying families on a monthly basis or may make quarterly payments when the monthly reimbursement amount is \$15.00 or less. Reimbursements must be made once per calendar-year quarter and must be prorated if the family leaves the program in advance of its next quarterly reimbursement. The PHA must also adopt hardship policies for families for whom receiving quarterly reimbursement would create a financial hardship.

PHA Policy

The PHA will issue all utility reimbursements monthly.

6-III.B. FINANCIAL HARDSHIPS AFFECTING MINIMUM RENT [24 CFR 5.630]

PHA Policy

The financial hardship rules described below do not apply in this jurisdiction because the PHA has established a minimum rent of \$0.

Overview

If the PHA establishes a minimum rent greater than zero, the PHA must grant an exemption from the minimum rent if a family is unable to pay the minimum rent because of financial hardship.

The financial hardship exemption applies only to families required to pay the minimum rent. If a family's TTP is higher than the minimum rent, the family is not eligible for a hardship exemption. If the PHA determines that a hardship exists, the family share is the highest of the remaining components of the family's calculated TTP.

HUD-Defined Financial Hardship

Financial hardship includes the following situations:

- (1) The family has lost eligibility for or is awaiting an eligibility determination for a federal, state, or local assistance program. This includes a family member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.

PHA Policy

A hardship will be considered to exist only if the loss of eligibility has an impact on the family's ability to pay the minimum rent.

For a family waiting for a determination of eligibility, the hardship period will end as of the first of the month following: (1) implementation of assistance, if approved, or (2) the decision to deny assistance. A family whose request for assistance is denied may request a hardship exemption based upon one of the other allowable hardship circumstances.

- (2) The family would be evicted because it is unable to pay the minimum rent.

PHA Policy

For a family to qualify under this provision, the cause of the potential eviction must be the family's failure to pay rent to the owner or tenant-paid utilities.

- (3) Family income has decreased because of changed family circumstances, including the loss of employment.

(4) A death has occurred in the family.

PHA Policy

In order to qualify under this provision, a family must describe how the death has created a financial hardship (e.g., because of funeral-related expenses or the loss of the family member's income).

(5) The family has experienced other circumstances determined by the PHA.

PHA Policy

The PHA has not established any additional hardship criteria.

Implementation of Hardship Exemption

Determination of Hardship

When a family requests a financial hardship exemption, the PHA must suspend the minimum rent requirement beginning the first of the month following the family's request.

The PHA then determines whether the financial hardship exists and whether the hardship is temporary or long-term.

PHA Policy

The PHA defines temporary hardship as a hardship expected to last 90 days or less. Long-term hardship is defined as a hardship expected to last more than 90 days.

When the minimum rent is suspended, the family share reverts to the highest of the remaining components of the calculated TTP. The example below demonstrates the effect of the minimum rent exemption.

Example: Impact of Minimum Rent Exemption	
Assume the PHA has established a minimum rent of \$50.	
Family Share – No Hardship	Family Share – With Hardship
\$0 30% of monthly adjusted income	\$0 30% of monthly adjusted income
\$15 10% of monthly gross income	\$15 10% of monthly gross income
N/A Welfare rent	N/A Welfare rent
\$50 Minimum rent	\$50 Minimum rent
Minimum rent applies. TTP = \$50	Hardship exemption granted. TTP = \$15

PHA Policy

To qualify for a hardship exemption, a family must submit a request for a hardship exemption in writing. The request must explain the nature of the hardship and how the hardship has affected the family's ability to pay the minimum rent.

The PHA will make the determination of hardship within 30 calendar days.

No Financial Hardship

If the PHA determines there is no financial hardship, the PHA will reinstate the minimum rent and require the family to repay the amounts suspended.

PHA Policy

The PHA will require the family to repay the suspended amount within 30 calendar days of the PHA's notice that a hardship exemption has not been granted.

Temporary Hardship

If the PHA determines that a qualifying financial hardship is temporary, the PHA must suspend the minimum rent for the 90-day period beginning the first of the month following the date of the family's request for a hardship exemption.

At the end of the 90-day suspension period, the family must resume payment of the minimum rent and must repay the PHA the amounts suspended. HUD requires the PHA to offer a reasonable repayment agreement, on terms and conditions established by the PHA. The PHA also may determine that circumstances have changed and the hardship is now a long-term hardship.

PHA Policy

The PHA will enter into a repayment agreement in accordance with the procedures found in Chapter 16 of this plan.

Long-Term Hardship

If the PHA determines that the financial hardship is long-term, the PHA must exempt the family from the minimum rent requirement for so long as the hardship continues. The exemption will apply from the first of the month following the family's request until the end of the qualifying hardship. When the financial hardship has been determined to be long-term, the family is not required to repay the minimum rent.

PHA Policy

The hardship period ends when any of the following circumstances apply:

- (1) At an interim or annual reexamination, the family's calculated TTP is greater than the minimum rent.
- (2) For hardship conditions based on loss of income, the hardship condition will continue to be recognized until new sources of income are received that are at least equal to the amount lost. For example, if a hardship is approved because a family no longer receives a \$60/month child support payment, the hardship will continue to exist until the family receives at least \$60/month in income from another source or once again begins to receive the child support.
- (3) For hardship conditions based upon hardship-related expenses, the minimum rent exemption will continue to be recognized until the cumulative amount exempted is equal to the expense incurred.

6-III.C. APPLYING PAYMENT STANDARDS [24 CFR 982.505(c) and Notice PIH 2024-34]

Overview

The PHA's schedule of payment standards is used to calculate housing assistance payments for HCV families. This section covers the application of the PHA's payment standards. The establishment and revision of the PHA's payment standard schedule are covered in Chapter 16.

Payment standard is defined as "the maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family)" [24 CFR 982.4(b)].

The payment standard for a family is the lower of (1) the payment standard for the family unit size, which is defined as the appropriate number of bedrooms for the family under the PHA's subsidy standards [24 CFR 982.4(b)], or (2) the payment standard for the size of the dwelling unit rented by the family [24 CFR 982.505(c)(1)].

If the PHA has established an exception payment standard for a designated part of ~~a zip code area or~~ an FMR area in accordance with 24 CFR 982.503 and a family's unit is located in the designated area, the PHA must use the appropriate payment standard for the exception area [24 CFR 982.505(c)(2)].

The PHA is required to pay a monthly housing assistance payment (HAP) for a family that is the lower of (1) the payment standard for the family minus the family's TTP or (2) the gross rent for the family's unit minus the TTP.

If during the term of the HAP contract for a family's unit, the owner lowers the rent, the PHA will recalculate the HAP using the lower of the initial payment standard or the gross rent for the unit [HCV GB, p. 7-8].

Changes in Payment Standards

When the PHA revises its payment standards during the term of the HAP contract for a family's unit, it will apply the new payment standards in accordance with HUD regulations. Regulations governing increases and decreases in the payment standard have changed, with a required compliance date of December 3, 2024.

Decreases [24 CFR 982.505(c)(3) and Notice PIH 2024-34]

~~If a PHA changes its payment standard schedule, resulting in a lower payment standard amount, during the term of a HAP contract, the PHA is not required to reduce the payment standard used to calculate for families under HPA contract as long as the HAP contract remains in effect [FR Notice 11/16/16].~~

~~However, if the PHA does choose to reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard amount. At that point, the PHA may either reduce the payment standard to the current amount in effect on the PHA's payment standard schedule, or may reduce the payment standard to another amount that is higher than the normally applicable amount on the schedule. The PHA may also establish different policies for designated areas within their jurisdiction (eg., different zip code areas).~~

For new HAP contracts, the PHA applies the payment standard in effect at the time of HAP contract execution. The PHA must administer decreases in the payment standard amount for the family in accordance with the PHA policy as described in the administrative plan and apply the policy consistently to all families.

If a PHA changes its payment standard schedule, resulting in a lower payment standard amount, during the term of a HAP contract, the PHA is not required to reduce the payment standard used to calculate subsidy for families under HAP contract as long as the HAP contract remains in effect.

Changes effective 12/2/24 and earlier: If the PHA does choose to reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard amount.

Changes effective 12/3/24 and later: If the PHA does choose to reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than two years following the effective date of the decrease in the payment standard and only with proper written notice to the family in accordance with 24 CFR 982.505(c)(3)(iii).

At that point, the PHA may either reduce the payment standard to the current amount in effect on the PHA's payment standard schedule or may reduce the payment standard to another amount that is higher than the normally applicable amount on the schedule. The PHA may also establish different policies for designated areas within their jurisdiction (e.g., different zip code areas).

In any case, the PHA must provide the family with at least 12 months' notice that the payment standard is being reduced before the effective date of the change. **In the written notice, the PHA must state the new payment standard amount, explain that the family's new payment standard amount will be the greater of the amount listed in the current written notice or the new amount (if any) on the PHA's payment standard schedule at the end of the 12-month period, and make clear where the family will find the PHA's payment standard schedule.** The PHA's policy on decreases in the payment standard during the term of the HAP contract apply to all families under HAP contract at the time of the effective date of the decrease in the payment standard within the designated area.

PHA Policy

If a PHA changes its payment standard schedule resulting in a lower payment standard amount, during the term of a HAP Contract, the PHA will reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard amount.

The PHA will not establish different policies for decreases in the payment standard for designated areas within their jurisdiction.

Increases [24 CFR 982.505(c)(4) and Notice PIH 2024-34]

For new HAP contracts, the PHA applies the payment standard in effect at the time of HAP contract execution.

Changes effective 12/2/24 and earlier: If the payment standard is increased during the term of the HAP contract, the increased payment standard will be used to calculate the monthly housing assistance payment for the family beginning on the effective date of the family's first regular reexamination on or after the effective date of the increase in the payment standard.

Families requiring or requesting interim reexaminations will not have their HAP payments calculated using the higher payment standard until their next annual reexamination [HCV GB, p. 7-8].

Changes effective 12/3/24 and later: If the payment standard is increased during the term of the HAP contract, the increased payment standard will be applied no later than the earliest of:

- The effective date of an increase in the gross rent that would result in an increase in the family share;
- The family's first regular or interim reexamination; or
- One year following the effective date of the increase in the payment standard amount.

The PHA may adopt a policy to apply a payment standard increase at any time earlier than the date calculated above as long as the policy is included in the administrative plan and applied consistently to all families [24 CFR 982.505(c)(5)].

PHA Policy

The PHA will not adopt payment standard increases earlier than the date required by the regulations.

Changes in Family Unit Size (Voucher Size) [24 CFR 982.505(c)(6) and Notice PIH 2024-34]

Changes effective 12/2/24 and earlier: Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard for the family beginning at the family's first regular reexamination following the change in family unit size.

Changes effective 12/3/24 and later: Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size may be used to determine the payment standard immediately but no later than the family's first regular reexamination following the change in family unit size.

PHA Policy

If the family unit size (voucher size) changes during the term of a HAP contract, the new family unit size will be used to determine the payment standard at the family's first regular reexamination following the change in family unit size.

Moves

If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP contract is processed.

Reasonable Accommodation [24 CFR 982.503(d)(5)]

~~HCV program regulations require a PHA to approve a utility allowance amount higher than shown on the PHA's schedule if a higher allowance is needed as a reasonable accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation, the PHA will approve an allowance for air conditioning, even if the PHA has determined that an allowance for air conditioning generally is not needed.~~

~~The family must request the higher allowance and provide the PHA with an explanation of the need for the reasonable accommodation and information about the amount of additional allowance required [HCV GB, p. 18-8].~~

If a family requires a higher payment standard as a reasonable accommodation for a family member who is a person with disabilities, the PHA is allowed to establish a higher payment standard for the family of not more than 120 percent of the published FMR **without HUD approval or prior notification to HUD. A PHA may establish a payment standard greater than 120 percent of the applicable FMR as a reasonable accommodation in accordance with 24 CFR part 8, after requesting and receiving HUD approval. See Chapter 16 for more information.**

6-III.D. APPLYING UTILITY ALLOWANCES—[24 CFR 982.517]

Overview

A PHA-established utility allowance schedule is used in determining family share and PHA subsidy. A family's utility allowance is determined by the size of dwelling unit leased by a family or the voucher unit size for which the family qualifies using PHA subsidy standards, whichever is the lowest of the two. See Chapter 5 for information on the PHA's subsidy standards.

For policies on establishing and updating utility allowances, see Chapter 16.

Flat Fees [24 CFR 982.517(b)(2)(iii)]

The PHA may base its utility allowance payments on actual flat fees charged by an owner for utilities that are billed directly by the owner, but only if the flat fee charged by the owner is no greater than the PHA's applicable utility allowance for the utilities covered by the fee. If the owner charges a flat fee for some but not all utilities, the PHA must pay a separate allowance for any tenant-paid utilities not covered in the flat fee.

PHA Policy

The PHA will not base utility allowance payments on flat fees charged by the owner.

PBV Developments [24 CFR 982.517(b)(2)(iv)]

If a tenant-based voucher holder resides in a project with project-based voucher (PBV) units and the PBV units use a site-specific utility allowance in accordance with PBV regulations, the PHA must use the project-specific utility allowance schedule.

Reasonable Accommodation and Individual Relief

~~HCV program regulations require a PHA to approve a utility allowance amount higher than shown on the PHA's schedule if a higher allowance is needed as a reasonable accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation, the PHA will approve an allowance for air conditioning, even if the PHA has determined that an allowance for air conditioning generally is not needed.~~

~~The family must request the higher allowance and provide the PHA with an explanation of the need for the reasonable accommodation and information about the amount of additional allowance required [HCV GB, p. 18-8].~~

On request from a family that includes a person with disabilities, the PHA must approve a utility allowance which is higher than the applicable amount on the utility allowance schedule if a higher utility allowance is needed as a reasonable accommodation to make the program accessible and usable by the family member with a disability [24 CFR 982.517(e)]. (See Chapter 2 for policies regarding the request and approval of reasonable accommodations.)

Further, the PHA may grant requests for individual relief from charges in excess of the utility allowance on reasonable grounds, such as special factors not within control of the resident, as the PHA deems appropriate. The family must request the higher allowance and provide the PHA an explanation of the need for individual relief and an explanation about the amount of additional allowance required [see HCV GB, p. 18-8].

PHAs should develop criteria for granting individual relief, notify residents about the

availability of individual relief, and notify participants about the availability of individual relief programs (sometimes referred to as "Medical Baseline discounts") offered by the local utility company.

PHA Policy

The family must request the higher allowance and provide the PHA with information about the amount of additional allowance required.

The PHA will consider the following criteria as valid reasons for granting individual relief:

The family's consumption was mistakenly portrayed as excessive due to defects in the meter or errors in the meter reading.

The excessive consumption is caused by a characteristic of the unit or owner-supplied equipment that is beyond the family's control, such as a particularly inefficient refrigerator or inadequate insulation. The allowance should be adjusted to reflect the higher consumption needs associated with the unit until the situation is remedied. The resident should be granted individual relief until the allowance is adjusted.

The excessive consumption is due to special needs of the family that are beyond their control, such as the need for specialized equipment in the case of a family member who is ill, elderly, or who has a disability.

In determining the amount of the reasonable accommodation or individual relief, the PHA will allow a reasonable measure of additional usage as necessary. To arrive at the amount of additional utility cost of specific equipment, the family may provide information from the manufacturer of the equipment, or the family or PHA may conduct an internet search for an estimate of usage or additional monthly cost.

Information on reasonable accommodation and individual relief for charges in excess of the utility allowance will be provided to all families at admission as part of the information on payment standards and utility allowances in the briefing packet. The PHA will also provide information on utility relief programs or medical discounts (sometimes referred to as "Medical Baseline discounts") that may be available through local utility providers.

At its discretion, the PHA may reevaluate the need for the increased utility allowance at any regular reexamination.

If the excessive consumption is caused by a characteristic of the unit or PHA-supplied equipment that is beyond the family's control, such as a particularly inefficient refrigerator or inadequate insulation, the individual relief to the resident will cease when the situation is remedied.

Utility Allowance Revisions

At reexamination, the PHA must use the current utility allowance schedule [HCV GB, p. 18-8].

PHA Policy

Revised utility allowances will be applied to a family's rent and subsidy calculations at the first annual reexamination that is effective after the allowance is adopted.

6-III.E. PRORATED ASSISTANCE FOR MIXED FAMILIES [24 CFR 5.520]

HUD regulations prohibit assistance to ineligible family members. A *mixed family* is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible family members. The PHA must prorate the assistance provided to a mixed family. The PHA will first determine assistance as if all family members were eligible and then prorate the assistance based upon the percentage of family members that actually are eligible. For example, if the PHA subsidy for a family is calculated at \$500 and two of four family members are ineligible, the PHA subsidy would be reduced to \$250.

EXHIBIT 6-1: ANNUAL INCOME INCLUSIONS

24 CFR 5.609

(a) Annual income means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- (3) Which are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);

(6) Welfare assistance payments.

(i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TANF program definition at 45 CFR 260.31¹; and

(B) Are not otherwise excluded under paragraph (c) of this section.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section)

¹ Text of 45 CFR 260.31 follows.

(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

HHS DEFINITION OF "ASSISTANCE"

45 CFR: GENERAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

260.31 What does the term "assistance" mean?

(a)(1) The term "assistance" includes cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).

(2) It includes such benefits even when they are:

(i) Provided in the form of payments by a TANF agency, or other agency on its behalf, to individual recipients; and

(ii) Conditioned on participation in work experience or community service (or any other work activity under 261.30 of this chapter).

(3) Except where excluded under paragraph (b) of this section, it also includes supportive services such as transportation and childcare provided to families who are not employed.

(b) [The definition of "assistance"] excludes: (1) Nonrecurrent, short-term benefits that:

(i) Are designed to deal with a specific crisis situation or episode of need;

(ii) Are not intended to meet recurrent or ongoing needs; and

(iii) Will not extend beyond four months.

(2) Work subsidies (i.e., payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training);

(3) Supportive services such as childcare and transportation provided to families who are employed;

(4) Refundable earned income tax credits;

(5) Contributions to, and distributions from, Individual Development Accounts;

(6) Services such as counseling, case management, peer support, childcare information and referral, transitional services, job retention, job advancement, and other employment-related services that do not provide basic income support; and

(7) Transportation benefits provided under a Job Access or Reverse Commute project, pursuant to section 404(k) of [the Social Security] Act, to an individual who is not otherwise receiving assistance.

EXHIBIT 6-2: ANNUAL INCOME EXCLUSIONS

~~24 CFR 5.609~~

~~(e) Annual income does not include the following:~~

- ~~(1) Income from employment of children (including foster children) under the age of 18 years;~~
- ~~(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);~~
- ~~(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);~~
- ~~(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;~~
- ~~(5) Income of a live-in aide, as defined in Sec. 5.403;~~
- ~~(6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution;~~
- ~~(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;~~
- ~~(8) (i) Amounts received under training programs funded by HUD;~~
~~(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self Sufficiency (PASS);~~

~~(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;~~

~~(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;~~

~~(v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;~~

~~(9) Temporary, nonrecurring or sporadic income (including gifts);~~

~~(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;~~

~~(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);~~

~~(12) Adoption assistance payments in excess of \$480 per adopted child;~~

~~(13) [Reserved]~~

~~(14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or prospective monthly amounts;~~

~~(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;~~

~~(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or~~

~~(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(e) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. [See Section 6 I.M. for a list of benefits that qualify for this exclusion.]~~

24 CFR 5.609(b) as updated for HOTMA

(b) Annual income does not include the following:

(1) Any imputed return on an asset when net family assets are less than or equal to the HUD-published threshold amount (which amount HUD will adjust annually in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers) and no actual income from the net family assets can be determined.

(2) The following types of trust distributions:

(i) For an irrevocable trust or a revocable trust outside the control of the family or household excluded from the definition of net family assets under § 5.603(b):

(A) Distributions of the principal or corpus of the trust; and

(B) Distributions of income from the trust when the distributions are used to pay the costs of health and medical care expenses for a minor.

(ii) For a revocable trust under the control of the family or household, any distributions from the trust; except that any actual income earned by the trust, regardless of whether it is distributed, shall be considered income to the family at the time it is received by the trust.

(3) Earned income of children under the 18 years of age.

(4) Payments received for the care of foster children or foster adults, or State or Tribal kinship or guardianship care payments.

(5) Insurance payments and settlements for personal or property losses, including but not limited to payments through health insurance, motor vehicle insurance, and workers' compensation.

(6) Amounts received by the family that are specifically for, or in reimbursement of, the cost of health and medical care expenses for any family member.

(7) Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, that resulted in a member of the family becoming disabled.

(8) Income of a live-in aide, foster child, or foster adult as defined in §§ 5.403 and 5.603, respectively.

(9)

(i) Any assistance that section 479B of the Higher Education Act of 1965, as amended (20 U.S.C. 1087uu), requires be excluded from a family's income; and

(ii) Student financial assistance for tuition, books, and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, and other fees required and charged to a student by an institution of higher education (as defined under Section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)) and, for a student who is not the head of household or spouse, the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit.

(A) Student financial assistance, for purposes of this paragraph (9)(ii), means a grant or scholarship received from— (

1) The Federal government;

(2) A State, Tribe, or local government;

(3) A private foundation registered as a nonprofit under 26 U.S.C. 501(c)(3);

(4) A business entity (such as corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, or nonprofit entity); or

(5) An institution of higher education.

(B) Student financial assistance, for purposes of this paragraph (9)(ii), does not include—

(1) Any assistance that is excluded pursuant to paragraph (b)(9)(i) of this section;

(2) Financial support provided to the student in the form of a fee for services performed (e.g., a work study or teaching fellowship that is not excluded pursuant to paragraph (b)(9)(i) of this section); (

3) Gifts, including gifts from family or friends; or

(4) Any amount of the scholarship or grant that, either by itself or in combination with assistance excluded under this paragraph or paragraph (b)(9)(i), exceeds the actual covered costs of the student. The actual covered costs of the student are the actual costs of tuition, books and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution, and, for a student who is not the head of household or spouse, the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit. This calculation is described further in paragraph (b)(9)(ii)(E) of this section.

(C) Student financial assistance, for purposes of this paragraph (b)(9)(ii) must be:

(1) Expressly for tuition, books, room and board, or other fees required and charged to a student by the education institution;

(2) Expressly to assist a student with the costs of higher education; or

(3) Expressly to assist a student who is not the head of household or spouse with the reasonable and actual costs of housing while attending the education institution and not residing in an assisted unit.

(D) Student financial assistance, for purposes of this paragraph (b)(9)(ii), may be paid directly to the student or to the educational institution on the student's behalf. Student financial assistance paid to the student must be verified by the responsible entity as student financial assistance consistent with this paragraph (b)(9)(ii).

(E) When the student is also receiving assistance excluded under paragraph (b)(9)(i) of this section, the amount of student financial assistance under this paragraph (b)(9)(ii) is determined as follows:

(1) If the amount of assistance excluded under paragraph (b)(9)(i) of this section is equal to or exceeds the actual covered costs under paragraph (b)(9)(ii)(B)(4) of this section, none of the assistance described in this paragraph (b)(9)(ii) of this section is considered student financial assistance exclu

ded from income under this paragraph (b)(9)(ii)(E).

(2) If the amount of assistance excluded under paragraph (b)(9)(i) of this section is less than the actual covered costs under paragraph (b)(9)(ii)(B)(4) of this section, the amount of assistance described in paragraph (b)(9)(ii) of this section that is considered student financial assistance excluded under this paragraph is the lower of:

(i) the total amount of student financial assistance received under this paragraph (b)(9)(ii) of this section, or

(ii) the amount by which the actual covered costs under paragraph (b)(9)(ii)(B)(4) of this section exceeds the assistance excluded under paragraph (b)(9)(i) of this section.

(10) Income and distributions from any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code; and income earned by government contributions to, and distributions from, "baby bond" accounts created, authorized, or funded by Federal, State, or local government.

(11) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

(12)

(i) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they

are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(ii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (e.g., special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program;

(iii) Amounts received under a resident service stipend not to exceed \$200 per month. A resident service stipend is a modest amount received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development.

(iv) Incremental earnings and benefits resulting to any family member from participation in training programs funded by HUD or in qualifying Federal, State, Tribal, or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program unless those amounts are excluded under paragraph (b)(9)(i) of this section.

(13) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.

(14) Earned income of dependent fulltime students in excess of the amount of the deduction for a dependent in § 5.611.

(15) Adoption assistance payments for a child in excess of the amount of the deduction for a dependent in § 5.611.

(16) Deferred periodic amounts from Supplemental Security Income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

(17) Payments related to aid and attendance under 38 U.S.C. 1521 to veterans in need of regular aid and attendance.

(18) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit.

(19) Payments made by or authorized by a State Medicaid agency (including through a managed care entity) or other State or Federal agency to a family to enable a family member who has a disability to reside in the family's assisted unit. Authorized payments may include payments to a member of the assisted family through the State Medicaid agency (including through a managed care entity) or other State or Federal agency for caregiving services the family member provides to enable a family member who has a disability to reside in the family's assisted unit.

(20) Loan proceeds (the net amount disbursed by a lender to or on behalf of a borrower, under the terms of a loan agreement) received by the family or a third party (e.g., proceeds received by the family from a private loan to enable attendance at an educational institution or to finance the purchase of a car).

(21) Payments received by Tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States, to the extent such payments are also excluded from gross in

come under the Internal Revenue Code or other Federal law.

(22) Amounts that HUD is required by Federal statute to exclude from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in paragraph (b) of this section apply. HUD will publish a notice in the Federal Register to identify the benefits that qualify for this exclusion. Updates will be published when necessary.

(23) Replacement housing "gap" payments made in accordance with 49 CFR part 24 that offset increased out of pocket costs of displaced persons that move from one federally subsidized housing unit to another Federally subsidized housing unit. Such replacement housing "gap" payments are not excluded from annual income if the increased cost of rent and utilities is subsequently reduced or eliminated, and the displaced person retains or continues to receive the replacement housing "gap" payments.

(24) Nonrecurr

ing income, which is income that will not be repeated in the coming year based on information provided by the family. Income received as an independent contractor, day laborer, or seasonal worker is not excluded from income under this paragraph, even if the source, date, or amount of the income varies. Nonrecurring income includes:

(i) Payments from the U.S. Census Bureau for employment (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not culminating in permanent employment.

(ii) Direct Federal or State payments intended for economic stimulus or recovery.

(iii) Amounts directly received by the family as a result of State refundable tax credits or State tax refunds at the time they are received.

(iv) Amounts directly received by the family as a result of Federal refundable tax credits and Federal tax refunds at the time they are received.

(v) Gifts for holidays, birthdays, or other significant life events or milestones (e.g., wedding gifts, baby showers, anniversaries).

(vi) Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization.

(vii) Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings.

(25) Civil rights settlements or judgments, including settlements or judgments for back pay.

(26) Income received from any account under a retirement plan recognized as such by the Internal Revenue Service, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals; except that any distribution of periodic payments from such accounts shall be income at the time they are received by the family.

(27) Income earned on amounts placed in a family's Family Self Sufficiency Account.

(28) Gross income a family member receives through self-employment or operation of a business; except that the following shall be considered income to a family member:

(i) Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations; and

(ii) Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the

withdrawal is reimbursement of cash or assets invested in the operation by the family.

EXHIBIT 6-3: TREATMENT OF FAMILY ASSETS

24 CFR 5.603(b) Net Family Assets

(1) Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

(2) In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under Sec. 5.609.

(3) In determining net family assets, PHAs or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefor.

In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

(4) For purposes of determining annual income under Sec. 5.609, the term "net family assets" does not include the value of a home currently being purchased with assistance under part 982, subpart M of this title. This exclusion is limited to the first 10 years after the purchase date of the home.

EXHIBIT 6-4: THE EFFECT OF WELFARE BENEFIT REDUCTION

24 CFR 5.615

Public housing program and Section 8 tenant-based assistance program: How welfare benefit reduction affects family income.

(a) Applicability. This section applies to covered families who reside in public housing (part 960 of this title) or receive Section 8 tenant-based assistance (part 982 of this title).

(b) Definitions. The following definitions apply for purposes of this section:

Covered families. Families who receive welfare assistance or other public assistance benefits ("welfare benefits") from a State or other public agency ("welfare agency") under a program for which Federal, State, or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance.

Economic self-sufficiency program. See definition at Sec. 5.603.

Imputed welfare income. The amount of annual income not actually received by a family, as a result of a specified welfare benefit reduction, that is nonetheless included in the family's annual income for purposes of determining rent.

Specified welfare benefit reduction.

(1) A reduction of welfare benefits by the welfare agency, in whole or in part, for a family member, as determined by the welfare agency, because of fraud by a family member in connection with the welfare program; or because of welfare agency sanction against a family member for noncompliance with a welfare agency requirement to participate in an economic self-sufficiency program.

(2) "Specified welfare benefit reduction" does not include a reduction or termination of welfare benefits by the welfare agency:

(i) at expiration of a lifetime or other time limit on the payment of welfare benefits;

(ii) because a family member is not able to obtain employment, even though the family member has complied with welfare agency economic self-sufficiency or work activities requirements; or

(iii) because a family member has not complied with other welfare agency requirements.

(c) Imputed welfare income.

(1) A family's annual income includes the amount of imputed welfare income (because of a specified welfare benefits reduction, as specified in notice to the PHA by the welfare agency), plus the total amount of other annual income as determined in accordance with Sec. 5.609.

(2) At the request of the PHA, the welfare agency will inform the PHA in writing of the amount and term of any specified welfare benefit reduction for a family member, and the reason for such reduction, and will also inform the PHA of any subsequent changes in the term or amount of such specified welfare benefit reduction. The PHA will use this information to determine the amount of imputed welfare income for a family.

(3) A family's annual income includes imputed welfare income in family annual income, as determined at the PHA's interim or regular reexamination of family income and composition, during the term of the welfare benefits reduction (as specified in information provided to the PHA by the welfare agency).

(4) The amount of the imputed welfare income is offset by the amount of additional income a family receives that commences after the time the sanction was imposed. When such additional income from other sources is at least equal to the imputed

(5) The PHA may not include imputed welfare income in annual income if the family was not an assisted resident at the time of sanction.

(d) Review of PHA decision.

(1) Public housing. If a public housing tenant claims that the PHA has not correctly calculated the amount of imputed welfare income in accordance with HUD requirements, and if the PHA denies the family's request to modify such amount, the PHA shall give the tenant written notice of such denial, with a brief explanation of the basis for the PHA determination of the amount of imputed welfare income. The PHA notice shall also state that if the tenant does not agree with the PHA determination, the tenant may request a grievance hearing in accordance with part 966, subpart B of this title to review the PHA determination. The tenant is not required to pay an escrow deposit pursuant to Sec. 966.55(e) for the portion of tenant rent attributable to the imputed welfare income in order to obtain a grievance hearing on the PHA determination.

(2) Section 8 participant. A participant in the Section 8 tenant-based assistance program may request an informal hearing, in accordance with Sec. 982.555 of this title, to review the PHA determination of the amount of imputed welfare income that must be included in the family's annual income in accordance with this section. If the family claims that such amount is not correctly calculated in accordance with HUD requirements, and if the PHA denies the family's request to modify such amount, the PHA shall give the family written notice of such denial, with a brief explanation of the

basis for the PHA determination of the amount of imputed welfare income. Such notice shall also state that if the family does not agree with the PHA determination, the family may request an informal hearing on the determination under the PHA hearing procedure.

(e) PHA relation with welfare agency.

(1) The PHA must ask welfare agencies to inform the PHA of any specified welfare benefits reduction for a family member, the reason for such reduction, the term of any such reduction, and any subsequent welfare agency determination affecting the amount or term of a specified welfare benefits reduction. If the welfare agency determines a specified welfare benefits reduction for a family member, and gives the PHA written notice of such reduction, the family's annual incomes shall include the imputed welfare income because of the specified welfare benefits reduction.

(2) The PHA is responsible for determining the amount of imputed welfare income that is included in the family's annual income as a result of a specified welfare benefits reduction as determined by the welfare agency, and specified in the notice by the welfare agency to the PHA. However, the PHA is not responsible for determining whether a reduction of welfare benefits by the welfare agency was correctly determined by the welfare agency in accordance with welfare program requirements and procedures, nor for providing the opportunity for review or hearing on such welfare agency determinations.

(3) Such welfare agency determinations are the responsibility of the welfare agency, and the family may seek appeal of such determinations through the welfare agency's normal due process procedures. The PHA shall be entitled to rely on the welfare agency notice to the PHA of the welfare agency's determination of a specified welfare benefits reduction.

Chapter 7.A.

VERIFICATION

[24 CFR 982.516, 24 CFR 982.551, 24 CFR 5.230, ~~Notice PIH 2017-12~~ Notice PIH 2018-18]

INTRODUCTION

~~Prior to the PHA's HOTMA compliance date, the PHA will follow policies as outlined in this chapter. Upon the PHA's HOTMA compliance date, the PHA will follow policies as outlined in Chapter 7.B.~~

The PHA must verify all information that is used to establish the family's eligibility and level of assistance and is required to obtain written authorization from the family in order to collect the information. Applicants and program participants must cooperate with the verification process as a condition of receiving assistance. The PHA must not pass on the cost of verification to the family.

The PHA will follow the verification guidance provided by HUD in ~~Notice PIH 2017-12~~ ~~PIH 2018-18~~ and any subsequent guidance issued by HUD. This chapter summarizes those requirements and provides supplementary PHA policies.

Part I describes the general verification process. Part II provides more detailed requirements related to family information. Part III provides information on income and assets, and Part IV covers mandatory deductions.

Verification policies, rules and procedures will be modified as needed to accommodate persons with disabilities. All information obtained through the verification process will be handled in accordance with the records management policies of the PHA.

PART I: GENERAL VERIFICATION REQUIREMENTS

7-I.A. FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 982.516; 24 CFR 982.551; 24 CFR 5.230; and Notice PIH 2023-27]~~[24 CFR 982.516 AND 982.551, 24 CFR 5.230]~~

~~The family must supply any information that the PHA or HUD determines is necessary to the administration of the program and must consent to PHA verification of that information [24 CFR 982.551].~~

Consent Forms

~~It is required that all adult applicants and participants sign form HUD-9886, Authorization for Release of Information. The purpose of form HUD-9886 is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the PHA may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. Only HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA). Adult family members must sign other consent forms as needed to collect information relevant to the family's eligibility and level of assistance.~~

The family must supply any information that the PHA or HUD determines is necessary to the administration of the program and must consent to PHA verification of that information [24 CFR 982.551]. All adult family members must sign consent forms as needed to collect information relevant to the family's eligibility and level of assistance. While PHAs must use form HUD-9886-A, this form does not release all the information necessary to the administration of the program. The PHA must also develop its own release forms to cover all other necessary information.

Form HUD-9886-A [24 CFR 5.230(b)(1), b(2), (c)(4), and (c)(5); and Notice PIH 2023-27]

All adult applicants and participants sign form HUD-9886-A, Authorization for Release of Information. All adult family members (and the head and spouse/cohead, regardless of age) are required to sign the Form HUD-9886-A at admission. Participants, prior to January 1, 2024, signed and submitted Form HUD-9886 at each annual reexamination. HOTMA eliminated this requirement and instead required that the Form HUD-9886-A be signed only once. On or after January 1, 2024 (regardless of the PHA's HOTMA compliance date), current program participants must sign and submit a new Form HUD-9886-A at their next interim or annual reexamination. This form will only be signed once. Another Form HUD-9886-A will not be submitted to the PHA except under the following circumstances:

- When any person 18 years or older becomes a member of the family;
- When a current member of the family turns 18; or
- As required by HUD or the PHA in administrative instructions.

The PHA has the discretion to establish policies around when family members must sign consent forms when they turn 18. PHAs must establish these policies stating when family members will be required to sign consent forms at intervals other than at reexamination.

PHA Policy

Family members turning 18 years of age between annual recertifications will be notified in writing that they are required to sign the required Consent to the Release of Information Form HUD-9886-A within 10 business days of turning 18 years of age.

The purpose of form HUD-9886-A is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the PHA may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. Only HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA).

The PHA may obtain any financial record from any financial institution, as the terms financial record and financial institution are defined in the Right to Financial Privacy Act (12 U.S.C. 3401), whenever the PHA determines, the record is needed to determine an applicant's or participant's eligibility for assistance or level of benefits [24 CFR 5.230(c)(4)].

The executed form will remain effective until the family is denied assistance, assistance is terminated, or the family provides written notification to the PHA to revoke consent.

Penalties for Failing to Consent [24 CFR 5.232]

If any family member who is required to sign a consent form fails to do so, the PHA will deny admission to applicants and terminate assistance of participants. The family may request an informal review (applicants) or informal hearing (participants) in accordance with PHA procedures.

7-I.B. OVERVIEW OF VERIFICATION REQUIREMENTS

Use of Other Programs' Income Determinations [24 CFR 5.609(c)(3) and Notice PIH 2023-27]

PHAs may, but are not required to, determine a family's annual income, including income from assets, prior to the application of any deductions, based on income determinations made within the previous 12-month period, using income determinations from means-tested federal public assistance programs. PHAs are not required to accept or use determinations of income from other federal means-tested forms of assistance. If the PHA adopts a policy to accept this type of verification, the PHA must establish in policy when they will accept Safe Harbor income determinations and from which programs. PHAs must also create policies that outline the course of action when families present multiple verifications from the same or different acceptable Safe Harbor programs.

PHA Policy

The PHA will not accept verification from other federal assistance programs. All income will be verified in accordance with the requirements of HUD's verification hierarchy and PHA policies in this chapter.

HUD's Verification Hierarchy [~~Notice PIH 2017-12~~] [Notice PIH 2018-18]

HUD mandates the use of the EIV system and offers administrative guidance on the use of other methods to verify family information and specifies the circumstances in which each method will be used. In general HUD requires the PHA to use the most reliable form of verification that is available and to document the reasons when the PHA uses a lesser form of verification.

In order of priority, the forms of verification that the PHA will use are:

- Up-front Income Verification (UIV) using HUD's Enterprise Income Verification (EIV) system
- Up-front Income Verification (UIV) using a non-HUD system
- Written Third-Party Verification (may be provided by applicant or participant)
- Written Third-party Verification Form
- Oral Third-party Verification
- Self-Certification

Each of the verification methods is discussed in subsequent sections below.

Requirements for Acceptable Documents

PHA Policy

Any documents used for verification must be the original (not photocopies) and generally must be dated within ~~60~~ 120 days of receipt by the PHA. ~~Statements dated within the appropriate benefit year are acceptable for fixed sources of income.~~ The documents must not be damaged, altered or in any way illegible.

Printouts from webpages are considered original documents.

The PHA staff member who views the original document must make a photocopy.
~~annotate the copy with the name of the person who provided the document and the date
the original was viewed, and sign the copy.~~

Any family self-certifications must be made in a format acceptable to the PHA and must
be signed by the family member whose information or status is being verified in the
presence of a PHA representative or PHA notary public.

File Documentation

The PHA must document in the file how the figures used in income and rent calculations were determined. All verification attempts, information obtained, and decisions reached during the verification process will be recorded in the family's file in sufficient detail to demonstrate that the PHA has followed all of the verification policies set forth in this plan. The record should be sufficient to enable a staff member or HUD reviewer to understand the process followed and conclusions reached.

PHA Policy

The PHA will document, in the family file, the following:

- Reported family annual income
- Value of assets
- Expenses related to deductions from annual income
- Other factors influencing adjusted income

When the PHA is unable to obtain third-party verification, the PHA will document in the family file the reason that third-party verification was not available [24 CFR 982.516(a)(2); Notice ~~PIH 2017-12~~ PIH 2018-18].

7-I.C. UP-FRONT INCOME VERIFICATION (UIV)

Up-front income verification (UIV) refers to the PHA's use of the verification tools available from independent sources that maintain computerized information about earnings and benefits. UIV will be used to the extent that these systems are available to the PHA.

There may be legitimate differences between the information provided by the family and UIV-generated information. If the family disputes the accuracy of UIV data, no adverse action can be taken until the PHA has independently verified the UIV information and the family has been granted an opportunity to contest any adverse findings through the informal review/hearing process of the PHA.

See Chapter 6 for the PHA's policy on the use of UIV/EIV to project annual income.

Upfront Income Verification Using HUD's Enterprise Income Verification (EIV) System (Mandatory)

PHAs must use HUD's EIV system in its entirety as a third-party source to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income in accordance with 24 CFR 5.236 and administrative guidance issued by HUD. The EIV system contains data showing earned income, unemployment benefits, social security benefits, and SSI benefits for participant families. The following policies apply to the use of HUD's EIV system.

EIV Income and IVT Reports

The data shown on income and income validation tool (IVT) reports is updated quarterly. Data may be between 3 and 6 months old at the time reports are generated.

PHA Policy

The PHA will obtain income and IVT reports for annual reexaminations on a monthly basis. Reports will be generated as part of the regular reexamination process.

Income and IVT reports will be compared to family-provided information as part of the annual reexamination process. Income reports may be used in the calculation of annual income, as described in Chapter 6-I.C. Income reports may also be used to meet the regulatory requirement for third party verification, as described above. Policies for resolving discrepancies between income reports and family-provided information will be resolved as described in Chapter 6-I.C. and in this chapter.

Income and IVT reports will be used in interim reexaminations to identify any discrepancies between reported income and income shown in the EIV system, and as necessary to verify earned income, and to verify and calculate unemployment benefits, Social Security and/or SSI benefits. EIV will also be used to verify that families claiming zero income are not receiving income from any of these sources.

Income and IVT reports will be retained in participant files with the applicable annual or interim reexamination documents.

When the PHA determines through income EIV reports and third-party verification that a family has concealed or under-reported income, corrective action will be taken pursuant to the policies in Chapter 14, Program Integrity.

EIV Identity Verification

The EIV system verifies tenant identities against SSA records. These records are compared to PIC data for a match on social security number, name, and date of birth.

PHAs are required to use EIV's *Identity Verification Report* on a monthly basis to improve the availability of income information in EIV ~~[Notice PIH 2017-12]~~ [Notice PIH 2018-18].

When identity verification for a participant fails, a message will be displayed within the EIV system and no income information will be displayed.

PHA Policy

The PHA will identify participants whose identity verification has failed by reviewing EIV's *Identity Verification Report* on a monthly basis.

The PHA will attempt to resolve PIC/SSA discrepancies by obtaining appropriate documentation from the participant. When the PHA determines that discrepancies exist due to PHA errors such as spelling errors or incorrect birth dates, the errors will be corrected promptly.

Upfront Income Verification Using Non-HUD Systems (Optional)

In addition to mandatory use of the EIV system, HUD encourages PHAs to utilize other upfront verification sources.

PHA Policy

The PHA will inform all applicants and participants of its use of the following UIV resources during the admission and reexamination process:

HUD's EIV system

~~The Work Number~~

~~Corporate Cost Control~~

~~Online Verification Services~~

~~CC Verify~~

~~Thomas & Company~~

7-I.D. THIRD-PARTY WRITTEN AND ORAL VERIFICATION

HUD's current verification hierarchy defines two types of written third-party verification. The more preferable form, "written third-party verification," consists of an original document generated by a third-party source, which may be received directly from a third-party source or provided to the PHA by the family. If written third-party verification is not available, the PHA must attempt to obtain a "written third-party verification form." This is a standardized form used to collect information from a third party.

Written Third-Party Verification ~~[Notice PIH 2017-12]~~ [Notice PIH 2018-18]

Written third-party verification documents must be original and authentic and may be supplied by the family or received from a third-party source.

Examples of acceptable tenant-provided documents include, but are not limited to: pay stubs, payroll summary reports, employer notice or letters of hire and termination, SSA benefit verification letters, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.

The PHA is required to obtain, at minimum, ~~two~~ **three current paystubs if paid weekly and two current paystubs if paid bi-weekly** and must be consecutive pay stubs for determining annual income from wages.

The PHA may reject documentation provided by the family if the document is not an original, if the document appears to be forged, or if the document is altered, mutilated, or illegible.

Written, third-party verification includes an original or authentic document generated by a third-party source dated within 120 days of the date received by the PHA [Notice PIH 2023-27].

PHAs may accept a statement dated within the appropriate benefit year for fixed income sources [Notice PIH 2023-27].

PHA Policy

~~Third-party documents provided by the family must be dated within 60 days of the PHA request date.~~

Third-party documents provided by the family must be dated within 120 days of receipt by the PHA ~~of the PHA request date~~. The PHA will accept a statement dated within the appropriate benefit year for fixed income sources.

If the PHA determines that third-party documents provided by the family are not acceptable, the PHA will explain the reason to the family and request additional documentation.

As verification of earned income, the PHA will require the family to provide the ~~two~~ **two or three** most current, consecutive pay stubs. **At the PHA's discretion, if additional paystubs are needed due to the family's circumstances (e.g., sporadic income, fluctuating schedule, etc.), the PHA may request additional paystubs or a payroll record.**

Written Third-Party Verification Form

When upfront verification is not available and the family is unable to provide written third-party documents, the PHA must request a written third-party verification form. HUD's position is that this traditional third-party verification method presents administrative burdens and risks which may be reduced through the use of family-provided third-party documents.

PHAs may mail or email third-party written verification form requests to third-party sources.

PHA Policy

The PHA may ~~will~~ send third-party verification forms directly to the third party.

Third-party verification forms will be sent when third-party verification documents are unavailable or are rejected by the PHA.

Oral Third-Party Verification [Notice PIH 2018-18]

For third-party oral verification, PHAs contact sources, identified by UIV techniques or by the family, by telephone or in person.

Oral third-party verification is mandatory if neither form of written third-party verification is available.

Third-party oral verification may be used when requests for written third-party verification forms have not been returned within a reasonable time e.g., 10 business days.

PHAs should document in the file the date and time of the telephone call or visit, the name of the person contacted, the telephone number, as well as the information confirmed.

PHA Policy

In collecting third-party oral verification, PHA staff will record in the family's file the name and title of the person contacted, the date and time of the conversation (or attempt), the telephone number used, and the facts provided.

When any source responds verbally to the initial written request for verification the PHA will accept the verbal response as oral verification but will also request that the source complete and return any verification forms that were provided.

When Third-Party Verification is Not Required [~~Notice PIH 2017-12~~ Notice PIH 2018-18]

Third-party verification may not be available in all situations. HUD has acknowledged that it may not be cost-effective or reasonable to obtain third-party verification of income, assets, or expenses when these items would have a minimal impact on the family's total tenant payment.

PHA Policy

If the family cannot provide original documents, the PHA will pay the service charge required to obtain third-party verification, unless it is not cost effective in which case a self-certification will be acceptable as the only means of verification. The cost of verification will not be passed on to the family.

The cost of postage and envelopes to obtain third-party verification of income, assets, and expenses is not an unreasonable cost [VG, p. 18].

Primary Documents

Third-party verification is not required when legal documents are the primary source, such as a birth certificate or other legal documentation of birth.

Imputed Assets

HUD permits PHAs to accept a self-certification from a family as verification of assets disposed of for less than fair market value [HCV GB, p. 5-28].

PHA Policy

The PHA will accept a self-certification from a family as verification of assets disposed of for less than fair market value.

Value of Assets and Asset Income [24 CFR 982.516(a)]

For families with net assets totaling \$5,000 or less, the PHA may accept the family's declaration of asset value and anticipated asset income. However, the PHA is required to obtain third-party verification of all assets regardless of the amount during the intake process and at least every year thereafter.

PHA Policy

The PHA will use third-party documentation for assets as part of the intake process, whenever a family member is added to verify the individual's assets, and every year thereafter.

7-I.E. SELF-CERTIFICATION

When HUD requires third-party verification, self-certification or "tenant declaration," is used as a last resort when the PHA is unable to obtain third-party verification.

Self-certification, however, is an acceptable form of verification when:

- A source of income is fully excluded
- Net family assets total \$5,000 or less and the PHA has adopted a policy to accept self certification at annual recertification, when applicable
- The PHA has adopted a policy to implement streamlined annual recertifications for fixed sources of income (See Chapter 11)

When the PHA was required to obtain third-party verification but instead relies on a tenant declaration for verification of income, assets, or expenses, the family's file must be documented to explain why third-party verification was not available.

PHA Policy

When information cannot be verified by a third party or by review of documents, family members will be required to submit self-certifications attesting to the accuracy of the information they have provided to the PHA.

The PHA may require a family to certify that a family member does not receive a particular type of income or benefit.

The self-certification must be made in a format acceptable to the PHA and must be signed by the family member whose information or status is being verified. All self-certifications must be signed in the presence of a **PHA representative or a notary public**.

PART II: VERIFYING FAMILY INFORMATION

7-II.A. VERIFICATION OF LEGAL IDENTITY

PHA Policy

The PHA will require families to furnish verification of legal identity for each household member.

Verification of Legal Identity for Adults	Verification of Legal Identity for Children
Certificate of birth, naturalization papers Church issued baptismal certificate Current, valid driver's license or Department of Motor Vehicles identification card U.S. military discharge (DD 214) Current U.S. passport Current government employer identification card with picture	Certificate of birth Adoption papers Custody agreement Health and Human Services ID Certified school records

If a document submitted by a family is illegible for any reason or otherwise questionable, more than one of these documents may be required.

If none of these documents can be provided and at the PHA's discretion, a third party who knows the person may attest to the person's identity. The certification must be provided in a format acceptable to the PHA and must be signed by the family member whose information or status is being verified.

Legal identity will be verified for all applicants at the time of eligibility determination and in cases where the PHA has reason to doubt the identity of a person representing themselves to be a participant.

7-II.B. SOCIAL SECURITY NUMBERS [24 CFR 5.216, Notice PIH ~~2012-10~~ 2018-24]

The family must provide documentation of a valid social security number (SSN) for each member of the household, with the exception of individuals who do not contend eligible immigration status. Exemptions also include existing program participants who were at least 62 years of age as of January 31, 2010, and had not previously disclosed an SSN.

Note that an individual who previously declared to have eligible immigration status may not change their declaration for the purpose of avoiding compliance with the SSN disclosure and documentation requirements or penalties associated with noncompliance with these requirements. Nor may the head of household opt to remove a household member from the family composition for this purpose.

The PHA must accept the following documentation as acceptable evidence of the social security number:

- An original SSN card issued by the Social Security Administration (SSA)
- An original SSA-issued document, which contains the name and SSN of the individual
- An original document issued by a federal, state, or local government agency, which contains the name and SSN of the individual

While PHAs must attempt to gather third-party verification of SSNs prior to admission as listed above, PHAs also have the option of accepting a self-certification and a third-party document (such as a bank statement, utility or cell phone bill, or benefit letter) with the applicant's name printed on it to satisfy the SSN disclosure requirement if the PHA has exhausted all other attempts to obtain the required documentation. If verifying an individual's SSN using this method, the PHA must document why the other SSN documentation was not available [Notice PIH 2023-27].

PHA Policy

The PHA will verify an individual's SSN in the situations described above using the method described above as a last resort when no other forms of verification of the individual's SSN are available.

The PHA may only reject documentation of an SSN provided by an applicant or participant if the document is not an original document or if the original document has been altered, mutilated, is illegible, or appears to be forged.

PHA Policy

The PHA will explain to the applicant or participant the reasons the document is not acceptable and request that the individual obtain and submit acceptable documentation of the SSN to the PHA within 90 days.

In the case of Moderate Rehabilitation Single Room Occupancy (SRO) individuals, the required documentation must be provided within 90 calendar days from the date of admission into the program. The PHA must grant one additional 90-day extension if it determines that the applicant's failure to comply was due to circumstances that were beyond the applicant's control and could not have been reasonably foreseen.

PHA Policy

The PHA will grant one additional 90-day extension if needed for reasons beyond the participant's control such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency. If the individual fails to comply with SSN disclosure and documentation requirements upon expiration of the provided time period, the PHA will terminate the individual's assistance.

If an applicant family includes a child under 6 years of age who joined the household within the 6 months prior to the date of voucher issuance, an otherwise eligible family may be admitted to the program and the family must provide documentation of the child's SSN within 90 days of the effective date of the initial HAP contract. A 90-day extension will be granted if the PHA determines that the participant's failure to comply was due to unforeseen circumstances and was outside of the participant's control.

PHA Policy

The PHA will grant one additional 90-day extension if needed for reasons beyond the applicant's control, such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency.

When a participant requests to add a new household member who is at least 6 years of age, or who is under the age of 6 and has an SSN, the participant must provide the complete and accurate SSN assigned to each new member at the time of reexamination or recertification, in addition to the documentation required to verify it. The PHA may not add the new household member until such documentation is provided.

When a participant requests to add a new household member who is under the age of 6 and has not been assigned an SSN, the participant must provide the SSN assigned to each new child and the required documentation within 90 calendar days of the child being added to the household. A 90-day extension will be granted if the PHA determines that the participant's failure to comply was due to unforeseen circumstances and was outside of the participant's control. During the period the PHA is awaiting documentation of the SSN, the child will be counted as part of the assisted household.

PHA Policy

The PHA will grant one additional 90-day extension if needed for reasons beyond the participant's control such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency.

Social security numbers must be verified only once during continuously-assisted occupancy.

PHA Policy

The PHA will verify each disclosed SSN by:

Obtaining documentation from applicants and participants that is acceptable as evidence of social security numbers

Making a copy of the original documentation submitted, returning it to the individual, and retaining a copy in the file folder

Once the individual's verification status is classified as "verified," the PHA may, at its discretion, remove and destroy copies of documentation accepted as evidence of social security numbers. The retention of the EIV Summary Report or Income Report is adequate documentation of an individual's SSN.

PHA Policy

Once an individual's status is classified as "verified" in HUD's EIV system, the PHA ~~will retain copies of documentation accepted as evidence of social security numbers~~ will not remove and destroy copies of documentation accepted as evidence of social security numbers.

7-II.C. DOCUMENTATION OF AGE

A birth certificate or other official record of birth is the preferred form of age verification for all family members. For elderly family members an original document that provides evidence of the receipt of social security retirement benefits is acceptable.

PHA Policy

If an official record of birth or evidence of social security retirement benefits cannot be provided, the PHA will require the family to submit other documents that support the reported age of the family member (e.g., school records, driver's license if birth year is recorded) and to provide a self-certification.

Age must be verified only once during continuously assisted occupancy.

7-II.D. FAMILY RELATIONSHIPS

Applicants and program participants are required to identify the relationship of each household member to the head of household. Definitions of the primary household relationships are provided in the Eligibility chapter.

PHA Policy

Family relationships are verified only to the extent necessary to determine a family's eligibility and level of assistance. Certification by the head of household normally is sufficient verification of family relationships.

Marriage

PHA Policy

Certification by the head of household is normally sufficient verification. If the PHA has reasonable doubts about a marital relationship, the PHA will require the family to document the marriage.

A marriage certificate generally is required to verify that a couple is married.

In the case of a common law marriage, the couple must demonstrate that they hold themselves to be married (e.g., by telling the community they are married, calling each other husband and wife, using the same last name, filing joint income tax returns).

Separation or Divorce

PHA Policy

Certification by the head of household is normally sufficient verification. If the PHA has reasonable doubts about a separation or divorce, the PHA will require the family to provide documentation of the divorce or separation.

A certified copy of a divorce decree, signed by a court officer, is required to document that a couple is divorced.

A copy of a court-ordered maintenance or other court record is required to document a separation.

If no court document is available, documentation from a community-based agency will be accepted.

Absence of Adult Member

PHA Policy

If an adult member who was formerly a member of the household is reported to be permanently absent, the family must provide evidence to support that the person is no longer a member of the family (e.g., 3 documentation of another address at which the person resides such as a lease, utility bills, government issued ID, car registration,).

Foster Children and Foster Adults

PHA Policy

Third-party verification from the state or local government agency responsible for the placement of the individual with the family is required.

7-II.E. VERIFICATION OF STUDENT STATUS

General Requirements

PHA Policy

The PHA requires families to provide information about the student status of all students who are 18 years of age or older. This information will be verified only if:

The family reports full-time student status for an adult other than the head, spouse, or cohead.

The family reports childcare expenses to enable a family member to further their education.

The family includes a student enrolled in an *institution of higher education*.

Restrictions on Assistance to Students Enrolled in Institutions of Higher Education

This section applies only to students who are seeking assistance on their own, separately from their parents. It does not apply to students residing with parents who are seeking or receiving HCV assistance.

PHA Policy

In accordance with the verification hierarchy described in section 7-1.B, the PHA will determine whether the student is exempt from the restrictions in 24 CFR 5.612 by verifying any one of the following exemption criteria:

The student is enrolled at an educational institution that does not meet the definition of *institution of higher education* in the Higher Education Act of 1965 (see section Exhibit 3-2).

The student is at least 24 years old.

The student is a veteran, as defined in section 3-II.E.

The student is married.

The student has at least one dependent child, as defined in section 3-II.E.

The student is a person with disabilities, as defined in section 3-II.E, and was receiving assistance prior to November 30, 2005.

If the PHA cannot verify at least one of these exemption criteria, the PHA will conclude that the student is subject to the restrictions on assistance at 24 CFR 5.612. In addition to verifying the student's income eligibility, the PHA will then proceed to verify either the student's parents' income eligibility (see section 7-III.J) or the student's independence from their parents (see below).

Independent Student

PHA Policy

The PHA will verify a student's independence from their parents to determine that the student's parents' income is not relevant for determining the student's eligibility by doing all of the following:

Either reviewing and verifying previous address information to determine whether the student has established a household separate from their parents for at least one year, or reviewing and verifying documentation relevant to determining whether the student meets the U.S. Department of Education's definition of *independent student* (see section 3-II.E)

Reviewing the student's prior year income tax returns to verify the student is independent or verifying the student meets the U.S. Department of Education's definition of *independent student* (see section 3-II.E)

Requesting and obtaining written certification directly from the student's parents identifying the amount of support they will be providing to the student, even if the amount of support is \$0, except in cases in which the PHA determines that the student is a *vulnerable youth* (see section 3-II.E)

7-II.F. DOCUMENTATION OF DISABILITY

The PHA must verify the existence of a disability in order to allow certain income disallowances and deductions from income. The PHA is not permitted to inquire about the nature or extent of a person's disability [24 CFR 100.202(c)]. The PHA may not inquire about a person's diagnosis or details of treatment for a disability or medical condition. If the PHA receives a verification document that provides such information, the PHA will not place this information in the tenant file. Under no circumstances will the PHA request a participant's medical record(s). For more information on health care privacy laws, see the Department of Health and Human Services' website at <http://www.hhs.gov/ocr/privacy/>.

The above cited regulation does not prohibit the following inquiries, provided these inquiries are made of all applicants, whether or not they are persons with disabilities [VG, p. 24]:

- Inquiry into an applicant's ability to meet the requirements of ownership or tenancy
- Inquiry to determine whether an applicant is qualified for a dwelling available only to persons with disabilities or to persons with a particular type of disability
- Inquiry to determine whether an applicant for a dwelling is qualified for a priority available to persons with disabilities or to persons with a particular type of disability
- Inquiring whether an applicant for a dwelling is a current illegal abuser or addict of a controlled substance
- Inquiring whether an applicant has been convicted of the illegal manufacture or distribution of a controlled substance

Family Members Receiving SSA Disability Benefits

Verification of the receipt of disability benefits from the Social Security Administration (SSA) is sufficient verification of disability for the purpose of qualifying for waiting list preferences (if applicable) or certain income disallowances and deductions [VG, p. 23].

PHA Policy

For family members claiming disability who receive disability benefits from the SSA, the PHA will attempt to obtain information about disability benefits through the HUD Enterprise Income Verification (EIV) system. If documentation from HUD's EIV System is not available, the PHA will request a current (dated within the appropriate benefit year) SSA benefit verification letter from each family member claiming disability status. If the family is unable to provide the document(s), the PHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from www.ssa.gov. Once the applicant or participant receives the benefit verification letter they will be required to provide it to the PHA.

Family Members Not Receiving SSA Disability Benefits

Receipt of veteran's disability benefits, worker's compensation, or other non-SSA benefits based on the individual's claimed disability are not sufficient verification that the individual meets HUD's definition of disability in 24 CFR 5.403.

PHA Policy

For family members claiming disability who do not receive disability benefits from the SSA, a knowledgeable professional must provide third-party verification that the family member meets the HUD definition of disability. See the Eligibility chapter for the HUD definition of disability. The knowledgeable professional will verify whether the family member does or does not meet the HUD definition.

7-II.G. CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS [24 CFR 5.508]

Overview

Housing assistance is not available to persons who are not citizens, nationals, or eligible immigrants. Prorated assistance is provided for "mixed families" containing both eligible and ineligible persons. A detailed discussion of eligibility requirements is in the Eligibility chapter. This verifications chapter discusses HUD and PHA verification requirements related to citizenship status.

The family must provide a certification that identifies each family member as a U.S. citizen, a U.S. national, an eligible noncitizen or an ineligible noncitizen and submit the documents discussed below for each family member. Once eligibility to receive assistance has been verified for an individual it need not be collected or verified again during continuously assisted occupancy. [24 CFR 5.508(g)(5)]

U.S. Citizens and Nationals

HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors.

The PHA may request verification of the declaration by requiring presentation of a birth certificate, United States passport or other appropriate documentation.

PHA Policy

Family members who claim U.S. citizenship or national status will be required to provide a birth certificate, a United States Passport or other appropriate documentation.

Eligible Immigrants

Documents Required

All family members claiming eligible immigration status must declare their status in the same manner as U.S. citizens and nationals.

The documentation required for eligible noncitizens varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, age, and the date on which the family began receiving HUD-funded assistance. Exhibit 7-1 at the end of this chapter summarizes documents family members must provide.

PHA Verification [HCV GB, pp. 5-3 and 5-7]

For family members age 62 or older who claim to be eligible immigrants, proof of age is required in the manner described in 7-II.C. of this plan. No further verification of eligible immigration status is required.

For family members under the age of 62 who claim to be eligible immigrants, the PHA must verify immigration status with the United States Citizenship and Immigration Services (USCIS).

The PHA will follow all USCIS protocols for verification of eligible immigration status.

7-II.H. VERIFICATION OF PREFERENCE STATUS

The PHA must verify any preferences claimed by an applicant that determined placement on the waiting list.

Involuntary Displacement

Families who claim they are being or have been displaced due to either a disaster or government action: written verification by the displacing unit or agency of government, or by a service agency such as the Red Cross.

Families who claim they are being or have been displaced because of actions taken by the owner/agent of the unit the family is renting: Notification by owner to family of the action/written verification by the owner or agent/documents such as sales agreement, foreclosure, notices or building permits.

Families who claim they are being or have been displaced due to domestic violence:

Written verification from police, social service agency, court, clergy person, physician, and or public or private facility giving shelter and/or counseling to victims. .

The family must certify that the abuser will not return to the household without the advance written approval of the SHA. Before giving approval, the SHA will require verification of the following:

That the family members involved have been through a counseling program and the service provider believes that a reconciliation is likely.

Statements from social worker, psychologist, or other professional familiar with the abuser that he/she has received counseling/treatment and is unlikely to continue the abuse.

Statement from local law enforcement agency that no complaints have been filed since the date of the preference approval.

Displacement by Inaccessibility of unit.

Statement from the owner of the critical elements that are inaccessible, and that the owner is not going to make the needed modifications, or permit the family to make the modifications.

Statement from the owner of the building that the accommodations required will not be made.

If the owner permits the tenant to make the modifications, verification that the family cannot afford the expenses.

Displacement by HUD disposition of a project: Written verification from HUD.

Living in Substandard Housing:

Families who claim to be living in a substandard Housing unit must provide documentation from the Board of Health that the unit has been condemned or is otherwise unfit for human habitation.

“Homeless” Families:

Written certification by a public or private facility providing shelter, the police, or a services agency.

Prior to processing the final application, the PHA requires a second certification from the same source that the application is not yet permanently housed and has been continuously homeless or temporarily housed since claiming the preference.

Rent Burden:

Verification of Paying More Than 50% of Income:

The SHA must verify a family's income in accordance with the standards and procedures that is uses to verify income for the purposes of determining applicant eligibility and Total Tenant Payment under 24 CRF Part 813.

Family will be require to verify their income, the amount of rent and utilities they are obligated to pay and the period of time they have been residing in the unit.

Families must furnish copies of 3 months of rent receipts, the lease, cancel checks or money orders.

The SHA may contact the landlord directly by mail or telephone.

The SHA may compare the address with address(es) used on other documents in the file.

In cases where the family pays rent to a co-renter or sublets the unit, the SHA required a certification from the person who receives the money from the applicant, and verification from the owner that the family resides in the unit.

If there is no rental agreement and no other landlord verification, the SHA will require documentation for six months.

If there is not lease or occupancy agreement and the family is receiving public assistance, the SHA may verify the amount rent and address of unit with the appropriate social service agency.

If there is not lease or occupancy agreement, and the family is not receiving public assistance, the SHA will require receipts and other forms of identification which indicate the residence. Such as documents including receipts, telephone bills, utility bills, driver's license, school records.

The SHA's will use the Section 8 Existing utility allowance schedule to determine the appropriate utility allowance.

Copies of receipts, canceled checks, bills showing previous utility payments.

Written verification of consumption costs directly from the utility or service supplier

Verification must be provided for a minimum period of three months.

Letter from Fuel Assistance stating if the family did or did not receive fuel assistance and the amount received.

Residency Preference:

For Families who live, work or have been hired to work in the jurisdiction of the SHA.

In order to verify that an applicant is a resident, the SHA will require a minimum of three of the following documents; rent receipts, leases, utility bill, employer or agency records, school records, drivers licenses, voters registration records, and credit reports.

For families who have been hired to work in the jurisdiction of the SHA, a statement from the employer will be required.

PART III: VERIFYING INCOME AND ASSETS

Chapter 6, Part I of this plan describes in detail the types of income that are included and excluded and how assets and income from assets are handled. Any assets and income reported by the family must be verified. This part provides PHA policies that supplement the general verification procedures specified in Part I of this chapter.

7-III.A. EARNED INCOME

Tips

PHA Policy

Unless tip income is included in a family member's W-2 by the employer, persons who work in industries where tips are standard will be required to sign a certified estimate of tips received for the prior year and tips anticipated to be received in the coming year.

Wages

PHA Policy

For wages other than tips, the family must provide originals of the three most current, consecutive pay stubs.

7-III.B. BUSINESS AND SELF EMPLOYMENT INCOME

PHA Policy

Business owners and self-employed persons will be required to provide:

An audited financial statement for the previous fiscal year if an audit was conducted. If an audit was not conducted, a statement of income and expenses must be submitted and the business owner or self-employed person must certify to its accuracy.

All schedules completed for filing federal and local taxes in the preceding year.

If accelerated depreciation was used on the tax return or financial statement, an accountant's calculation of depreciation expense, computed using straight-line depreciation rules.

The PHA will provide a format for any person who is unable to provide such a statement to record income and expenses for the coming year. The business owner/self-employed person will be required to submit the information requested and to certify to its accuracy at all future reexaminations.

At any reexamination the PHA may request documents that support submitted financial statements such as manifests, appointment books, cash books, or bank statements.

At any reexamination the PHA will request documents that support financial statements if the total expenses claimed are more than 60% of the gross income reported.

If a family member has been self-employed less than three (3) months, the PHA will accept the family member's certified estimate of income and schedule an interim reexamination in three (3) months. If the family member has been self-employed for three

(3) to twelve (12) months the PHA will require the family to provide documentation of income and expenses for this period and use that information to project income.

7-III.C. PERIODIC PAYMENTS AND PAYMENTS IN LIEU OF EARNINGS

Social Security/SSI Benefits

PHA Policy

~~To verify the SS/SSI benefits of applicants, the PHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s), the PHA will help the applicant request a benefit verification letter from SSA's Web site at www.ssa.gov or ask the family to request one by calling SSA at 1-800-772-1213. Once the applicant has received the benefit verification letter they will be required to provide it to the PHA.~~

~~To verify the SS/SSI benefits of participants, the PHA will obtain information about social security/SSI benefits through the HUD EIV System, and confirm with the participant(s) that the current listed benefit amount is correct. If the participant disputes the EIV-reported benefit amount, or if benefit information is not available in HUD systems, the PHA will request a current SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s) the PHA will help the participant request a benefit verification letter from SSA's Web site at www.ssa.gov or ask the family to request one by calling SSA at 1-800-772-1213. Once the participant has received the benefit verification letter they will be required to provide it to the PHA.~~

Verification requirements for Social Security (SS) and Supplemental Security Income (SSI) benefits differ for applicants and participants.

For applicants, since EIV does not contain SS or SSI benefit information, the PHA must ask applicants to provide a copy of their current SS and/or SSI benefit letter (dated within the appropriate benefit year) for each family member that receives SS and/or SSI benefits. If the family is unable to provide the document or documents, the PHA will ask the family to request one by calling SSA at 1-800-772-1213. The PHA must obtain the original benefit letter from the applicant, make a photocopy of the document for the file, and return the original to the family.

For participants, the PHA must obtain information through the HUD EIV system and confirm with the participants that the current listed benefit amount is correct.

- If the participant agrees with the amount reported in EIV, the PHA must use the EIV-reported gross benefit amount to calculate annual income from Social Security. PHAs are required to use the EIV-reported SS and SSI benefit amounts when calculating income unless the tenant disputes the EIV-reported amount. For example, an SSA benefit letter may list the monthly benefit amount as \$450.80 and EIV displays the amount as \$450.00. The PHA must use the EIV-reported amount unless the participant disputes the amount.
- If the participant disputes the EIV-reported benefit amount, or if benefit information is not available in EIV, the PHA must request a current SSA benefit verification letter (dated within the appropriate benefit year) from each family member that receives SS and/or SSI benefits. If the family is unable to provide the document or documents, the PHA will ask the family to request one by calling SSA at 1-800-772-1213. The PHA must obtain the original benefit letter from the participant, make a photocopy of the document for the file, and return the original to the family.

Photocopies of social security checks or bank statements are not acceptable forms of verification for SS/SSI benefits.

7-III.D. ALIMONY OR CHILD SUPPORT

PHA Policy

The methods the PHA will use to verify alimony and child support payments differ depending on whether the family declares that it receives regular payments.

If the family declares that it *receives regular payments*, verification will be obtained in the following order of priority:

Copies of the receipts and/or payment stubs for the ~~60~~ 120 days prior to PHA request

Third-party verification form from the state or local child support enforcement agency

Third-party verification form from the person paying the support

Family's self-certification of amount received

If the family declares that it *receives irregular or no payments*, in addition to the verification process listed above, the family must provide evidence that it has taken all reasonable efforts to collect amounts due. This may include:

A statement from any agency responsible for enforcing payment that shows the family has requested enforcement and is cooperating with all enforcement efforts

If the family has made independent efforts at collection, a written statement from the attorney or other collection entity that has assisted the family in these efforts

Note: Families are not required to undertake independent enforcement action.

7-III.E. ASSETS AND INCOME FROM ASSETS

Assets Disposed of for Less than Fair Market Value

The family must certify whether any assets have been disposed of for less than fair market value in the preceding two years. The PHA needs to verify only those certifications that warrant documentation [HCV GB, p. 5-28].

PHA Policy

The PHA will verify the value of assets disposed of only if:

The PHA does not already have a reasonable estimation of its value from previously collected information, or

The amount reported by the family in the certification appears obviously in error.

Example 1: An elderly participant reported a \$10,000 certificate of deposit at the last annual reexamination and the PHA verified this amount. Now the person reports that she has given this \$10,000 to her son. The PHA has a reasonable estimate of the value of the asset; therefore, reverification of the value of the asset is not necessary.

Example 2: A family member has disposed of its 1/4 share of real property located in a desirable area and has valued her share at approximately \$5,000. Based upon market conditions, this declaration does not seem realistic. Therefore, the PHA will verify the value of this asset.

7-III.F. NET INCOME FROM RENTAL PROPERTY

PHA Policy

The family must provide:

A current executed lease for the property that shows the rental amount or certification from the current tenant

A self-certification from the family members engaged in the rental of property providing an estimate of expenses for the coming year and the most recent IRS Form 1040 with Schedule E (Rental Income).

If schedule E was not prepared, the PHA will require the family members involved in the rental of property to provide a self-certification of income and expenses for the previous year and may request documentation to support the statement including: tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense.

7-III.G. RETIREMENT ACCOUNTS

PHA Policy

The PHA will accept written third-party documents supplied by the family as evidence of the status of retirement accounts.

The type of original document that will be accepted depends upon the family member's retirement status.

Before retirement, the PHA will accept an original document from the entity holding the account dated within the appropriate benefit year.

Upon retirement, the PHA will accept an original document dated within the appropriate benefit year from the entity holding the account that reflects any distributions of the account balance, any lump sums taken and any regular payments.

After retirement, the PHA will accept an original document from the entity holding the account dated within the appropriate benefit year that reflects any distributions of the account balance, any lump sums taken and any regular payments.

7-III.H. INCOME FROM EXCLUDED SOURCES

A detailed discussion of excluded income is provided in Chapter 6, Part I.

HUD guidance on verification of excluded income draws a distinction between income which is fully excluded and income which is only partially excluded.

For fully excluded income, the PHA is **not** required to follow the verification hierarchy, document why third-party verification is not available, or report the income on the 50058. Fully excluded income is defined as income that is entirely excluded from the annual income determination (for example, food stamps, earned income of a minor, or foster care funds) [Notice PIH 2013-04].

PHAs may accept a family's signed application or reexamination form as self-certification of fully excluded income. They do not have to require additional documentation. However, if there is any doubt that a source of income qualifies for full exclusion, PHAs have the option of requiring additional verification.

For partially excluded income, the PHA **is** required to follow the verification hierarchy and all applicable regulations, and to report the income on the 50058. Partially excluded income is defined as income where only a certain portion of what is reported by the family qualifies to be excluded and the remainder is included in annual income (for example, the income of an adult full-time student, ~~or income excluded under the earned income disallowance~~).

PHA Policy

The PHA will accept the family's self-certification as verification of fully excluded income. The PHA may request additional documentation if necessary to document the income source.

The PHA will verify the source and amount of partially excluded income as described in Part 1 of this chapter.

7-III.I. ZERO ~~ANNUAL INCOME STATUS~~ FAMILIES [Notice PIH 2023-27]

PHAs have discretion to establish reasonable procedures to manage the risk of unreported income, such as asking families to complete a zero-income worksheet at admission or periodically after admission to determine if they have any sources of unreported income or searching any UIV sources for unreported income.

In calculating annual income, PHAs must not assign monetary value to nonmonetary in-kind donations from a food bank or similar organization received by the family [24 CFR 5.609(b)(24)(vi)].

PHAs may accept a self-certification of zero income from the family without taking any additional steps to verify zero reported income. HUD does not require such self-certifications be notarized.

PHAs that perform zero income reviews must update local discretionary policies, procedures, and forms. Families who begin receiving income which does not trigger an interim reexamination should no longer be considered zero income even though the family's income is not reflected on the Form HUD-50058.

PHA Policy

The PHA will check UIV sources and/or request information from third-party sources to verify that certain forms of income such as unemployment benefits, TANF, SS, SSI, earned income, **child support, etc.**, are not being received by families claiming to have zero annual income.

The PHA will also require that each family member who claims zero income status complete a zero-income form. If any sources of income are identified on the form, the PHA will verify the income in accordance with the policies in this chapter prior to including the income in the family's annual income. The PHA will conduct interims in accordance with PHA policy in Chapter 11.

7-III.J. STUDENT FINANCIAL ASSISTANCE [24 CFR 5.609(b)(9) as updated for HOTMA Notice PIH-2015-21]

~~Any financial assistance, in excess of amounts received for tuition, that a person attending an institution of higher education receives under the Higher Education Act of 1965, from private sources, or from an institution of higher education must be considered income unless the student is over the age of 23 with dependent children or is residing with parents who are seeking or receiving HCV assistance [24 CFR 5.609(b)(9) and FR 4/10/06].~~

~~For students over the age of 23 with dependent children or students residing with parents who are seeking or receiving HCV assistance, the full amount of student financial assistance is excluded from annual income [24 CFR 5.609(e)(6)]. The full amount of student financial assistance is also excluded for students attending schools that do not qualify as institutions of higher education (as defined in Exhibit 3-2). Excluded amounts are verified only if, without verification, the PHA would not be able to determine whether or to what extent the income is to be excluded (see section 7-III.H).~~

PHA Policy

~~For a student subject to having a portion of his/her student financial assistance included in annual income in accordance with 24 CFR 5.609(b)(9), the PHA will request written third party verification of both the source and the amount. Family provided documents from the educational institution attended by the student will be requested, as well as documents generated by any other person or entity providing such assistance, as reported by the student.~~

~~In addition, the PHA will request written verification of the student's tuition amount.~~

~~If the PHA is unable to obtain third party written verification of the requested information, the PHA will pursue other forms of verification following the verification hierarchy in section 7-I.B.~~

The regulations under HOTMA distinguish between two categories of student financial assistance paid to both full-time and part-time students. Any other grant-in-aid, scholarship, or other assistance amounts an individual receives for the actual covered costs charged by the institute of higher education not otherwise excluded by the federally mandated income exclusions are included [24 CFR 5.609(b)(9)(ii)].

PHA Policy

The PHA will request written third-party verification of both the source and the amount of student financial assistance. Family-provided documents from the educational institution attended by the student will be requested, as well as documents generated by any other person or entity providing such assistance, as reported by the student.

In addition, unless the student's only source of assistance is assistance under Title IV of the HEA, the PHA will request written verification of the cost of the student's tuition, books, supplies, room and board, and other required fees and charges to the student from the educational institution.

If the PHA is unable to obtain third-party written verification of the requested information, the PHA will pursue other forms of verification following the verification hierarchy in section 7-I.B.

~~Any financial assistance, in excess of amounts received for tuition, fees, and other required charges that a person attending an institution of higher education receives under the Higher Education Act of 1965, from private sources, or from an institution of higher education must be considered income unless the student is over the age of 23 with dependent children or is residing with parents who are seeking or receiving HCV assistance [24 CFR 5.609(b)(9) and FR 4/10/06].~~

~~For students over the age of 23 with dependent children or students residing with parents who are seeking or receiving HCV assistance, the full amount of student financial assistance is excluded from annual income [24 CFR 5.609(c)(6)]. The full amount of student financial assistance is also excluded for students attending schools that do not qualify as institutions of higher education (as defined in Exhibit 3-2). Excluded amounts are verified only if, without verification, the PHA would not be able to determine whether or to what extent the income is to be excluded (see section 7-III.H).~~

PHA Policy

~~For a student subject to having a portion of their student financial assistance included in annual income in accordance with 24 CFR 5.609(b)(9), the PHA will request written third-party verification of both the source and the amount. Family provided documents from the educational institution attended by the student will be requested, as well as documents generated by any other person or entity providing such assistance, as reported by the student.~~

~~In addition, the PHA will request written verification of the student's tuition, fees, and other required charges.~~

~~If the PHA is unable to obtain third-party written verification of the requested information, the PHA will pursue other forms of verification following the verification hierarchy in section 7-I.B.~~

7-III.K. PARENTAL INCOME OF STUDENTS SUBJECT TO ELIGIBILITY RESTRICTIONS

If a student enrolled at an institution of higher education is under the age of 24, is not a veteran, is not married, does not have a dependent child, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, the income of the student's parents must be considered when determining income eligibility, unless the student is determined independent from their parents or a *vulnerable youth* in accordance with PHA policy [24 CFR 5.612, FR Notice 4/10/06, p. 18146, and FR Notice 9/21/16].

This provision does not apply to students residing with parents who are seeking or receiving HCV assistance. It is limited to students who are seeking or receiving assistance on their own, separately from their parents.

PHA Policy

If the PHA is required to determine the income eligibility of a student's parents, the PHA will request an income declaration and certification of income from the appropriate parent(s) (as determined in section 3-II.E). The PHA will send the request directly to the parents, who will be required to certify to their income under penalty of perjury. The parents will be required to submit the information directly to the PHA. The required information must be submitted (postmarked) within 10 business days of the date of the PHA's request or within any extended timeframe approved by the PHA.

The PHA reserves the right to request and review supporting documentation at any time if it questions the declaration or certification. Supporting documentation may include, but is not limited to, Internal Revenue Service (IRS) tax returns, consecutive and original pay stubs, bank statements, pension benefit statements, benefit award letters, and other official and authentic documents from a federal, state, or local agency.

PART IV: VERIFYING MANDATORY DEDUCTIONS

7-IV.A. DEPENDENT AND ELDERLY/DISABLED HOUSEHOLD DEDUCTIONS

The dependent and elderly/disabled family deductions require only that the PHA verify that the family members identified as dependents or elderly/disabled persons meet the statutory definitions. No further verifications are required.

Dependent Deduction

See Chapter 6 (6-II.B.) for a full discussion of this deduction. The PHA must verify that:

- Any person under the age of 18 for whom the dependent deduction is claimed is not the head, spouse, or cohead of the family and is not a foster child
- Any person age 18 or older for whom the dependent deduction is claimed is not a foster adult or live-in aide, and is a person with a disability or a full-time student

Elderly/Disabled Family Deduction

See Eligibility chapter for a definition of elderly and disabled families and Chapter 6 (6-II.C.) for a discussion of the deduction. The PHA must verify that the head, spouse, or cohead is 62 years of age or older or a person with disabilities.

7-IV.B. HEALTH AND MEDICAL CARE ~~MEDICAL~~ EXPENSE DEDUCTION

Policies related to health and medical care ~~medical~~ expenses are found in 6-II.D. The amount of the deduction will be verified following the standard verification procedures described in Part I.

Amount of Expense

PHA Policy

Health and medical care ~~Medical~~ expenses will be verified through:

Written third-party documents provided by the family, such as pharmacy printouts or receipts.

The PHA will make a best effort to determine what expenses from the past are likely to continue to occur in the future. The PHA will also accept evidence of monthly payments or total payments that will be due for health and medical ~~care~~ ~~medical~~ expenses during the upcoming 12 months.

Written third-party verification forms, if the family is unable to provide acceptable documentation.

If third-party or document review is not possible, written family certification as to costs anticipated to be incurred during the upcoming 12 months.

In addition, the PHA must verify that:

- The household is eligible for the deduction.
- The costs to be deducted are qualified medical expenses.
- The expenses are not paid for or reimbursed by any other source.
- Costs incurred in past years are counted only once.

Eligible Household

The ~~health and medical care~~~~medical~~ expense deduction is permitted only for households in which the head, spouse, or cohead is at least 62, or a person with disabilities. The PHA must verify that the family meets the definition of an elderly or disabled family provided in the Eligibility chapter and as described in Chapter 7 (7-IV.A.) of this plan.

Qualified Expenses

To be eligible for the ~~health and medical care~~~~medical~~ expenses deduction, the costs must qualify as ~~health and medical care~~~~medical~~ expenses. See Chapter 6 (6-II.D.) for the PHA's policy on what counts as a ~~health and medical care~~~~medical~~ expense.

Unreimbursed Expenses

To be eligible for the ~~health and medical care~~~~medical~~ expenses deduction, the costs must not be reimbursed by another source.

PHA Policy

The family will be required to certify that the ~~health and medical care~~~~medical~~ expenses are not paid or reimbursed to the family from any source. If ~~health and medical care~~~~expenses~~ are verified through a third party, the third party must certify that the expenses are not paid or reimbursed from any other source.

Expenses Incurred in Past Years

PHA Policy

When anticipated costs are related to on-going payment of medical bills incurred in past years, the PHA will verify:

- The anticipated repayment schedule

- The amounts paid in the past, and

- Whether the amounts to be repaid have been deducted from the family's annual income in past years

7-IV.C. DISABILITY ASSISTANCE EXPENSES

Policies related to disability assistance expenses are found in 6-II.E. The amount of the deduction will be verified following the standard verification procedures described in Part I.

Amount of Expense

Attendant Care

PHA Policy

The PHA will accept written third-party documents provided by the family.

If family-provided documents are not available, the PHA will provide a third-party verification form directly to the care provider requesting the needed information.

Expenses for attendant care will be verified through:

Written third-party documents provided by the family, such as receipts or cancelled checks.

Third-party verification form signed by the provider, if family-provided documents are not available.

If third-party verification is not possible, written family certification as to costs anticipated to be incurred for the upcoming 12 months.

Auxiliary Apparatus

PHA Policy

Expenses for auxiliary apparatus will be verified through:

Written third-party documents provided by the family, such as billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the upcoming 12 months.

Third-party verification form signed by the provider, if family-provided documents are not available.

If third-party verification is not possible, written family certification of estimated apparatus costs for the upcoming 12 months.

In addition, the PHA must verify that:

- The family member for whom the expense is incurred is a person with disabilities (as described in 7-II.F above).
- The expense permits a family member, or members, to work (as described in 6-II.E.).
- The expense is not reimbursed from another source (as described in 6-II.E.).

Family Member is a Person with Disabilities

To be eligible for the disability assistance expense deduction, the costs must be incurred for attendant care or auxiliary apparatus expense associated with a person with disabilities. The PHA will verify that the expense is incurred for a person with disabilities (See 7-II.F.).

Family Member(s) Permitted to Work

The PHA must verify that the expenses claimed actually enable a family member, or members, (including the person with disabilities) to work.

PHA Policy

The PHA will request third-party verification from a rehabilitation agency or knowledgeable medical professional indicating that the person with disabilities requires attendant care or an auxiliary apparatus to be employed, or that the attendant care or auxiliary apparatus enables another family member, or members, to work (See 6-II.E.). This documentation may be provided by the family.

If third-party verification has been attempted and is either unavailable or proves unsuccessful, the family must certify that the disability assistance expense frees a family member, or members (possibly including the family member receiving the assistance), to work.

Unreimbursed Expenses

To be eligible for the disability expenses deduction, the costs must not be reimbursed by another source.

PHA Policy

The family will be required to certify that attendant care or auxiliary apparatus expenses are not paid by or reimbursed to the family from any source.

7-IV.D. CHILDCARE EXPENSES

Policies related to childcare expenses are found in Chapter 6 (6-II.F). The amount of the deduction will be verified following the standard verification procedures described in Part I of this chapter. In addition, the PHA must verify that:

- The child is eligible for care (12 or younger).
- The costs claimed are not reimbursed.
- The costs enable a family member to work, actively seek work, or further their education.
- The costs are for an allowable type of childcare.
- The costs are reasonable.

Eligible Child

To be eligible for the childcare deduction, the costs must be incurred for the care of a child under the age of 13. The PHA will verify that the child being cared for (including foster children) is under the age of 13 (See 7-II.C.).

Unreimbursed Expense

To be eligible for the childcare deduction, the costs must not be reimbursed by another source.

PHA Policy

The family (and the care provider) will be required to certify that the childcare expenses are not paid or reimbursed to the family from any source.

Pursuing an Eligible Activity

The PHA must verify that the family member(s) that the family has identified as being enabled to seek work, pursue education, or be gainfully employed, are actually pursuing those activities.

PHA Policy

Information to be Gathered

The PHA will verify information about how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the time required for study (for students), the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

Seeking Work

Whenever possible the PHA will use documentation from a state or local agency that monitors work-related requirements (e.g., welfare or unemployment). In such cases the PHA will request family-provided verification from the agency of the member's job seeking efforts to date, and require the family to submit to the PHA any reports provided to the other agency.

In the event third-party verification is not available, the PHA will provide the family with a form on which the family member must record job search efforts. The PHA will review this information at each subsequent reexamination for which this deduction is claimed.

Furthering Education

The PHA will request third-party documentation to verify that the person permitted to further their education by the childcare is enrolled and provide information about the timing of classes for which the person is registered. The documentation may be provided by the family.

Gainful Employment

The PHA will seek third-party verification of the work schedule of the person who is permitted to work by the childcare. In cases in which two or more family members could be permitted to work, the work schedules for all relevant family members may be verified. The documentation may be provided by the family.

Allowable Type of Childcare

The type of care to be provided is determined by the family, but must fall within certain guidelines, as discussed in Chapter 6.

PHA Policy

The PHA will verify that the type of childcare selected by the family is allowable, as described in Chapter 6 (6-II.F).

The PHA will verify that the fees paid to the childcare provider cover only childcare costs (e.g., no housekeeping services or personal services) and are paid only for the care of an eligible child (e.g., prorate costs if some of the care is provided for ineligible family members).

The PHA will verify that the childcare provider is not an assisted family member. Verification will be made through the head of household's declaration of family members who are expected to reside in the unit.

Reasonableness of Expenses

Only reasonable childcare costs can be deducted.

PHA Policy

The actual costs the family incurs will be compared with the PHA's established standards of reasonableness for the type of care in the locality to ensure that the costs are reasonable.

If the family presents a justification for costs that exceed typical costs in the area, the PHA will request additional documentation, as required, to support a determination that the higher cost is appropriate.

**EXHIBIT 7-1: SUMMARY OF DOCUMENTATION REQUIREMENTS
FOR NONCITIZENS [HCV GB, pp. 5-9 and 5-10]**

- All noncitizens claiming eligible status must sign a declaration of eligible immigrant status on a form acceptable to the PHA.
- Except for persons 62 or older, all noncitizens must sign a verification consent form
- Additional documents are required based upon the person's status.

Elderly Noncitizens

- A person 62 years of age or older who claims eligible immigration status also must provide proof of age such as birth certificate, passport, or documents showing receipt of SS old-age benefits.

All other Noncitizens

- Noncitizens that claim eligible immigration status also must present the applicable USCIS document. Acceptable USCIS documents are listed below.

- | | |
|--|--|
| <ul style="list-style-type: none"> • Form I-551 Alien Registration Receipt Card (for permanent resident aliens) • Form I-94 Arrival-Departure Record annotated with one of the following: <ul style="list-style-type: none"> • "Admitted as a Refugee Pursuant to Section 207" • "Section 208" or "Asylum" • "Section 243(h)" or "Deportation stayed by Attorney General" • "Paroled Pursuant to Section 221 (d)(5) of the USCIS" | <ul style="list-style-type: none"> • Form I-94 Arrival-Departure Record with no annotation accompanied by: <ul style="list-style-type: none"> • A final court decision granting asylum (but only if no appeal is taken); • A letter from a USCIS asylum officer granting asylum (if application is filed on or after 10/1/90) or from a USCIS district director granting asylum (application filed before 10/1/90); • A court decision granting withholding of deportation; or • A letter from an asylum officer granting withholding or deportation (if application filed on or after 10/1/90). |
|--|--|

- | | |
|--|--|
| <ul style="list-style-type: none"> • Form I-688 Temporary Resident Card annotated "Section 245A" or Section 210". | <ul style="list-style-type: none"> • Form I-688B Employment Authorization Card annotated "Provision of Law 274a. 12(11)" or "Provision of Law 274a.12". |
|--|--|

- A receipt issued by the USCIS indicating that an application for issuance of a replacement document in one of the above listed categories has been made and the applicant's entitlement to the document has been verified; or
- Other acceptable evidence. If other documents are determined by the USCIS to constitute acceptable evidence of eligible immigration status, they will be announced by notice published in the *Federal Register*



**COLLECTION OF LOSSES – WRITE OFFS THROUGH
6/30/2025**

<u>Tenant</u>	<u>Accounts Receivable</u>	<u>Reason</u>
<u>667</u>	\$ 3,367.15	Deceased, Eviction, Move Out
<u>200</u>	\$ 7,894.98	Eviction
Total	\$ 11,262.13	

mrtwriteoff