



Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Janelle Chan, Undersecretary

Public Housing Notice 2018-23

To: All Local Housing Authority Executive Directors
From: Amy Stitely, Associate Director, Division of Public Housing
Subject: ANUEL and Management Fee Increases
Date: December 12, 2018

This Public Housing Notice (PHN) provides clarification on applying Annual Non-Utility Expense Level (ANUEL) increases toward management fees collected under a current, DHCD-approved Management Services Agreement between an Owner LHA and a Management Agent. This PHN also provides guidance on executive director salary increases from management fees.

LHAs may amend their Management Services Agreements to increase the management fee each budget year, in accordance with the Owner's ANUEL increase published in the DHCD Budget Guidelines for that budget year, so long as both parties agree to the increase. For example, if the maximum management fee is \$50,000, as calculated in accordance with the Management Agreement Guidelines (PHN 2018-09 <https://www.mass.gov/files/documents/2018/04/11/2018-09.pdf>) and the Owner's ANUEL increase is 3%, the new management fee for that budget year may increase by \$1,500 ($\$50,000 \times 1.03 = \$51,500$). However, DHCD will not approve retroactive increases.

Management fees can increase in two ways. Either due to an increase in ANUEL, as described above, or where the existing agreed upon management fee is below the maximum. In either case **the Owner Board and Management Agent Board must:**

- 1) Agree to the Management Fee, then
- 2) Enter into a Management Services Agreement Amendment, using Attachment D of PHN 2018-09 <https://www.mass.gov/files/documents/2018/08/06/2018-09d.pdf>, voted on by both the Owner Board and the Management Agent Board. Each board vote must include the management fee amount; and
- 3) The Management Services Agreement Amendment accompanied by the two board votes must be submitted to your Housing Management Specialist.

The Management Agent board may also vote to give the Management Agent's executive director a salary increase based on the increased management fee, up to the percentage maximum identified in the Management Agreement Guidelines (PHN 2018-09), and not to exceed the Executive Director Salary Cap (Executive Director Salary and Qualifications Schedule, PHN 2018-01 <https://www.mass.gov/files/documents/2018/02/12/2018-01.pdf>),

<https://www.mass.gov/files/documents/2018/02/12/2018-01a.pdf>). Following the example above, if the Management Agent is a small LHA, its board may give the executive director up to 40% of the management fee as salary ($\$51,500 \times 40\% = \$20,600$). The result is a salary increase of \$600, or 3%.

At any time if the Management Agent gives the executive director a salary increase from the management fee, **the Management Agent Board must:**

- 1) Vote the new management fee and salary earned from the management fee (only if salary is changing), and
- 2) Complete the Management Fee Calculation Worksheet (PHN 2018-09, Attachment H <https://www.mass.gov/files/documents/2018/04/11/2018-09h.pdf>); and
- 3) Submit a copy of the board vote which states the new salary earned from the management fee (only if salary is changing), along with the completed Management Fee Calculation Worksheet (PHN 2018-09, Attachment H) to your Housing Management Specialist.

A change in the management fee and a Management Agent's executive director salary may happen at any time within the term of the Management Services Agreement. If either LHA anticipates that the change in management fee and/or executive director salary will negatively impact the Performance Management Review Budget to Actual Variance criteria, the LHA should submit a budget revision to DHCD by the first (1st) day of the eleventh (11th) month of the LHA's fiscal year. If any of the increase takes effect in the next fiscal year, the new salary and management fee should be included in that new budget.

If you have any questions or need further clarification, please contact, Laura Taylor, Director, Bureau of Housing Management at Laura.Taylor@mass.gov or (617) 573-1289.