



Commonwealth of Massachusetts  
**DEPARTMENT OF HOUSING &  
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lieutenant Governor ♦ Jennifer D. Maddox, Undersecretary

To: All Local Housing Authority (LHA) Executive Directors and Fee Accountants  
From: Ben Stone, Director, Division of Public Housing  
Date: January 11<sup>th</sup>, 2021  
RE: PHN 2020-30 FY21 Budget Guidelines -Addendum #1: Revised FY21 ANUEL Figure

DHCD is updating the Allowable Non-Utility Expense Level (ANUEL) figure for FY21. **FY21 ANUEL will now be level funded to FY20 ANUEL levels**, reversing the 4% reduction announced in the [FY21 Budget Guidelines](#).

LHAs that have already submitted their FY21 budgets will need to submit a budget revision to DHCD; LHAs that have not yet submitted their budgets should adjust their draft budgets based on this addendum to the FY21 Budget Guidelines.

### **Background**

DHCD published the [FY21 Budget Guidelines](#) for state-aided public housing on September 17<sup>th</sup>. At that point, the legislature had not passed and the Governor had not signed an FY21 General Appropriations Act (GAA), so DHCD assumed the operating subsidy line item 7004-9005 would remain at the FY20 level of \$72M. At the same time, rents had fallen by an average of 15% in the family portfolio, and 2.5% for the overall statewide portfolio, versus pre-pandemic levels. This translates to an approximately \$15M loss in rental income versus FY20 projections across the statewide portfolio in FY20 and FY21, which without a reduction in ANUEL would result in a deficit in the operating subsidy line item.

Ultimately, the [FY21 GAA](#) enacted on December 11, 2020 included substantial increases in funding for state-aided public Housing, including \$80 M (+\$8M) for operating subsidy and \$3M (+\$2.45M) for service coordinators. DHCD is changing its FY21 budget guidelines based on these new, higher appropriations.

### **Budget Increase and Next Steps**

This funding increase, alongside projected support for family rent through enhanced and extended unemployment benefits is sufficient to reverse the FY21 ANUEL reduction and return to FY20 levels. **DHCD will NOT make other changes to the FY21 Budget Guidelines**; DHCD is maintaining the policy change that allows deficit LHAs to only retain 50% (rather than 100%) of Net Metering Credit Savings.

This change applies to budgets with fiscal year ends 6/30/21 through 3/31/22. If an LHA has already submitted its budget with the 4% ANUEL reduction, it should submit a budget revision as soon as possible to reflect the return to FY20 ANUEL levels. If an LHA has not yet submitted its FY21 budget it should simply use the updated ANUEL figure.

Also please note, as set out in [PHN 2020-41](#), that the Consolidated Appropriation Act of 2021 extends the eligible period for use of Coronavirus Relief Act funds disbursed through [PHN 2020-29](#) from December 30, 2020 to December 31, 2021.

Please contact your Housing Management Specialist or [ayo.yakubu-owolewa@mass.gov](mailto:ayo.yakubu-owolewa@mass.gov) with any questions.