



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

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

Public Housing Notice: 2022-12

To: Local Housing Authorities
From: Ben Stone, Director, Division of Public Housing
Subject: Updates to c. 167 & c. 689 Housing Contracts
Date: July 19, 2022

Need to Know

- 1) Changes to Maintenance Fee and Minimum Rent**
- 2) How to develop a budget for setting rent for c.167 and c.689**
- 3) Fire Suppression Equipment maintenance and testing**

Background

Chapter 689 of the Acts of 1974 (c. 689) and Chapter 167 of the acts of 1987 (c.167) created a special needs housing program as a partnership between the Local Housing Authority (LHA), the Department of Mental Health (DMH) or Department of Developmental Service (DDS), along with DHCD and usually a vendor providing services. The program provides affordable housing for individuals who require 24-hour care but are best suited to live in a home environment. Chapter 167 housing operates similarly and falls under this notice as well.

DHCD is issuing this guidance to ensure that Housing Authorities are aware of how to negotiate and set rent for the c. 689/167 units and to provide clarification of maintenance responsibilities.

1. Update to the Maintenance Fee in Minimum Rent

The minimum rent for c.689/167 properties included a flat Maintenance Rate fee of \$167 a month per property in addition to the per-unit minimum rent. This fee has been in place since 2009. If the [Social Security Cost of Living Adjustment \(COLA\)](#) was applied from 2009 to 2022, the Maintenance Fee would currently equal \$208. DHCD, DDS, and DMH will simplify future rents by incorporating the Maintenance Fee into the minimum monthly per bed rate to allow for a more equitable rate, the whole of which will adjust with the Social Security COLA.

The new minimum rent, effective for contracts signed or amended **after July 14, 2022 will be \$304 per unit, per month. There will no longer be a separate maintenance fee.** DMH and DDS will notify vendors of this change.

2. Cost-Based Rent Negotiations

The negotiated rent is cost-based and determined by evaluating the needs of the property and the LHA's administrative costs pertaining to the property. Prior to rent negotiations, the LHA should review the past years' costs associated with the property, ie. work orders, capital needs, maintenance labor costs, contract costs, administrative costs associated with the property, and the level of operating reserve.

The LHA will arrange the annual meeting with DMH/DDS and the Vendor and conduct a walk-through to view the property and assess any maintenance or capital needs. The LHA should freely share the c. 689/167 budget with the agency/vendor. At the time of the walkthrough all should discuss on-going or recurring maintenance needs and possible future capital needs.

The LHA signs and where applicable, obtains the signature of the program Vendor on the lease or addendum. For DMH funded programs, the LHA will forward the executed lease/addendum to the regional office for signature. For DDS funded programs, the executed lease is forwarded to the DDS Central Office. DMH and DDS forward the documents to DHCD.

DHCD, DMH, and DDS are working on making the signature process fully automatic through docu-sign; look for more guidance on that in the coming months.

Budget includes:

1. A minimum rent is established as part of DHCD's annual budget guidelines, generally published in September, and updated by the Social Security COLA increase in January [The FY22 budget guidelines](#) set minimum rent at \$254 per unit per month, with an additional minimum maintenance cost of \$167 per month per property. Going forward for contracts negotiated after the date of this PHN, the minimum rent will be \$304 per unit per month and now incorporates the maintenance fee and the 2022 COLA.
2. The LHA can allocate overall authority budget costs to the c. 689/167 units, but with consideration of the reduced responsibilities, in the areas of tenant selection, annual rent redetermination, and some maintenance tasks.
3. Annual addendums to a five-year contract should include that calendar year's inflation rate (COLA) and any increased maintenance needs based on past 12-month costs and/or future maintenance cost forecast.
4. The property should maintain a reserve of six (6) months operating expenses.
5. DHCD Capital funds are available for capital projects, but healthy reserves and maintenance budgets will help meet capital needs alongside limited state-provided capital resources

Line Items to include when developing the budget:

- Account #4510 Insurance
- Account #4410 Maintenance and Labor
- Account #4420 Materials and Supplies
- Account #4430 Contract Costs
- Account #4520 Payment in lieu of taxes
- Other reasonable cost incurred

A reasonable allocation of overall expenses

- Account #4110 Administrative Salaries
- Account #4130 Travel & Related
- Account #4190 Accounting
- Account #4540 Employer Benefits

DHCD Budget Guidelines may allow for LHAs to claim for budget exemptions as part of the budget submission for the c. 689/167 program. For example, this years FY22 Budget Guidelines provided a per-unit budget exemption for purchase and installation of stove-top fire-stoppers.

3. **Clarification of Responsibilities' Fire Suppression Equipment Maintenance and Testing:**

Additionally, this PHN updates "Attachment A" to the c. 689 contract to make clear that the Housing Authority is responsible for testing and maintenance of the fire alarm system and, where applicable, fire suppression systems. If the service provider has manual fire extinguishers onsite, it is the service provider's responsibility to ensure that that the fire extinguishers are in functioning order that their staff are trained in their use, and, if required, have been charged and tagged.

Attachment A, "Preventative Maintenance" now includes the following:

Test CO2 alarms, sprinkler and fire emergency systems as specified by manufacturer and/ or DDS and Authority protocol. If applicable, test fire extinguishers provided by the Authority.

If you have any questions, please contact your Housing Management Specialist.