



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

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

Public Housing Notice: 2022-15

To: Local Housing Authorities
From: Ben Stone, Director, Division of Public Housing and Rental Assistance
Subject: **Update of PHN 2013-02, 2013-07 and 2019-03:** Automation of Vacancy Fees
Amended Waiver Types and Timeframes for State Aided Public Housing Units. New structure for assessed fees
Date: September 15, 2022

Need to Know

1. Starting with Local Housing Authority (LHA) fiscal year 2023 (6/30/23-3/31/24) Fiscal Year Ends, Vacancy Fees will automatically pull Vacancy fees into LHA FYE Operating Statements for Year-End Subsidy reconciliation or “true-up”
2. This notice updates the vacancy waiver categories, the documentation required to support a waiver request and modifies the length of time a waiver is in effect. (see Attachment B)
3. New vacancy fee structure with different fees for elderly/non-elderly disabled c. 667 program and for the family program (c. 200 and c. 705)
4. Vacancy fee impact & how fees are calculated

DHCD’s [Public Housing Notice 2013-07](#) detailed DHCD’s policy regarding vacancy fees that apply to units vacant 61 days or more without an approved waiver from DHCD. The policy is meant to incentivize the rapid re-occupancy of state-aided public housing units and to limit the financial impact that those vacant units have on LHA rent rolls and the state’s operating subsidy funds.

The state-aided public housing portfolio, through LHA administration and maintenance provides, decent, safe and sanitary housing to low-income families, elders and persons with a handicap/disability. DHCD and LHAs share the goal to maximize occupancy of the portfolio to the fullest extent possible.

We recognize the efforts of the LHAs to turnover vacant units in a timely manner. This has been especially important during the past two-plus- years of uncertainty. During this time, there have been many changes in the way we perform our jobs. As a result, we looked for ways to use technology to enhance the delivery of information and services.

This guidance will decrease administrative work by implementing the automatic transfer of assessed vacancy fees into your fiscal year end operating statements, to provide clear guidance through the changes to the Table of Waivers (Attachment B), and the commitment to develop and implement system generated emails of vacancy waiver status in the upcoming months.

New Process:

Effective for budget years starting July 1, 2022, the DHCD Vacancy system will automatically populate the Housing Authority Financial Information System (HAFIS), Section 12 of the ANUEL & Subsidy worksheet with the assessed vacancy fees for that fiscal year. Housing Management Specialists will continue to provide quarterly email notifications when vacancy fees are incurred.

Also effective for budget years starting July 1, 2022 we are implementing automation of reporting assessed vacancy fees in LHA year-end operating statements. **LHA staff will no longer have to manually input assessed fees from the vacancy system into the operating statement.**

Please note that any assessed vacancy fees for FY '22 FYE must be manually reported in your FYE Operating Statement (FYE 6/30/22; 9/30/22; 12/31/22; and 3/31/23). Please refer to page 21 of [PHN 2021-20](#) for guidance to manually enter the assessed fees in the subsidy worksheet.

The process of automation will work as follows:

There will be four (4) quarters included in your Operating Subsidy Calculation Allowable Non-Utility Expense Level, "ANUEL" page, the same location that has been set up for this purpose since 2013.

The last quarter of your prior year's statement will be included plus the next three (3) quarters of the fiscal year in which you are reporting. For example, if your LHA's fiscal year ends in September the fee will be calculated using the prior year's final (year end) 4th quarter plus the three quarters of this fiscal year. This approach is necessary because the vacancy fee report for the final quarter of the current fiscal year will not be available for reporting purposes when the FYE operating statements are due to DHCD. You will note that the fourth quarter of the current fiscal year is not included. See Attachment A for calendars that illustrate this process for each FYE.

Revision to Vacancy Waiver Categories

See Attachment B for details of revised waiver categories. The attachment delineates the 11 waiver types and clarifies the guidance for the documentation required for each type of waiver request. This guidance amends timeframes for waiver types, 1, 2, 5, and 9. In addition waiver type 8 has been split into 8a, Staff Capacity Maintenance and 8b, Staff Capacity Administration. You still request type 8, but your LHA Comments will provide information as to the request being for Maintenance Capacity or Administrative Capacity.

We urge LHAs to fully review the updated Attachment B to ensure you are:

- Selecting the correct waiver type among the 11 options
- Aware of the maximum approval timeframes for each waiver type, and
- Submitting the required information to approve the waiver.

New Vacancy Fee Structure for Units without a DHCD approved Waiver

Currently, DHCD’s vacant unit re-occupancy policy assesses the same daily fees on both the elderly/non-elderly handicapped program and the family program units that are vacant without a DHCD-approved waiver. All units vacant 61-90 days without a waiver from DHCD were subject to a fee of \$5.50 per calendar day. Units vacant 91 days or more were subject to a fee of \$11.00 per calendar day.

Effective July 1, 2022, DHCD is implementing a new fee structure. Specific fees will be assessed for each specific program. The way in which fees are calculated remains the same. C. 667 units vacant 61-90 days without a waiver from DHCD are subject to a fee of \$3.00 per calendar day and for units vacant 91 days or more are subject to a fee of \$6.00 per calendar day. C. 200 and c. 705 units vacant 61-90 days without a waiver from DHCD are subject to a fee of \$5.50 per calendar day, and units vacant 91 days or more are subject to a fee of \$11.00 per calendar day.

As described in [PHN 2013-07](#), fees are calculated on a quarterly basis and LHAs are provided with a report via email showing, by unit, any assessments due. This report is issued approximately two months after the end of the quarter.

DAYS VACANT	PENALTY PER DAY		NUMBER OF DAYS		FEE
c. 667					
FIRST 60 DAYS VACANT (DAYS 1 TO 60)	\$0	x	60 DAYS	=	\$0
NEXT 30 DAYS VACANT (DAYS 61 TO 90)	\$3.00/DAY	x	30 DAYS	=	\$90
ANY DAYS VACANT BEYOND 90 DAYS (DAYS 91+)	\$6/DAY	x	71 DAYS	=	\$426
TOTAL DAYS VACANT			161 TOTAL DAYS		Total Fee: \$516
DAYS VACANT	PENALTY PER DAY		NUMBER OF DAYS		FEE
c. 200 and c. 705					
FIRST 60 DAYS VACANT (DAYS 1 TO 60)	\$0	x	60 DAYS	=	\$0
NEXT 30 DAYS VACANT (DAYS 61 TO 90)	\$5.50/DAY	x	30 DAYS	=	\$165

ANY DAYS VACANT BEYOND 90 DAYS (DAYS 91+)	\$11/DAY	x	71 DAYS	=	\$781
TOTAL DAYS VACANT			161 TOTAL DAYS		Total Fee: \$946

When and How are fees assessed?

Sixty-days after each quarter end, DHCD takes a snapshot in each LHA's vacancy system of all units vacant. The snapshot includes units with approved waivers and units that are vacant 60+ days without a waiver. The snapshot shows the fees a LHA will be assessed for that quarter.

A LHA's Housing Management Specialist will send an email within 5 days of the snapshot outlining the fees assessed for each unit exceeding 60 days vacant without a waiver. The email notification will inform the LHA of the current quarter's fees as well as any fees charged in a prior quarter(s). This informs the LHA on a quarterly basis what the cumulative total of fees charged that will be auto populated to the Vacancy Penalty Line on the year end Operating Statement.

Impact on Subsidy LHAs: The assessed vacancy fees will be automatically reported in Section 12, Vacancy Penalty in the LHA's Quarterly and FYE Operating Statements. The assessed fees will be deducted at LHA fiscal year end subsidy reconciliation or "true up".

Impact on Surplus LHAs: Given the pressing state-wide need for affordable housing and the high cost to taxpayers of emergency housing, it is essential to ensure that all state public housing resources are being utilized to their maximum capacity. Therefore, all LHAs, including surplus LHAs (those which do not receive state operating subsidy), must continue to keep their vacancy ledgers current and submit their quarterly vacancy reports, and must request waivers for units vacant more than 60 days. In addition, **budgeted spending above the ANUEL will be frozen at any retained revenue, surplus LHA with 3% or more of its units vacant over 60 days without a DHCD--approved waiver, except for extraordinary maintenance expenditures.** LHAs which meet these criteria will be notified by DHCD in the month following each fiscal year quarter end. The spending freeze will remain in effect until the LHA no longer exceeds the above criteria.

Steps to take when a unit becomes vacant

- To begin the screening and verification process, pull a list in CHAMP following best practices outlined in CHAMP Technical Updates 10-14. LHAs should start this process as soon as possible after there is a vacancy. LHAs can also pull a list prior to a unit becoming vacant if they have an anticipated vacancy.
- Inspect the unit when it becomes vacant to assess the condition, time to make maintenance ready, and marketability.
- Enter the vacancy in the Vacancy System

- Create a vacancy turnover work order. Determine the time frame for when the unit will be maintenance ready.
- Request a waiver promptly if you anticipate the vacancy will not be occupied by the end of the month immediately following the month of initial vacancy. The vacancy period starts on the date the unit becomes vacant. The waiver time frame begins on this date and ends based on the number of days approved after the vacated date or when the unit is occupied, whichever is first.

For example, if you have a December 1 vacancy and expect the unit to be vacant beyond January 30th (60 days), review the categories of waivers to determine if the unit will be vacant due to an eligible waiver category and submit the request in the Vacancy System promptly. If you anticipate that the unit will be occupied March 1st you need to request a 90-day waiver.

While LHAs should request a waiver as soon as possible, if a waiver request is delayed beyond the end of the month in which the unit turned 60-days vacant, the rules are as follows:

- If the waiver is approved, the unit will be assessed the daily fee from the date it was 61 days vacant until the date the waiver was requested.
- If the waiver was denied the unit will be assessed the daily fee from the date it was 61 days vacant until the day it was leased up. This is why waivers should be requested as soon as possible. If the waiver is denied, a timely request gives the LHA time to reassess the turnover plan.

Tips for eliminating or reducing Vacancy Fees

DHCD has reviewed many waivers and provided technical assistance for prolonged vacancies since DHCD implemented the vacancy system in 2016. From that experience, we have made the following observations which may help LHAs reduce vacancy fees:

- Timely initial data entry after the unit becomes vacant improves accuracy of data, such as Vacancy Date and Reason, Unit Condition, Estimated Turnover Costs, etc.
- Early assessment of, whether or not, there will be maintenance or tenant selection delays
- Enter Lease-up data after the lease is executed with the new tenant to avoid an error from an applicant changing their mind
- Vacancy System report, such as waiver reports or Fee Assessment Report, can highlight where staff should take action to avoid or reduce fees
- Duplicate records often incur erroneously. LHA's can avoid this by checking for accidental records and contacting HMS promptly.

You may seek a waiver for units you originally planned for re-occupancy within 30 days if you later realize you will need more than 60 days to reoccupy the unit. If you decide to seek a waiver from DHCD (to avoid the fees that are assessed on units vacant more than 60 days without a DHCD waiver), then you must return to the Unit Selection page and select that unit again and complete the information to request the waiver.

Meeting Performance Management Review (PMR) Standards

CHAMP

To meet the standards of CHAMP PMR Criteria 2: Vacancies are recorded correctly and occupied using CHAMP:

- a) ALL vacancies during the fiscal year must be recorded in DHCD's Housing Applications Vacancy System within 30 days of the vacancy;
- b) The Housed Applicant ID and Pull List ID match between DHCD's Housing Applications Vacancy System and CHAMP for units occupied during the fiscal year, excluding administrative transfers; and
- c) 25% or less of occupied units have data entry errors.

Please refer to [PHN 2020-38](#) for detailed information on CHAMP PMR Criteria 2.

Facilities Maintenance

To meet the standards of the Vacancy Turnover Work Orders criteria, all vacant units must generate a "vacancy" work order that itemizes all work performed within the unit. Additionally, all work must be completed within required timeframes or have an approved waiver.

Please refer to [PHN 2022-10](#) for detailed information on recently revised PMR maintenance metrics and the scoring criteria used to assess LHAs and their vacancy turnover practices.

Conclusion

The state-aided public housing portfolio is an invaluable resource for the state's low-income households. DHCD and LHAs both aim to ensure as many units as possible are occupied by qualifying household. We recognize there are circumstances that affect the LHAs ability to occupy some units within the 30-day turnover time frame. LHAs may request vacancy waivers for units expected to remain vacant more than 60 days if the LHA can show that the unit remains vacant for reasons beyond the LHAs control. Timely and complete submission of vacancy waiver requests is the best way to ensure that your LHA receive the full earned subsidy.

Please contact your Housing Management Specialist with any questions.

Attachments:

Attachment A: Calendar of Assessed Fees

Attachment B: Table of Vacancy Waiver Types