

PHN 2024-03: Updates to Vacant Unit Policy for 2024

Review of Vacancy Policy & Waiver Categories

PHN 2024-03

- Published February 16, 2024
- Establishes EOHLC vacancy policies for 2024
- Institutionalizes policies from 90-day vacancy initiative to further reduce vacancies in public housing in partnership with Local Housing Authorities (LHAs)

Overview of the Fall Vacancy Initiative

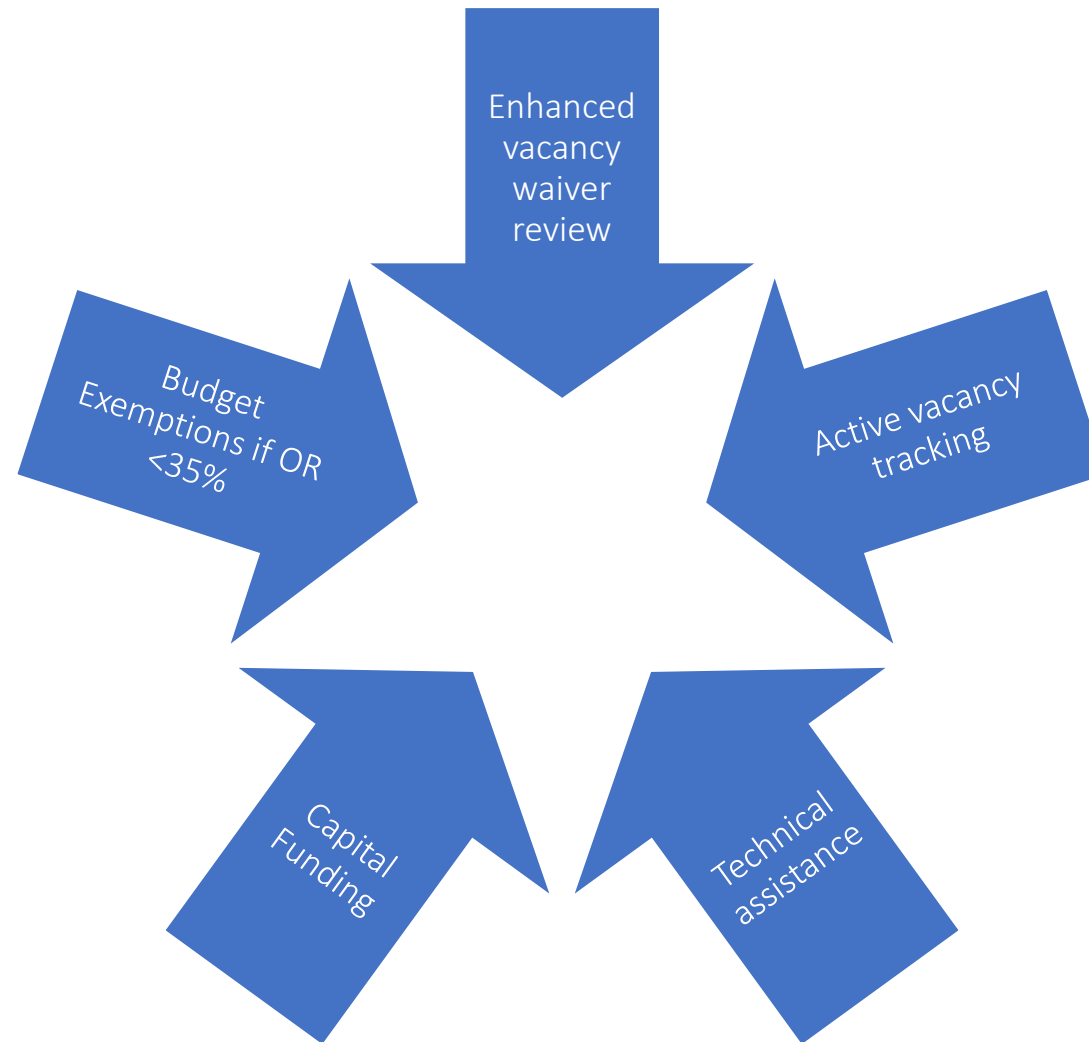
- EOHLC launched [90 Day vacancy Initiative](#) September 22, 2023
- EOHLC contacted all LHAs with vacancies >5%*
 - Site visits to review units vacant due to physical condition
 - Budget exemptions available to fill vacant units

Results

- over \$1.5M of operating budget exemptions available to over 600 units
- \$2.2M of vacant unit rehabilitation capital awards to 90 units.
- Assisting LHAs completed over 50 unit turnovers and provided CHAMP assistance to lease over 150 units at neighboring Housing Authorities.
- 1,169 units filled in last 3 months 2023; most ever in 3 month period
- 2023 first year where vacancies dropped

**excluding units with waivers for funded modernization projects, insurance loss, THP, or repurposed*

Vacancy Policy Overview



Vacancy policies in effect until 6/30/2024*

- Revised list of allowable waiver types and updated review standards
- Improved coordination between Housing Management and Capital Bureaus on funding for rehabilitating vacant units requiring significant investment per PHN 2016-34 and standards for funded modernization project waivers
- Automated email notifications to LHAs for vacant units about to incur fees
- EOHLC active tracking of vacancies by LHA on a monthly basis triggering EOHLC offers of technical assistance to LHAs with concerning vacancy rates
- Operating budget exemptions available for LHAs with high vacancy rates and operating reserves below 35% at prior FYE or upon reconsideration of current operating reserve status. Budget exemptions will also be available for LHAs that have a unique staffing issue affecting vacant unit turnovers. Otherwise, EOHLC expects that LHAs have the financial resources through budget and operating reserves to address vacancies
- Continued availability of certain LHAs and MANAHRO for vacant unit turnovers or CHAMP assistance

* likely to extend and modify as needed for FY2025

Tracking and Technical Assistance

- EOHLC will track LHA vacancies on a monthly basis



Vacancy Concern thresholds:

- *Vacancies exceed 5% of all units OR*
- *Vacancies in Family or Elderly/Non-Elderly Disabled Program exceed 10% OR*
- *LHA has more than 40 vacant units*

- *Calculations will exclude units with waivers for funded modernization projects, insurance loss, and repurposed units,*

- Concerning vacancy rates will trigger



Call from HMS

- Assess reasons for vacancy
- Establish Plan to address

Technical Assistance

- FMS/CA site visits
- CHAMP technical assistance

Resources

- Capital Funding for major rehab
- Budget Exemptions if LHA lacks financial resources
- Referrals to assisting LHAs/MANAHRO

Budget Exemptions

- Budget Exemptions REMAIN available for LHAs that LACK financial resources (operating reserve) to address vacancies.
- LHAs expected to use their operating reserve for overtime, contract costs, etc. to get units leased in a timely manner.
- Budget Exemptions available if
 - LHA has concerning vacancy rates (preceding slide) AND
 - Operating Reserve below 35%
 - As of last year-end operating statement OR as demonstrated by LHA OR
 - LHA has significant, unforeseen staffing issue, such as one of two maintenance staff out for six months on workers comp.
- Budget exemptions for Vacant Units

Automatic Email Notifications

- EOHLC implemented automatic Email notifications regarding vacancy waivers on February 20th
 - Housing Management Specialist will be notified when an LHA submits a waiver
 - LHA Executive Director will be notified when EOHLC approves or denies a waiver
 - LHA Executive Director will be notified 15 days prior to the expiration of a waiver
 - LHA Executive Director will be notified that there is no waiver for a vacancy that is 45 days vacant from vacated date, and that the vacancy will accrue fees in 15 days

Assisting LHAs

- Several LHAs available to support other LHAs with maintenance turnovers and/or CHAMP assistance.
- LHAs may work with them directly on cost and scope.

Vacant Unit Turnovers

Taunton

Worcester

Salem

Holyoke

Tenant Selection

Chelsea

Taunton

Worcester

Wrentham

Eligibility Mailing

MassNAHRO

Waiver Overview

- EOHLC anticipates units will be occupied within 30 days
- Units that cannot be filled within 60 days will incur fees
- Fees assessed (subsidy reduced) automatically at year-end operating statement
- There are circumstances where EOHLC will grant a waiver to the fees:
 - Outlined 11 waiver types in [PHN 2022-15](#)
 - **Replaced with [PHN 2024-03, Attachment A](#)**

Key Waiver Policy Changes

- Simplified circumstances for requesting waivers
- Reduced the number of different waiver categories
- Updated criteria based on what we've learned since PHN 2022-15:
 - Including lessons from CHAMP, centralized screening of priorities, and the 2023 Vacancy Initiative
- Aligned approvable waiver lengths with scoped projects
- Institutionalize coordination between HMS, PMS, and FMS for certain waiver categories

New Waiver Categories

red=new; green = unchanged

New Waiver Categories

- Funded modernization project
- Insurance Claim
- Market Demand/ 2nd Floor
- Market Demand/ Congregate
- Repurposed
- Physical Condition
- Maintenance Capacity
- Administrative Capacity

Eliminated Waiver Categories

- ~~Unfunded modernization project~~
- ~~Tenant damage~~
- ~~Staff Capacity~~
- ~~Reconditioning~~
- ~~Multiple LHA List Pulls~~
- ~~Transitional Housing Program~~

Mod Project

Modernization project is underway and requires unit to be held vacant, includes hotel units for a mod project

Criteria	Length of Initial Waiver	Length of Renewal Waiver
<p>EOHLC Project Manager (PM) and Housing Management Specialist (HMS) must agree that the needed work to reoccupy the unit is:</p> <ul style="list-style-type: none">Planned, funded, Timeline, Project Number from the LHA is required.Likely to start construction on a schedule that requires this unit(s) to remain vacant at this time, EOHLC staff will evaluate project scope and timeline closely to minimize time unit held vacant; andLHA has complied with applicable relocation laws.	Determined by project scope	Determined by amended project scope

Insurance Claim

Unit is vacant due to casualty or natural disaster covered by state insurance program

Criteria	Length of Initial Waiver	Length of Renewal Waiver
<ul style="list-style-type: none">Casualty has been reported to insurance company and EOHLCLHA is assisting with all efforts required to work with insurance company and contractor to reoccupy the unit.	Determined by insurance estimate for project timeline	Determined by insurance estimate for project timeline, as amended by insurance

Market Demand/ Congregate

No market demand for elderly congregate unit due to negligible or empty wait list

Criteria	Length of Initial Waiver	Length of Renewal Waiver
<ul style="list-style-type: none">LHA must document consistent efforts to market these units, as outlined in the LHA's Marketing Plan and as required by 760 CMR 5.04, including marketing to neighboring LHAs.If marketing efforts cannot address this vacancy problem, LHA must identify improvements needed to make the units sufficiently competitive in the local affordable housing market, such as resident services, intercoms, improved common areas, modern appliances, staging for showings, etc.In addition, if unit is in a congregate development that has had long-term vacancies, LHA should work with EOHLC and Elder Affairs staff to consider whether it should be re-programmed for a different use.	120 days	30-day intervals

Market Demand/ 2nd Floor

No market demand for second floor walk-up units without elevator in c. 667 elderly development

Criteria	Length of Initial Waiver	Length of Renewal Waiver
<ul style="list-style-type: none">LHA must document that all applicants on the unit offer wait list for the unit have been offered the unit and refused or have verified they have a medically supported need for a first-floor unit.LHA must document consistent efforts to market these units, as outlined in the LHA's Marketing Plan and as required by 760 CMR 5.04, including marketing to neighboring LHAs.If marketing efforts cannot address this vacancy problem, LHA must identify improvements needed to make the units sufficiently competitive in the local affordable housing market, such as resident services, intercoms, improved common areas, modern appliances, etc.	120 days	30-day intervals

Repurposed

Unit will be repurposed or has prior EOHLC approval to be repurposed for a non-residential housing use, typically providing resident services such as computer learning center, daycare, staff for supportive housing program, etc.

Hotel units during construction are included in Waiver 1.

Criteria	Length of Initial Waiver	Length of Renewal Waiver
<ul style="list-style-type: none">LHA must document that the unit is currently in use, describe the use, provide the name of the entity using the unit, and state the compensation received for the unit, if any.Units must be approved for repurposed use before use is changed from a non-residential housing use. LHA should demonstrate that there is not an alternate, cost-effective way to meet space needs without taking a unit offline.Board vote required for new waivers and extensions.	3 years	N/A, submit as an initial waiver if continuing a repurposed use

Administrative Capacity

Current LHA workload exceeds existing administrative staff capacity to select tenants for multiple vacancies, due to a significant number of units becoming maintenance ready at the same time or loss of tenant selection staff and a delay in rehiring or challenges in verifying an applicant

Criteria	Length of Initial Waiver	Length of Renewal Waiver
<ul style="list-style-type: none">• The LHA must document the specific conditions causing the delay, the work that needs to be done, and its plan and schedule to complete that work.• The LHA must demonstrate why it is unable to contract for tenant selection to occupy the unit in timely way. EOHLC will offer budget exemptions for LHAs with high vacancies rates and operating reserves under 35%. LHAs can provide current OR balances if the prior FYE does not accurately reflect the LHAs available resources.• If verification delays, LHA must demonstrate adequate screening:<ul style="list-style-type: none">• 50 applicants per each vacant elderly unit or• 50 applicants per each vacant or non-elderly handicapped unit or• 100 applicants per each vacant family unit• Provide the list pull IDs for the unit.	90-days	30-day renewals No renewal if OR >35%

Physical Conditions

Unit needs major work, and LHA anticipates more than 60 days to reoccupy

Criteria	Length of Initial Waiver	Length of Renewal Waiver
<ul style="list-style-type: none">• LHA must detail the scope, cost and schedule of the proposed work.• Facilities Management Staff (FMS) and/or the Construction Management Unit (CMU) must verify the condition and may inspect the unit to substantiate the time requested for renovation or repair.• If condition rises to the level of a capital project, the creation of a capital project via CIP Revision is required. The LHA may request Vacant Unit funds to cover the cost if they have exhausted formula funding.	Determined by project scope	Determined by amended project scope

Maintenance Capacity

Current LHA workload exceeds existing maintenance staff capacity to turnover vacant units within required timeframe due to: concurrent vacancies, severe weather events, public health emergencies, availability of maintenance staff, contractor and/or supply chain issues and/or other reasons directly related to LHA maintenance staff and their operating capacity

Criteria	Length of Initial Waiver	Length of Renewal Waiver
<ul style="list-style-type: none">• The LHA must document the conditions causing the delay, the work that needs to be done, and its plan and schedule to complete that work.• The LHA must demonstrate, in detail, why it is unable to turnover units within the required timeframe utilizing existing staff, contractors, and/or other means, such as partnering with a neighboring LHA for assistance. EOHLC will offer budget exemptions for LHAs with high vacancies rates and operating reserves under 35%. LHAs can provide current OR balances if the prior FYE does not accurately reflect the LHAs available resources.• LHA must discuss with assigned EOHLC staff.	90 days	30-day renewal (limit one renewal) No renewal if OR >35%

Take Away

- EOHLC will actively track vacancies and reach out proactively to LHAs with high vacancy rates;
- EOHLC technical assistance is available to LHAs;
- Resources are available for LHAs to occupy units; and
- New waiver types are effective no later than 4/1/2024

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THANK YOU!

- Please reach out to EOHLC staff if you have questions.