MEMORANDUM

To: Local Housing Authority Executive Directors

FROM: Sarah Glassman, Associate Director
Division of Public Housing & Rental Assistance

RE: Preparing for the Performance Management Review (PMR):
Local Housing Authority Annual Inspections and Work Order System

DATE: June 2, 2016

This document provides a brief summary of what you can expect from the LHA Annual Inspections and Work Order and Maintenance Systems portion of the Performance Management Review (PMR). Executive Directors and maintenance staff at Local Housing Authorities (LHAs) should use this document to help prepare for the PMR.

The PMR, mandated by Chapter 235, An Act Relative to Local Housing Authorities, pulls together data on each housing authority’s occupancy rates, tenant accounts receivables, accounts payable, budget variance, operating reserve, capital improvement plan submission, capital spending, annual inspections and work order and maintenance systems to identify and address areas of strength and areas for development. The PMR is an opportunity for the Department of Housing and Community Development (DHCD) and LHAs to stand together and take a deep dive into the data, lift up best practices, and work together towards improving operations across the Commonwealth. For more details about the PMR, please review Public Housing Notice #2016-06 “Performance Management Review Preparation”.

This Public Housing Notice covers the following maintenance topics:

1. Performance Management Overview and Criteria
   a. Criterion 1: Annual Inspections
   b. Criterion 2: Work Order and Maintenance Systems

2. Addendum A defines what a Deferred Maintenance Plan is, and provides some examples on what types of items might be added to a Deferred Maintenance Plan. Addendums B and C further explain what types of maintenance items might fall under qualifying capital repairs and can be included as a part of the Capital Improvement Plan (CIP).

In addition to this public housing notice, further guidance on property maintenance can be found in the DHCD issued Property Maintenance Guide (PMG). A copy is temporarily available for download at the following link: https://goo.gl/FYixel
Maintenance Priorities

Each Housing Authority may have developed their own strategies that differ from those that are suggested in the PMG. DHCD recommends that LHAs realign their Maintenance Priorities in accordance with the PMG.

The following defines and lists maintenance categories in order of priority. (PMG page 1-1)

1. **Emergencies** - Conditions which are immediately threatening to the life or safety of your residents, staff, or structures.

2. **Vacancies** - Work necessary to make empty units ready for new tenants.

3. **Preventive Maintenance** - Work which must be done to preserve and extend the useful life of various elements of your physical property.

4. **Programmed Maintenance** – Types of programmed maintenance include inspection work orders and routine maintenance. Programmed maintenance should be grouped and scheduled to make their completion as efficient as possible.

5. **Requested Maintenance** - Work which is requested by residents or others, does not fall into any category above, and should be accomplished as time and funds are available.

One of the most significant mistakes you can make in conducting your maintenance operation is to allow it to be driven by requests from people outside the staff rather than by management generated work orders that are part of a planned program that can be scheduled for efficiency.

DHCD will send out a follow up PHN that will provide further details about property management priorities in the next couple weeks.
Performance Management Review (PMR):

DHCD will use the following Performance Management Review (PMR) criteria to measure the effectiveness of the LHA’s maintenance procedures.

During the PMR, the Facilities Management Specialists (FMS) will accompany the Housing Management Specialists (HMS) to complete a thorough review and provide a summary report before they leave.

Samples of inspections and work orders chosen as a part of the PMR evaluation are based on LHA size per the groupings below:

- **Small** 1 to 199 units
- **Medium** 200 to 499 units
- **Large** 500 to 999 units
- **Very Large** 1000 or more units

**Criterion 1: Annual Inspections**

1. **Annual Inspections** – The core of your maintenance delivery system. LHAs must conduct annual inspections in all units to ensure all units are safe, decent, sanitary, and in good repair.
   - **Be prepared to provide a random sampling of your Annual Inspection Reports for the fiscal year under review.**
     - DHCD FMS will verify that inspections were completed at least annually for the random sampling of Inspection Reports that are chosen.
       - Small LHA – Pull 7 inspection reports, inspect 3 units;
       - Medium – Pull 10 inspection reports, inspect 4 units;
       - Large & Very Large – Pull 15 inspection reports, inspect 6 units.
       - In addition, DHCD will inspect vacant units (if maintenance ready):
         Small-1 unit, Medium-2 units, and Large & Very large-4 units.
   - **Be prepared to provide completed work orders for the random sampling of inspections.**

   _Note:_ Sources of programmed maintenance are inspection work orders and routine maintenance. Programmed maintenance should be grouped and scheduled to make their completion as efficient as possible.

   - DHCD FMS will verify that the LHA can identify, track and provide reports for inspection work orders.
   - DHCD FMS will compare work orders with inspection results to ensure that the deficiencies noted during inspections resulted in work orders.
   - DHCD FMS will check that inspection work orders were completed within 30 calendar days, or placed on a Deferred Maintenance Plan or Capital Improvement Plan (CIP) in the case of qualifying capital repairs.
o Inspection work orders not completed within this timeframe will result in an operational guidance (31 to 45 calendar days) or corrective action (over 45 days) rating.

o LHAs should strive to complete inspection work orders in 2 weeks.

o DHCD FMS will inspect units that are chosen from the inspection reports and corresponding work orders to ensure all units selected are safe, decent, sanitary, and in good repair.

o Since the particular units that will be inspected will not be known until the day of the inspection, ALL tenants MUST be notified that their unit may be inspected.

o DHCD FMS will provide a report of their findings before they leave on the day of the PMR.

**Criterion 2: Work Order Systems**

2. Emergencies – Emergencies should be narrowly defined as only those conditions which are immediately threatening to the life or safety of your residents, staff, or structures. If a deficiency meets this definition *any time of day*, it needs to be identified as an emergency.

   • Be prepared to provide DHCD FMS with a list of past and current emergency work orders.

   o DHCD FMS will inspect a sample of Emergency Work Orders (Small LHA – 2; Medium LHA – 4; Large or Very Large LHA – 6) to ensure the items were initiated in 24-48 hours.

   o Emergency work orders not initiated within this timeframe will result in a corrective action rating.

   **Note:** Regular, thorough inspections and a preventive maintenance program that deals with all elements of the LHA property will keep emergencies to a minimum.

3. Vacancy Turnaround – Vacancies should be reoccupied as soon as possible.

   • Be prepared to provide DHCD FMS with a list of past and current vacancy work orders.

   o DHCD FMS will inspect a sample of Vacancy Work Orders (Small LHA – 2; Medium LHA – 4; Large & Very Large LHA – 6) to ensure the items were completed within 30 calendar days unless there is an approved waiver for that unit.

   o Vacancy work orders not completed within this timeframe will result in operational guidance (31 to 60 calendar days) or corrective action (over 60 calendar days) rating.

4. Preventive Maintenance (PM) Program - Every LHA should have a working preventive maintenance program in order to preserve and extend the useful life of materials, equipment, fixtures and other elements of a housing development.

   • Be prepared to provide DHCD FMS with your PM plan.
• Be prepared to provide DHCD FMS with a list of work orders from your PM plan.
  
  o If there is no Preventive Maintenance Program and/or no preventive maintenance work orders then the LHA will receive a corrective action rating.

5. Routine Work Orders – Routine work includes those tasks that need to be done on a regular basis to keep your physical property in good shape. Some examples of routine maintenance would be: picking up litter, sweeping public spaces, cleaning and sharpening tools, attending training sessions, shoveling snow and plowing, raking leaves, maintaining inventory, washing windows, replacing common area light bulbs.

  **Note:** Sources of programmed maintenance are inspection work orders and routine maintenance. Programmed maintenance should be grouped and scheduled to make their completion as efficient as possible.

• Be prepared to provide DHCD FMS with a list of past and current routine work orders.

6. Requested Work Orders - Work which is requested by residents or others, does not fall into any category above, and should be accomplished within 14 calendar days as time and funds are available.

• Be prepared to provide DHCD FMS with a list of past and current requested work orders.

  o DHCD FMS will inspect a sample of Requested Work Orders (Small LHA – 2; Medium LHA – 4; Large & Very Large LHA – 6) to ensure the items were completed within 14 calendar days, or placed on a Deferred Maintenance Plan or Capital Improvement Plan (CIP) in the case of qualifying capital repairs.

  o Requested work orders not completed within this timeframe will result in an operational guidance (15 to 30 calendar days) or corrective action (over 30 calendar days) rating.

7. Emergency Response System – There exists an after-hours on call system to respond to emergency maintenance requests 24 hours a day and the system documents the results of that response. Residents, staff and call service should have a clear definition of what an emergency is.

• If there is not a 24 hour emergency response system, the LHA will receive a corrective action rating.

**Questions about this PHN?**

For further questions, please contact your Facilities Management Specialist:

<table>
<thead>
<tr>
<th>Location</th>
<th>Specialist Name</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeastern MA</td>
<td>Mayungbe Adeniyi, Facilities Management Specialist</td>
<td>617-571-7581</td>
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<td>508-868-5077</td>
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<tr>
<td>Northeastern MA</td>
<td>Bruce McCarrier, Facilities Management Specialist</td>
<td>617-791-3491</td>
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</tbody>
</table>
(Continued)
Addendum A: Deferred Maintenance

Definition of Deferred Maintenance

By definition, Deferred Maintenance is maintenance, upgrades, or repairs that are deferred to a future budget cycle or postponed for some other reason. Sometimes it is referred to as extraordinary maintenance.

Deferred Maintenance should not be confused with capital projects that would be included in your Capital Improvement Plan (CIP). Large projects that will fall under your “Formula Funding” are still added to your CIP project list. See Addendum B for more information on qualifying capital repairs.

There are two ways that an item might be added to your Deferred Maintenance Plan.

#1: Originating From Work Order System

As you reconcile your work order system, work orders are closed out as the work is completed.

There are two categories of maintenance tasks that might occur over an extended timeframe. One is any qualifying capital maintenance items that can be grouped together and added to your CIP (see Addendum B). The second group of longer-term maintenance tasks can be added to your Deferred Maintenance Plan. The purpose of a Deferred Maintenance Plan is to ensure that an identified deficiency, that cannot be addressed immediately, is not overlooked.

#2: Maintenance Item Added Directly to Deferred Maintenance Plan

Perhaps in the course of walking the property or checking units, you find a maintenance task that needs to be done, such as landscaping or painting but snow removal prevents immediate attention. If these items are not urgent, but still important and can be done at a later date, these maintenance tasks can be added directly to the Deferred Maintenance Plan.
Situations That Might Warrant Using the Deferred Maintenance Plan

1. **Items Best Completed When Unit is Vacant**
   - Example: A unit should have its heating pipes replaced, or heat and smoke detectors hard wired, or electrical service upgraded. Any of these items for one unit would likely be too small a project to be added to CIP but should be done when the unit becomes vacant. They would be added to your Deferred Maintenance Plan and then completed when the unit becomes vacant.

2. **Seasonal Items are items that cannot be completed because of the season.**
   - Example: Tree and shrub trimming would not be done while there is snow on the ground. This would be added to your Deferred Maintenance Plan and completed when the weather permits.

3. **Lack of Funding**
   - Example: During an inspection, the property manager noticed that the common hallway needs to be repainted. Because of a severe winter, the operating budget does not have sufficient funds to complete all the necessary painting at this time. The Capital Improvement Plan is already maxed out for the next 4 years. The work order is closed out and the item is moved to the “Deferred Maintenance Plan”. It will be completed as the operating budget is built back up and the maintenance staff are able to commit time for the minor project.

4. **Efficiency – Items can be grouped together by location, task or trade**
   - Example: A plumber is required to repair 10 leaking diverter valves that were discovered during inspections. It is more efficient to group these work orders together for your plumber.

5. **Organizational and Upkeep Tasks**
   - Example: Stockroom needs to be cleaned out and reorganized. Any tasks that occur infrequently enough that they don't fall under the category of routine work orders.

When and How the Deferred Maintenance Plan Should Not Be Used

1. **Life & Safety Items**: If the deficiency is a life and safety hazard, it must not be moved to a Deferred Maintenance Plan. Emergency repairs are top priority and must be repaired before any other maintenance.

2. **Work Order Backlog**: The Deferred Maintenance Plan is not to be used as a catch all for work orders that are not completed in a timely manner.

3. **Small/Minor Items**: For example, one cracked tile would not be an item worth adding to the Deferred Maintenance Plan.
What Information to Include in the Deferred Maintenance Plan

Suggested column headings for your Deferred Maintenance Plan spreadsheet include:

- Item
- Date Added to Deferred Maintenance Plan
- Item Description
- Location or Unit Number
- Reason Deferred
- Estimated Cost
- Materials Needed
- Original Work Order Number
- Target Completion Date
- Actual Completion Date
- Other Comments

When You Add An Item to Deferred Maintenance Plan:

Fill in all the fields mentioned in the list above. It is particularly important that an estimation of resources and materials needed to complete the job is done, and that a target completion date for the project is set.

It is also important that the Deferred Maintenance Plan be revisited weekly or biweekly in a meeting that involves the lead maintenance person and the Property Manager or Executive Director. In this meeting, upcoming tasks to be completed within the next week or two weeks can be identified, and reprioritization of the Deferred Maintenance Plan can be done as needed.
#1: Maintenance Item Added Directly to Capital Improvement Plan (CIP)

In the course of conducting inspections, responding to requested maintenance, walking the property, or turning over vacant units, maintenance staff might come across maintenance issues that they know right away need to be part of the Capital Improvement Plan (CIP). If the items qualify as capital repairs (per instructions below), maintenance staff would apply to add them directly to your Capital Improvement Plan (CIP) rather than open a work order for these items.

Note: Projects can be added to your Capital Improvement Plan (CIP) even if you do not have full funding lined up for the project yet.

#2: Originating From Work Order System

In rare cases, after initially generating a work order and moving an item to the Deferred Maintenance Plan (as described in Addendum A above), it might become apparent after looking further into the maintenance issue and/or developing cost estimates, that it should be moved to the Capital Improvement Plan (CIP). For example, one inoperable bathroom exhaust was identified during an inspection but after investigation it is determined that all the exhaust fans should be replaced with a new and better solution.

What Qualifies as a Qualifying Capital Repair?

Public Housing Notice (#2012-22) provides clarification on the allowable use of bond funds (including Formula Funding) and operating funds for Local Housing Authority (LHA) modernization and maintenance. It includes:

1. An overview on how DHCD administers the two sources of funds (bond and operating);
2. A table that outlines which LHA expenditures can and cannot be bond-funded;
3. Guidelines on the use of bond funds for paying in-house workforce on capital projects (aka “Force Account” work); and
4. Text from the original bond authorization bill and the relevant statute.

To view the complete Public Housing Notice (#2012-22), please follow the link below. Additionally, for your reference, it is attached as Addendum C to this PHN:


For further information on this topic also see the latest Massachusetts State-Aided Public Housing Preservation and Modernization Program Guidelines, particularly pages 44 and 45.

Questions about this PHN?

For further questions regarding **Maintenance items**, please contact your Facilities Management Specialist:

<table>
<thead>
<tr>
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</table>

For questions regarding **Capital items**, please contact Rick Brouillard at Richard.Brouillard@MassMail.State.MA.US.
Addendum C: Public Housing Notice (#2012-22)

Commonwealth of Massachusetts
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT
Deval L. Patrick, Governor  ♦  Aaron Gornstein, Undersecretary

Public Housing Notice 2012-22

To: All Local Housing Authority Executive Directors

From: Lizbeth Heyer, Associate Director for Public Housing & Rental Assistance

Subject: Allowable Bond Funded Expenses, Including Force Account Work

Date: December 28, 2012

The purpose of this Public Housing Notice is to provide clarification on the allowable use of bond funds (including Formula Funding) and operating funds for Local Housing Authority (LHA) modernization and maintenance. In this notice, please find for your reference:

1. An overview on how DHCD administers the two sources of funds (bond and operating);
2. A table that outlines which LHA expenditures can and cannot be bond-funded;
3. Guidelines on the use of bond funds for paying in-house workforce on capital projects (aka “Force Account” work); and
4. Text from the original bond authorization bill and the relevant statute.

1. **Overview of Operating Budget and Bond Funds**

LHAs have two different sources of funds for use in supporting operations. One is the operating budget, annually approved by DHCD, and the other is the capital bond fund account which is made available by legislative authorization and the selling of the authorized bonds.

- **The operating budget** is often funded in part by the operating subsidy account which is an annual appropriation in the state budget. The operating subsidy is used to offset any operating budget deficit occurring when approved LHA expenses exceed LHA income. The DHCD Bureau of Housing Management (‘Housing Management’) approves all LHA operating budgets whether or not a subsidy is to be provided and administers the operating subsidy account.

- **The capital bond account** is restricted by the specific language of the bonds for capital expenses. The Bureau of Housing Development and Construction administers the bond account via the Capital Improvement Plan (CIP) mechanism, which determines the size of LHA Formula Funding awards and project-specific grants. Bond expenditures are restricted for use on capital projects that meet specific criteria discussed below.
With the implementation of formula funding, LHAs now have some flexibility in synergistically deploying these two resources to best meet their needs. That said, there are legal restrictions on the use of bond funds, which can only be applied toward capital expenses that:

- Materially add value to the asset;
- Prolong the useful life by at least five years;
- Cost more than $1,000; and
- Cover components that are being tracked in the Capital Planning System (CPS).

For further guidance, DHCD has developed the attached table for LHAs to consult when deciding when to cover an expense with bond funds (capital expenses) and when to use operating budget funds.

*Table of Allowable Bond Funded Expenses*

<table>
<thead>
<tr>
<th>EXPENSE TYPE</th>
<th>ALLOWED TO BE BOND-FUNDED (USE CAPITAL BOND ACCT)</th>
<th>NOT ALLOWED TO BE BOND-FUNDED (USE OPERATING BUDGET FUNDS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL CAPITAL EXPENSES</td>
<td>Materially adds value to the asset.</td>
<td>Maintains value of the asset.</td>
</tr>
<tr>
<td></td>
<td>Prolongs useful life by at least 5 years.</td>
<td>Repairs/ replacements to meet or extend useful life.</td>
</tr>
<tr>
<td></td>
<td>Project cost is greater than $1,000 AND component being replaced is tracked in CPS.</td>
<td>Project cost is less than $1,000, OR component is not tracked in CPS.</td>
</tr>
<tr>
<td>BUILDING SYSTEMS</td>
<td>Replace entire HVAC system.</td>
<td>Replace a section of pipe.</td>
</tr>
<tr>
<td></td>
<td>Roof replacement.</td>
<td>Roof patching.</td>
</tr>
<tr>
<td></td>
<td>Envelope: replacing more than 20% of siding.</td>
<td>Envelope: spot replacement of worn/damaged siding.</td>
</tr>
<tr>
<td></td>
<td>Repair to building systems.</td>
<td></td>
</tr>
</tbody>
</table>
## Building Components or Equipment

- Replacement of equipment based upon lifecycle, generally as part of a long term, predictable schedule, OR as part of an overall plan to upgrade equipment (e.g., for energy or water conservation purposes).
- Replacement of all kitchen appliances in a building at the end of their useful life, per industry norm.
- Replacing one kitchen appliance in a unit because it is broken.
- Replacement of all refrigerators to Energy Star models as part of an overall energy conservation plan.
- Installing one Energy Star refrigerator in a unit as replacement for a broken refrigerator.
- Replacing a broken piece of equipment.

## Expense Type

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Allowed to Be Bond-Funded (Use Capital Bond ACCT)</th>
<th>Not Allowed to Be Bond-Funded (Use Operating Budget Funds)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit Turnover</strong></td>
<td>Primarily consists of replacement of components tracked in CPS, plus associated finish work and other incidental repairs which together are worth less than 15% of the project TDC.</td>
<td>Complete modernization of room(s) in a unit which has not turned over for many years or has been subject to unusually hard use so that capital components have reached ends of useful lives.</td>
</tr>
<tr>
<td><strong>Site Work</strong></td>
<td>Heavy site work requiring special equipment and special expertise.</td>
<td>Removal of trees or large tree limbs.</td>
</tr>
</tbody>
</table>

- Replace, repair, or refurbish components not listed in CPS; work typically done on unit turnover.
| STAFF: PLANNING & ADMINISTRATION FOR CAPITAL PROJECTS | With project manager approval, LHA may use up to 10% of its Formula Funding for capital administrative purposes, including paying for staff time. AIMM authorities may use up to 13% of Formula Funding. See p.14 of 2011 Massachusetts State-Aided Public Housing Preservation and Modernization Program Guidelines: http://www.mass.gov/hed/docs/dhcd/ph/formula/mass-stateaidpublichousing.pdf | Capital funds applied toward administration must be recorded in operating budget. Funds are still subject to bond rules for contracts and expenditures. |
| STAFF: LABOR FOR CAPITAL PROJECTS | Needs to be a formal, approved budget for the whole project. Wages paid on reimbursable basis at the hourly rate specific to each permanent employee. Capital bond funds cannot be used to pay staff retirement benefit costs. Requires careful record keeping. SEE FORCE ACCOUNT GUIDELINES ON NEXT PAGE | Upon approval, wages paid on a reimbursable basis, for overtime or for temporary or seasonal employees filling in for more skilled permanent employees. Requires careful record keeping. SEE FORCE ACCOUNT GUIDELINES ON NEXT PAGE |

2. **Guidelines on Use of Bond Funds for “Force Account” Work**

LHAs completing a capital work project which is included in the DHCD approved CIP with their own in-house work force (known as “Force Account” work), may request reimbursement from their Formula Funding funds for the actual cost for labor hours spent on the project and for the cost of materials. The LHA should indicate in its CIP project description that it will be completing the work in-house, if that information is known at the time the CIP is submitted, and the project budget should reflect that method of completing the work.

Please note that the intent of this Force Account option is to maximize the efficient use of capital funds, but it is not intended to reduce the portion of the LHA’s operating budget devoted to regular and extraordinary maintenance. Any “savings” in operating budget costs (for example, maintenance staff salaries paid by capital funds) must be used to fund other maintenance or extraordinary maintenance costs, whether for labor, materials or contracted work.

**Hourly rate:** For work completed within the regular work week, hours are to be billed at the employee’s regular hourly rate. This includes hours by part-time staff who are working beyond their regular hours up to what would be a full-time week (40 hours). DHCD discourages the use of overtime hours for completing capital projects but recognizes there are times when use of overtime may make sense for the LHA. If the LHA is using overtime, it should document in its procurement record the reason for its use. Please note that capital funds such as Formula Funding grants can NOT be used to reimburse LHA staff retirement benefits. These costs must be paid from the operating budget.

**DHCD review of the work:** If the estimated cost of the work exceeds $10,000, contact your project manager to arrange for a DHCD construction advisor to review comparable work done by the same personnel. Do not start the work unless you have received approval from your construction advisor. If
the cost of the work will exceed $25,000, you need to submit a detailed request to your project manager for approval by DHCD. Requests should include the following information:

- Qualifications: Names & job titles of the employees who will carry out and supervise the work, including experience on similar projects
- Scope: A brief description of the scope including performance specs for the materials to be chosen
- Budget: A breakout of the CIMS budget between materials, labor and soft costs
- Schedule: A proposed time frame for the scope of work to be executed, if different than the schedule in CPS, including an assessment of the LHA’s ability to complete this work and regular maintenance activities.

Request for payment: Along with a Certificate of Compliance, the request for Formula Funding reimbursement should include an invoice for labor hours indicating the name of the staff person(s) that completed the work, number of hours worked, the date(s), the hourly rate (excluding retirement benefits), and indicate whether it is a regular or overtime rate. Include invoices for all materials for which the LHA is seeking reimbursement.

Accounting: Costs for wages and materials for capital projects may be expensed in the ‘construction’ portion of the Form 80 and are not subject to the 10% cap on administrative costs. Employee benefits for force account can be expensed in this line and are restricted to the following:

- FICA – Employer’s share of social security tax
- FUTA – Employer’s share of unemployment tax
- GIC – Employer’s share of group health insurance.

3. **Reference: Main Bond Authorization Bill and Relevant Statute**

**CHAPTER 119 of the Acts of 2008**

7004-0033. For the purpose of state financial assistance in the form of grants for projects undertaken pursuant to clause (j) of section 26 of chapter 121B of the General Laws; provided, that contracts entered into by the department of housing and community development for those projects may include, but shall not be limited to, projects providing for renovation, remodeling, reconstruction, redevelopment and hazardous material abatement, including asbestos and lead paint, and for compliance with state codes and laws and for adaptations necessary for compliance with the Americans with Disabilities Act, the provision day care facilities, learning centers and teen service centers and the adaptation of units for families and persons with disabilities; provided further, that priority shall be given to projects undertaken for the purpose of compliance with state codes and laws or for other purposes related to the health and safety of residents; provided further, that funds may be expended from this item to make such modifications to congregate housing units as may be necessary to increase the occupancy rate of those units; provided further, that the department, in consultation with housing authorities, may establish a program to provide predictable funds to be used flexibly by housing authorities for capital improvements to extend the useful life of state-assisted public housing; provided further, that not less than 25 per cent shall be used to fund projects which preserve or produce housing for families and individuals with incomes of not more than 30 per cent of the area median income, as defined by the United States Department of Housing and Urban Development; and provided further, that a capital reserve account shall be administered by the department

**CHAPTER 121B, Section 26, (j)**

To undertake as a separate project the renovation, remodeling, reconstruction, repair, landscaping and improvement of an existing housing project or part thereof, including the reduction of undesirable unit
densities in an existing housing project as deemed necessary by the department for the improvement of an existing housing project assisted by the commonwealth pursuant to section thirty-four or forty-one; provided, that an equal number of low-rent relocation units are provided to replace those occupied units which are removed in the reduction of an undesirable unit density; and provided, further, that the plans for each such project shall be undertaken in accordance with rules and regulations promulgated by the department for such projects; and provided, further, that notwithstanding the provisions of any other law, where the funding for such project or any similar state or federally funded undertaking with respect to low-rent housing exceeds fifteen million dollars, the number of households living on the original site when funds are or were committed exceeds two hundred and a receiver has been appointed for the housing authority pursuant to section one hundred and twenty-seven H of chapter one hundred and eleven, the award of construction, reconstruction, installation, demolition, maintenance, alteration, remodeling or repair contracts shall be governed by the provisions of section thirty-nine M of chapter thirty, and shall include a requirement for certification of ability to furnish labor that can work in harmony with all other elements of labor employed or to be employed in the work, and shall not be subject to the provisions of sections forty-four A to forty-four H, inclusive, of chapter one hundred and forty-nine.