



Essentials for Commissioners

A Guide for Board Commissioners
of Public Housing Agencies



This is one of a series of publications available from Nan McKay & Associates. NMA is recognized nation-wide as a leader in providing training, consulting and publications for the assisted housing industry.

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This Nan McKay handbook provides a quick but thorough introduction to the important role played by boards of commissioners in overseeing government-funded housing assistance programs. While the handbook is an excellent tool for orienting new board members, it may also be used to encourage professional development among seasoned commissioners. We hope that the ideas and suggestions on effective governance that it contains will inspire as well as instruct.



Why Do Boards Exist?

Before we discuss the specific aspects of boards and governance, let's focus on the more general idea of why boards exist. It's often easy to get mired down in the process and lose sight of the mission: *Housing agencies provide families a place to live, to grow, and to work toward self-sufficiency.* As board members, it is important to keep your eyes on that mission.

Preserve and Direct

Throughout the decades, boards have had a mixed impact on public agencies and the families they serve. Some boards plan well, monitor well, and perform their role in a manner that exhibits quality service and commitment to the community. Unfortunately, some boards are not very effective in carrying out the stated mission of the agencies they represent.

As a commissioner, you and your fellow board members have a responsibility for the preservation, direction, and future of the organization you serve. This will require that you demonstrate leadership, diligence, integrity, and flexibility as you guide your organization through many changes.

You Can Make a Difference



In responding to changes, some agencies may fail, others may simply survive, and still others may flourish. What is important to remember is that the collective skills and energies of the board is what makes the difference. The strength of your individual commitment alone is not enough to guarantee the success of your agency. The board must have input and opinions from *all* of its members, and all must work together to create a *board team*. The interpersonal challenge of any board is to transform divergent views into a single, united view.

History of Public Housing

Understanding the history of public housing is useful for putting the roles and responsibilities into perspective. Below is some of the significant legislation that has come about over the years.

United States Housing Act of 1937

The Housing Act of 1937 is responsible for the birth of federal housing program initiatives. This act was originally intended to provide financial assistance to states and cities for public works projects, slum clearing, and the development of affordable housing for low-income residents.

Housing Act of 1949

The Housing Act of 1949 established a national policy of a “decent home and suitable living environment for every American family.”

Housing Act of 1965

The Housing Act of 1965 established federal assistance, administered through local public agencies, to provide grants for home repairs and rehabilitation. This act also created the federal Department of Housing and Urban Development (HUD).

Housing Act of 1969

The Housing Act of 1969 established an “operating subsidy” for the public housing program for the first time. Until then, public housing had been a self-sustaining program. In the first of three Brooke Amendments, the 1969 act also set the ceiling on rents to be charged in public housing at 25 percent of income. Legislation in 1970 revised the income deductions allowed in computing rents, and in 1971, it extended the ceiling rent of 25 percent of income to residents receiving public assistance.

Housing and Community Development Act of 1974

The Housing and Community Development Act of 1974 established a formula for allocating funds to eligible communities and created a new federally assisted housing program, the Section 8 program, which enabled federal housing assistance payments to be made to owners renting housing to lower-income families.

In 1978, amendments to the Housing and Community Development Act established the Section 8 Moderate Rehabilitation Program. Also that year, the Neighborhood Reinvestment Corporation, a public corporation, was created to promote reinvestment in older neighborhoods.

Cranston-Gonzalez National Affordable Housing Act

In 1990, the Cranston-Gonzalez National Affordable Housing Act terminated the Moderate Rehabilitation Program (except for single-room occupancy) along with several other housing programs, and required each state or locality receiving federal housing assistance to prepare a five-year comprehensive housing affordability strategy (CHAS). That same year, the HOME and HOPE programs were both created.

Quality Housing and Work Responsibility Act of 1998

The Quality Housing and Work Responsibility Act, commonly referred to as the Reform Act, brought wide-sweeping changes to the assisted housing industry in 1998. Amending the Housing Act of 1937, it provided new options for public housing programs, streamlined program requirements, and rewarded resident employment and high-performing programs.

The Reform Act affected many aspects of the Section 8 and public housing programs such as income eligibility, screening, income exclusions, and rent calculation choices, in addition to the operations of housing authorities. As a commissioner, you should be aware of the following important provisions in the Reform Act:

- ❑ **Board of Commissioners.** The board of commissioners must include one resident of assisted housing who may, by agency plan, be elected. A PHA is exempt from this requirement if: (1) by state law, the position on the board is full-time and salaried; or (2) the PHA has fewer than 300 public housing units, no resident agrees to serve, *and* the PHA conducts an outreach every year for candidates.
- ❑ **Agency Plans and Annual Plans.** Every PHA must develop a five-year agency plan that states the PHA's mission, goals, and objectives. In addition, every year it must submit an annual plan that provides details about its immediate operations, its programs and services, its participants' needs, and its strategies for the upcoming fiscal year.

Future Legislation

Future housing legislation will most likely continue to concentrate responsibility for operation—and possibly funding resources—on states and localities. If it does, your job as a commissioner will evolve into one of even greater responsibility. It is essential that you prepare yourself to assume this role.

Learning about Housing Programs

While understanding the history of assisted housing is useful to put your roles and responsibilities into perspective, learning about the housing programs the board oversees is crucial. As a commissioner, you are not required to know how to calculate a tenant's rent or how to conduct a housing quality standards inspection by the book. However, you should have a good working knowledge of how the various housing programs function.

The Department of Housing and Urban Development (HUD) administers many types of housing programs. The two main programs are the conventional public housing program and the Section 8 housing choice voucher program. Your agency administers one or both of these programs. We'll start with the public housing program.

The Public Housing Program



A public housing agency (PHA) is a governmental or public body authorized by a state to engage or assist in the development or operation of housing for low-income families. For many years the acronym *PHA* was used to describe agencies that administer the public housing program. Today, public housing programs are managed by all sorts of organizations, including housing authorities, not-for-profit organizations, and private property managers. The term *public housing agency* now encompasses all entities providing housing assistance to low-income families.

In conventional public housing, the housing units are owned by the public housing agency, and its staff must perform a variety of duties associated with owning and managing rental property, including:

- Accepting applications
- Screening families for their suitability as renters
- Maintaining the housing units and grounds
- Collecting rents
- Enforcing leases

Because public housing agencies are usually subsidized by HUD, they are subject to federal laws and regulations that require additional responsibilities, such as:

Maintaining a Waiting List

PHAs must develop procedures for opening and closing their waiting lists. Some agencies opt to close their lists to applicants when the likely wait for assistance exceeds a certain limit, such as two years. Others maintain an open waiting list so that they can stay abreast of the current needs of the community they serve.

Meeting Income Targets

PHAs must reserve a minimum of 40 percent of new admissions to public housing each fiscal year for families whose income does not exceed 30 percent of the median income in their area. To comply with this requirement, PHAs may need to pass over higher-income families on their waiting lists.

Determining Income Eligibility

Every year HUD publishes income figures that PHAs use to determine the eligibility of applicants seeking assistance. Currently, public housing programs are open only to families that fall into one of three income categories identified by HUD: *low income*, earning no more than 80 percent of area median income; *very low income*, earning no more than 50 percent of area median income; and *extremely low income*, earning no more than 30 percent of area median income.

☒ Allowing Families a Choice in Rents

For every public housing unit that it operates, a PHA must establish a flat rent that reflects the actual market value of the unit. When a PHA admits families to its program, it must offer them the choice of paying flat rent or rent based on their income. As long as the families continue to participate in the program, the PHA must offer them the same choice every year.

☒ Recertifying Families

After they are admitted to a public housing program, families who choose to pay income-based rent must be “recertified” every year to determine whether they are still eligible to participate in the program, and if so, how much their income-based rent for the following year will be. This recertification process, like the initial certification process that took place before the families were admitted to the program, includes verification of family income, assets, and expenses, as well as family composition.

Families who choose to pay flat rent also have their composition reviewed every year, but they do not have to go through the complete recertification process as frequently. The minimum recertification period for families who choose flat rent is once every three years.

☒ Annually Inspecting Housing Units

As part of their ongoing or preventive maintenance programs, PHAs must inspect each of the public housing units under their care at least once a year. The units must meet the uniform physical condition standards (UPCS) established by HUD to ensure that all public housing is in good repair and in decent, safe, and sanitary condition.

The public housing program provides affordable housing because families may choose to pay rent based on a percentage of their income. As a commissioner, you have the opportunity to shape policies so that the public housing in your program is more than just buildings. Your board’s direction can transform public housing facilities into neighborhoods where families live in safety, pursue their goals, and participate in their community.

The following are examples of the policy decisions your board can make to promote this type of environment:

- Adopting stringent screening criteria for admission to public housing
- Developing a collaborative partnership with the local police department
- Leasing one or more housing units to police officers at no or very low rent
- Offering programs that promote education and job training for residents
- Establishing permissible deductions to earned income to promote self-sufficiency

The Section 8 Housing Choice Voucher Program

Distinct from the public housing program, the housing choice voucher (HCV) program allows families to rent privately owned housing rather than housing owned by the PHA. In the HCV program, the PHA instead makes monthly housing assistance payments on behalf of the families to the owners of the housing. This makes the HCV program a partnership between the public sector (the PHA) and the private sector (the owners of the housing units made available for lease to families with vouchers).



Owners who participate in the HCV program must execute two important documents. One is a lease with each assisted family, which must include a tenancy addendum required by HUD. The other is a housing assistance payments (HAP) contract with the local housing agency.

Owners may screen HCV assisted families for suitability as tenants just as they would screen other prospective rental applicants. However, they may not discriminate against these families any more than they may discriminate against families not receiving assistance.

Many people prefer the voucher program because it allows families to search for suitable housing anywhere within a housing agency's jurisdiction.

While housing agencies participating in the HCV program do not perform the property management functions required in the public housing program, they perform many of the same administrative tasks, such as taking applications for assistance, maintaining a waiting list, determining eligibility, determining the amount of rent each family will pay, and recertifying families. In addition, they are likewise required to conduct annual inspections of units leased by assisted families. At a minimum, these units must meet federally established housing quality standards (HQS). However, they may also have to meet local codes or more stringent requirements adopted by the board. A PHA cannot continue to make monthly housing assistance payments to owners whose property does not meet inspection standards.

Special Rental Assistance Programs

Several other rental assistance programs provide funding for specific populations. To participate in these programs, housing authorities generally must partner with a social service provider to insure a continuum of care and must adhere to special operating rules and restrictions. Additionally, the housing authority usually must apply for funding to administer one of these special programs, must account for the funds separately from other rental assistance or public housing funds, and must arrange for a separate independent audit of the funds annually. As a result, not all housing authorities administer these programs. Examples of such programs include:

Shelter Plus Care

This program provides rental assistance funds for homeless persons who are physically or mentally disabled. A partnership with a social service provider is a requirement of this program.

HUD-VASH Vouchers

The HUD-Veterans Affairs Supportive Housing program offers housing assistance for homeless veterans. It combines HCV rental assistance with case management and clinical services provided by Veterans Affairs at its local medical centers.

Housing Opportunities for People with Aids (HOPWA)

This program provides rental assistance for people diagnosed with HIV or AIDS. Funding for this program is allocated to the largest municipality in a county and must be made available through AIDS service providers to eligible persons on a countywide basis.

Family Unification

This program provides rental assistance to families who have lost or are in danger of losing custody of their children because they are unable to provide decent housing for them. The locality's department of social services or a similar agency must be a coapplicant for these funds.

There may be other, similar programs, including locally funded rental assistance programs, that a housing authority may administer. It is the executive director's job to keep the board up-to-date on the operating effectiveness of these special programs and to provide periodic reports, not only on the number of persons being assisted, but also on the overall success of the PHA in achieving the primary objectives of the programs.



Terminology

Throughout this handbook, the term *PHA* will be used synonymously with *housing agency* to refer to a public housing agency. The term *commissioner* refers to an appointed or elected member of a PHA's board (or board of commissioners). The terms *administrator* and *director* are synonymous with *executive director*.

For a comprehensive glossary of HUD and housing industry acronyms and terms, see Chapter 7.

Chapter 2

How Do Boards Govern?

Now that we have laid the groundwork with the history of public housing and an overview of programs, let's take a closer look at how boards govern.

The Board and Its Challenges

The board of commissioners for a housing program is composed of individuals who have been either elected or appointed to serve. Some are interested members of the community, some are community leaders, and some are participants in the housing program. They are often people with diverse knowledge and experience, opinions and personalities. However, regardless of their backgrounds, there are specific duties that commissioners do and do not perform.

Commissioners	
Do	Do Not
Oversee	Administer
Lead	Implement
Influence	Manage
Evaluate	Operate

Along the way, a board of commissioners can face many challenges:

- To provide direction in achieving a common purpose that meets the needs of the community the housing agency serves
- To preserve and expand the agency's resources
- To monitor the quality of the programs and services the agency offers
- To ensure the viability of the agency

What Should Board Service Emphasize?

Keeping in mind a few fundamental principles will help board members meet the many challenges they face.

☒ Strategic Leadership

The job of the board is to provide strategic leadership, not to get bogged down in administrative details. Board members should be asking questions like “What role should our housing agency play in the social services of the community?” rather than “Does the HCV Program staff need clerical help?”

☒ A Clear Distinction Between Board and Administrator Roles

The board, so to speak, oversees the forest; the administrator tends to the trees. For example, while the board approves the amount budgeted for maintenance and staff salaries, the administrator determines the specific maintenance activities to be carried out and the allocation of money for staff salaries.

☒ A Focus on the Future

Focusing on the future means asking questions like “How can we best evaluate the needs and trends within our community so that we can continue to deliver the best possible services?”

☒ Proactivity Rather than Reactivity

Proactive boards do not wait for things to happen, they take the initiative: “Now that we know there will be a reduction in funding, let’s evaluate possible alternative funding sources.”

A Board Philosophy

In order to govern effectively, a board must concern itself primarily with long-term goals and not with the details and day-to-day administrative tasks needed to achieve those goals. The board's role is to direct, control, and inspire the housing agency it oversees through the careful establishment of policies—thoughtfully articulated statements of the values that should drive the agency's services to the community.

To serve with excellence on a board of commissioners also requires discipline. Discipline may be exhibited in many ways, including:

- Regularly attending and actively participating in board meetings
- Respecting roles within the board and between the board and the executive director
- Speaking on behalf of the housing agency in one voice with other board members
- Guarding against any tendencies by the board to stray from diligent governance
- Competently fulfilling your responsibilities as a member of a governing board and steadfastly holding yourself accountable to the general public for your performance
- Working to build positive community relations
- Insuring compliance with the laws and regulations that govern housing programs by becoming knowledgeable about those laws and regulations

Focusing on Objectives

A board should establish objectives within its areas of responsibility and then focus on the desired results. There are two overriding questions that board members should continually be asking themselves:

- ❑ Are we working to achieve our mission on behalf of the community?
- ❑ Given new information, new wisdom, or new possibilities, what should we strive to accomplish, for whom, and at what cost in the next year? In the next five years?

The Buck Stops Here

Primary responsibility for the performance of a board of commissioners rests with the members. Individually and collectively, they are responsible for defining and fulfilling their responsibilities, monitoring their own performance, developing themselves professionally, and providing the vision required to meet the future needs of their communities.

