

The **Nelrod** Company®

ROLES & RESPONSIBILITIES OF PUBLIC HOUSING COMMISSIONERS

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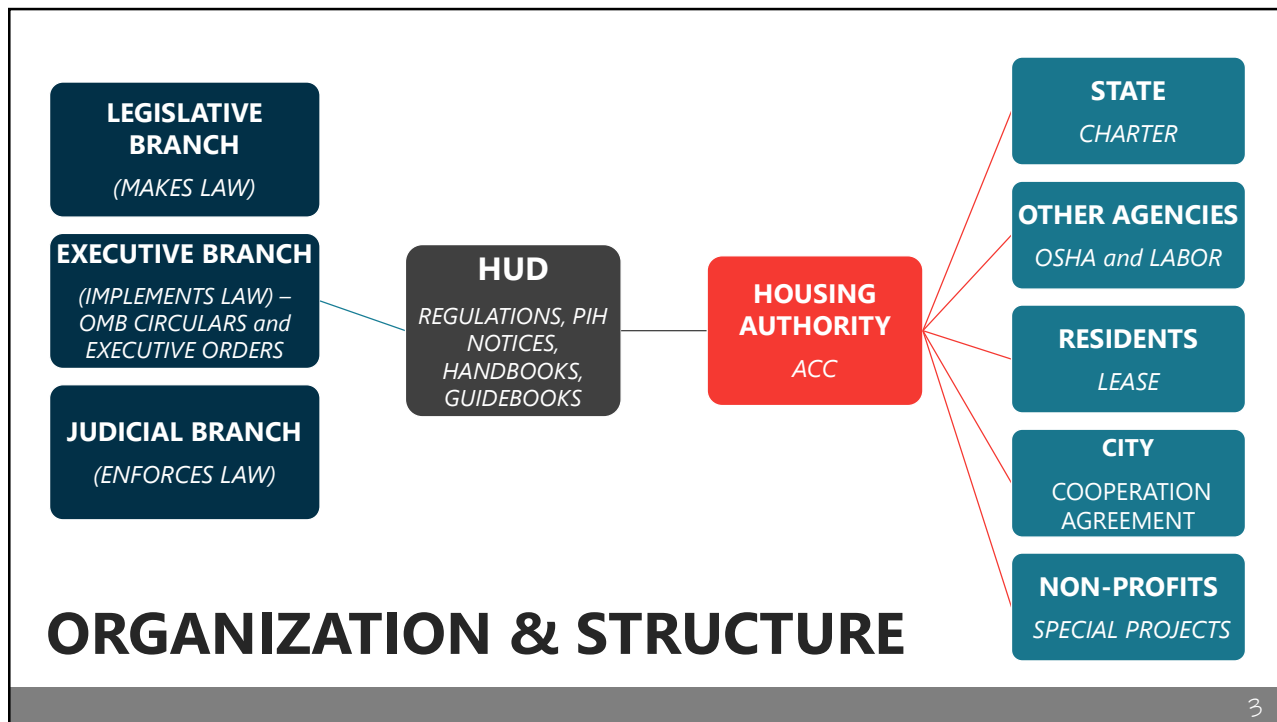
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TRAINING OVERVIEW

- Provide an understanding of:
- ✓ Your role as an Appointed Public Official
 - ✓ State Laws and Regulations that govern a PHA
 - ✓ Legal documents and Federal Agreements
 - ✓ Understanding PHA Finance
 - ✓ Ethical Standards
 - ✓ Conducting Effective Board Meetings

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GLOSSARY OF PUBLIC HOUSING and SECTION 8 LANGUAGE

ACC - Annual Contributions Contract

ACOP - Admissions and Continued Occupancy Policy

ADA – American with Disabilities Act

CDBG – Community Development Block Grant Program

CFR – Code of Federal Regulations

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GLOSSARY OF PUBLIC HOUSING & SECTION 8 LANGUAGE

FMR - Fair Market Rent

HAP - Housing Assistance Payment

HQS - Housing Quality Standards

NOFA - Notice of Funding Availability

PILOT - Payment in Lieu of Taxes

PFS - Performance Funding System

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HISTORY OF THE PUBLIC HOUSING PROGRAM

→ Federal

- ✓ 1937 Housing Act
- ✓ Brooke Amendment
- ✓ QHWRA

→ States

- ✓ Enabling Legislation

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HISTORY OF THE PUBLIC HOUSING PROGRAM 1937 HOUSING ACT

- The United States Housing Act of 1937 laid the foundation for today's Public Housing Program
- The act promised Federal financial and technical assistance to States and Localities that would clear slums and provide decent housing for low-income families
- To receive assistance, local housing authorities were required to enter into a contract with the Federal Government

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HISTORY OF THE PUBLIC HOUSING PROGRAM – STATES ENABLING LEGISLATION

- Housing Act of 1937
- States were required to pass enabling legislation
- Legislation permitted city and county governments to create local Housing Authorities
- State legislation had many other provisions regarding low-income housing

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HISTORY OF THE PUBLIC HOUSING PROGRAM - MAYOR'S RESPONSIBILITY

- Failure or success of a PHA starts with the Mayor because the appointment of qualified individuals to the Board of Commissioners is entirely his/her responsibility
- Governing body may or may not confirm appointments
- Once Board is appointed, the Mayor nor governing body may interfere with the operation of the PHA

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HISTORY OF THE PUBLIC HOUSING PROGRAM – COOPERATION AGREEMENT

- Cooperation Agreement (City)
 - ✓ Tells local Authority where or how it can build or acquire housing
 - ✓ Defines what support will be provided by the local government
 - ✓ Authority agrees to make a payment in lieu of taxes (PILOT)

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HISTORY OF THE PUBLIC HOUSING PROGRAM - (BY-LAWS)

- Includes the duties of the Chairman, Vice Chair and Secretary (the ED)
- Includes elections/appointments process
- Outlines the kind and frequency of meetings
- Outlines the order of Business

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HISTORY OF THE PUBLIC HOUSING PROGRAM - (BY-LAWS)

- Outlines the manner of voting
- Discusses Special meetings
- Discusses Executive Session

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HISTORY OF THE PUBLIC HOUSING PROGRAM – OTHER STATE REQUIREMENTS

- Open Meetings Law
- Freedom of Information Act
- State Ethics Law
- Tenant Landlord Rights
- Housing Authority Law

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WHAT IS THE “BUSINESS” OF A HOUSING AUTHORITY?

- Real Estate Management
- Human and Community Development
- Implementing Government Shelter Programs

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HOW DOES THE HOUSING AUTHORITY WORK?

→ Accountability

- ✓ Primarily accountable to HUD
- ✓ Accountable to any source of funding
- ✓ The locality and the agency's residents and staff
- ✓ Partnerships with other agencies and organizations for the fulfillment of common goals

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HOW DOES THE HOUSING AUTHORITY WORK?

→ Funding: Where does the money come from?

- ✓ Tenant Rents
- ✓ Operating Subsidy
- ✓ Capital Fund Program
- ✓ Some agencies benefit from state financing and/or Rural Development programs
- ✓ Philanthropic resources in their areas

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THE RELATIONSHIP BETWEEN THE HOUSING AUTHORITY & HUD

HUD establishes rules under which Federal Monies can be spent. PHAs are required to sign an Annual Contributions Contract (ACC). If terms of the ACC are violated, HUD can:

1. Withhold operating subsidy;
2. Take over the agency;
3. Appoint a receiver to operate the agency; or
4. Impose sanctions

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MISSION & POLICIES

- The PHA's mission statement defines what your agency wants to accomplish
- It should also be the guide for policy decisions made by the Board and procedural decisions made by staff

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POLICIES & PROCEDURES

- Policy is the broad statement about how the agency approaches a particular area
- Procedures are the more detailed methods the agency chooses to use to carry out the policy
 - ✓ Board establishes the policies
 - ✓ Executive Director creates procedures to be used in implementing the policies

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HUD REQUIRED POLICIES

- Procurement Policy
- Admissions and Continuing Occupancy Policy
- Personnel Policy
- Drug-Free Workplace Policy
- Capitalization Policy
- Fair Housing and Equal Opportunity Policy
- Reasonable Accommodation Policy

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OTHER POLICIES NEEDED

- Investment Policy
- Records/Property Disposition Policy
- Maintenance Policy/Plan
- Disclosure of Records Policy
- Accessibility Policy
- Technology Use Policy
- Conflict of Interest/Ethics Policy

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POLICIES & PROCEDURES

- Policies should be reviewed regularly, updated and modified periodically
- A change in Policy may require a change in Procedures

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HUD REQUIRED PLANS

- Section 8 Administrative Plan
- Minority/Women Business Enterprise Plan
- Section 3 Economic Development Plan
- Annual Plan
- 5-year Plan

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MEASURING PHA PERFORMANCE

- PHA performance is measured by:
 - ✓ Residents
 - ✓ The community
 - ✓ Local politicians
 - ✓ HUD

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THE ROLE OF THE BOARD

- The Board of Commissioners, not individual members, is the Governance Body
- No single commissioner or committee can act for the Authority
- Only the Board, by majority action, acts for the Authority

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THE BOARD'S DUTIES

- Approving By-laws, Resolutions and Policies
- Selecting qualified Executive Directors
- Establishing and adopting PHA policies
- Monitoring agency performance
- Representing the agency in the community
- Approving the Annual Plan, 5-Year Plan and budget

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THE BOARD'S DUTIES

- Approving budgets and monitoring PHA spending
- Seeking community support and partnerships
- Approving modernization plans and contracts
- Approving all grant applications
- Approving contracts and purchases as required by state law or the Authority by-laws

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OVERSIGHT

- The fundamentals of oversight include understanding:
 - ✓ The guidelines and policies that guide your PHA;
 - ✓ The pitfalls that a PHA and its board can face;
 - ✓ The internal workings of your PHA; and
 - ✓ Your ethical and legal responsibilities.
- Keep informed, ask the tough questions

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PITFALLS A BOARD COMMONLY FACE

- Ineffective oversight of the overall operation of the PHA
- Failure to read and question policies presented for approval
- Failure to monitor key performance indicators
- Failure to ensure the PHA's resources are effectively spent
- Failure to implement internal controls and separation of duties

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PITFALLS A BOARD COMMONLY FACE

- Lack of external checks on financial reporting
- Improper disposition of assets
- Failure to carefully review outside contracts
- Failure to make ethical, unbiased decisions
- Failure to comply with State laws
- Involvement in day-to-day operations of the PHA

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BOARD RESPONSIBILITY VS. EXECUTIVE AUTHORITY

- Where do you draw the line?
- The Executive Director/CEO:
 - ✓ Is an ex-officio member of the Board
 - ✓ Does not share the Board's legislative responsibility and does not vote
 - ✓ Acts as the secretary during meetings and business transactions
 - ✓ Is accountable to the Board for the proper conduct of the agency's business

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BOARD RESPONSIBILITY VS. EXECUTIVE AUTHORITY

- The HUD Inspector General Program details the responsibilities of board members
- Major responsibilities include:
 - ✓ Approving by-laws, resolutions, policies, and procedures
 - ✓ Selecting qualified Executive Directors
 - ✓ Establishing and adopting PHA policies

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BOARD RESPONSIBILITY VS. EXECUTIVE AUTHORITY

- Reviewing and monitoring budgets and other financial documents to ensure expenditures are in compliance with Federal and local laws
- Approving policies and procedures for internal and external monitoring controls
- Approving policies and procedures to detect and prevent fraud, waste, mismanagement and abuse
- Ensuring that the PHA is acting legally and with integrity in its daily operations

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BOARD RESPONSIBILITY VS. EXECUTIVE AUTHORITY

- A relationship of trust and confidence is required between the Board and Director. This requires:
 - ✓ Understanding
 - ✓ Policy setting
 - ✓ Working together

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BOARD RESPONSIBILITY VS. EXECUTIVE AUTHORITY

→ The Board can:

- ✓ Establish internal controls
- ✓ Establish personnel selection and evaluation policies
- ✓ Establish performance criteria
- ✓ Review independent audits and HUD reviews
- ✓ Visit the properties
- ✓ Establish accountability standards

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ROLE OF THE EXECUTIVE DIRECTOR

- Hires, trains and terminates PHA staff
- Prepares Operating budget and supervises cash management, bank reconciliation and tenant selection
- Collects rents, enforces lease and maintains Units
- Primary advisor to Board; Records and maintains minutes
- Monitors operations for fraud and abuse
- Maintains compliance with Laws and Policies

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BOARD RESPONSIBILITY VS. EXECUTIVE AUTHORITY

→ Summary of Roles:

- ✓ There is a “line” between the role and activity of the Board and the role and activity of the Executive Director
- ✓ Members can be on committees providing oversight to various components of the operation

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BOARD RESPONSIBILITY VS. EXECUTIVE AUTHORITY

- There is a clear consensus between staff and Board members on the mission and strategy of the agency
- Individual commissioners do not “cross the line” and interfere with the actual operations of the agency

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RESPONSIBILITIES OF THE INDIVIDUAL BOARD MEMBER

- Be informed
- Represent the PHA positively in the community
- Represent the community fairly on the Board
- Support the Executive Director
- Commit to be part of the solution rather than the problem
- Actively recruit partnerships, as well as program and funding resources for the agency

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RESPONSIBILITIES OF THE INDIVIDUAL BOARD MEMBER

- Represent the agency in your community
- Public speaking
- Developing resources
- Represent the greater community within the Board

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EVALUATING THE WORK OF THE HOUSING AUTHORITY

→ The Board monitors agency performance in:

- ✓ Property management
- ✓ Administration
- ✓ Property development
- ✓ Regulatory compliance

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ANOTHER VIEW

→ Board members should acquaint themselves with information about the PHAs:

- ✓ Finances
- ✓ Physical/property operations
- ✓ Overall organization of the PHA
- ✓ Personnel management issues
- ✓ Government relationships
- ✓ Maintenance issues

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LIABILITIES OF THE BOARD

→ The Board is legally responsible for the operation of the Authority - be alert to **"Red Flags"** such as:

- ✓ Ineligible or unsupported costs
- ✓ Negative cash flow
- ✓ Inadequate accounting records
- ✓ Unusual expenses or payments

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LIABILITIES OF THE BOARD

- ✓ Excess travel
- ✓ Reported financial data not in agreement with books
- ✓ Funding for unapproved activities
- ✓ Avoiding conflicts of interest- both your own and others
- ✓ Knowing what is and is not covered by your Public Officials Liability Insurance

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INTERNAL CONTROLS/PROGRAM INTEGRITY

- A few suggestions for the Board:
- The foundation of any good system of internal controls is a proper separation of duties
- Handling cash, record keeping, and authorization should be separated

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INTERNAL CONTROLS/PROGRAM INTEGRITY

- (2) signatures on checks
- Each disbursement is supported by documentation
- Review financial records regularly
- Determine whether daily deposits are made

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LITIGATION

- When the PHA is sued or receives an announcement of intent for litigation, the PHA must:
- Contact HUD's Regional Counsel
- Contract with an attorney
- Submit contract to HUD's Regional Counsel
- Submit all pleadings and briefs to HUD
- To initiate, settle, or appeal, HUD must concur

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9 BASIC PRINCIPLES TO GUIDE YOU THROUGH THE POLICY GOVERNANCE MODEL



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PRINCIPLE 1: TRUSTEESHIP

- Board of Commissioners (BOC) is the policy-making body of a housing government agency
- Commissioner is a public official
- The Board of Commissioners selects and employs the Executive Director
- The Executive Director hires and dismisses all other employees
- Providing decent, safe, and sanitary housing within the financial reach of low-income families

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PRINCIPLE 2: ETHICS

- Avoid Conflicts of Interest
- Direct or Indirect
 - ✓ Housing development (present or future)
 - ✓ Contract (present or future)
- Board speaks with one voice or not at all
- Establish policy on Board member conduct

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PRINCIPLE 3: BOARD DECISIONS SHOULD BE POLICY DECISIONS

- Address the largest or broadest values
- Make sure policies are compliant with Local, State and Federal regulations
- Review Policies and make changes as necessary

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PRINCIPLE 4

- Policy Formulation Should be Determined by Taking Broadest Values First and Progressing Down to Narrow Ones (Macro to Micro)
- Policies give broad values
- Procedures implement policies

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SIX BASICS TO ADHERE TO

1. Functions under State Housing Law
2. Obligations under ACC
3. Bylaws and adopted policies
4. General operating condition of Agency
5. Net operating revenue or residual receipts
6. Agency Plan Mission Statement and goals

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PRINCIPLE 5

- Board Should Define and Delegate Rather Than React and Ratify
- Provide clear, compliant, and efficient directions
- Policies meet Agency purpose (mission)
- Use Board resources to improve or expand services to residents

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PRINCIPLE 6: AGENCY OUTCOMES SHOULD GOVERN SUCCESS

- What do you expect in return for agency expenditures?
- Address these in 5 Year PHA Plan and Annual Plan

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PRINCIPLE 7: BEST CONTROL OVER STAFF RESOURCES IS TO SET PARAMETERS

- Examples:
 - ✓ Contracts over \$25,000 require Board approval
 - ✓ Personnel Policy limits travel expenses to Federal per diem limits
 - ✓ Residents who don't pay rent get evicted

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PRINCIPLE 8

- A Board Must Build a Linkage With the Executive Director that is Both Empowering and Safe
- In Performance
- Being Honest
- Being
- Straight forward

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PRINCIPLE 9

- Performance of the Executive Director Must be Monitored Rigorously but only on Board Established Policy Criteria
- Have set criteria
 - ✓ Easy to read financial reports
 - ✓ PHAS or SEMAP performance reports
 - ✓ Report on agency outcomes

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