



PUBLIC HOUSING ADMINISTRATION

HOUSING AND HOME FINANCE AGENCY

WASHINGTON 25, D. C.

CIRCULAR
11-6-61

TO: Regional Directors
Local Authorities

SUBJECT: Certificate Regarding Tenants Admitted to Low-Rent Housing

Since 1949 the United States Housing Act has required each Local Authority to certify to the Public Housing Administration that each family admitted to its low-rent projects was admitted in accordance with certain specified conditions. Form PHA-2293, Certificate Regarding Tenant Eligibility for Low-Rent Housing Projects, formerly was prescribed for this certification. This form included the certification required by the Act relating to tenants admitted; and also certifications, based on contract requirements, relating to the reexamination of tenants and the charging of appropriate rents.

Form PHA-2293, revised November 1961 and now titled "Certificate Regarding Tenants Admitted to Low-Rent Housing," is hereby provided for making the admissions certification required by the statute. A copy of the revised Certificate is attached. Instructions for its preparation and submission are carried on the back of the form.

With the 1961 amendments to the U. S. Housing Act giving Local Authorities greater responsibility for and latitudes in the establishment of admission policies, the Act presently requires (in Section 10 (g)(2)) Local Authorities to certify that admissions were made in accordance with their duly adopted regulations. In the Circular of July 11, 1961, Subject: The Housing Act of 1961, it was pointed out that the 1961 amendments did not require a Local Authority to make any changes in its tenant policies. Since specific admission policies formerly were established in the Act and the Contract and such policies were not required to be adopted by a Local Authority, it is believed that not all Local Authorities will now be operating under admission regulations which have been duly adopted by their Boards. Accordingly, alternative certifications are provided on Form PHA-2293. Option One is for use by Local Authorities whose admission regulations have been duly adopted by their Boards, either before or after the 1961 amendments to the Act. Option Two is for use by Local Authorities whose admission regulations have not been adopted by their Boards. Option Two reflects the certification requirement set forth in Section 15 (8)(b) of the Act before its amendment in 1961.

(Cont'd)

If a Local Authority cannot make the certification in either of these options for the full period covered by the Certificate, the Certificate is to be modified appropriately and an explanation given of the circumstances which made the modification necessary.


Commissioner

Attachment

November 1961

**Certificate Regarding Tenants
Admitted to Low-Rent Housing**

Project Number(s)	
Local Authority (name)	
Period Covered from	to

How to Use This Form: *If the admission regulations of the Local Authority have been duly adopted by the Board, execute Option One. If the admission regulations have not been so adopted, execute Option Two.*
(See additional instructions on back.)

OPTION ONE

I, the undersigned, certify that I am the _____
of the above-named Authority and am duly authorized to execute this Certificate on its behalf. I further certify that the Authority determined that each family admitted to the above-listed projects during the period shown was admitted in accordance with its duly adopted regulations and approved income limits.

Date

OPTION TWO

I, the undersigned, certify that I am the _____
of the above-named Authority and am duly authorized to execute this Certificate on its behalf. I further certify that an investigation was made by the Authority of each family admitted to the above-listed projects during the period shown, and that, on the basis of the report of such investigation, I have found that each such family at the time of its admission:

1. had a net income (less exemptions) not exceeding the maximum income limits theretofore fixed by the Local Authority and approved by the Public Housing Administration for admission of families of low income to such housing; and
2. either
 - a. lived in an unsafe, insanitary or overcrowded dwelling, or
 - b. was to be displaced by a low-rent housing project or by a public slum clearance, redevelopment or urban renewal project or through action of a public body or court either through the enforcement of housing standards or through the demolition, closing or the improvement of a dwelling unit or units, or
 - c. was actually without housing due to causes other than the fault of the tenant, or
 - d. was about to be without housing as the result of a court order or eviction, due to causes other than the fault of the tenant, or
 - e. was either the family of a Veteran or Serviceman (or of a deceased Veteran or Serviceman) and its application for admission was made not later than October 1, 1961, or an elderly family admitted to a unit suitable to its need.

Date

INSTRUCTIONS

General: This Certificate is to be executed within 30 days following the end of the period covered. Two signed and dated copies are then to be sent to the appropriate PHA Regional Office.

Instructions regarding the options appear on the other side. *If for any reason certification cannot be made in this form, it is to be modified appropriately and submitted with appropriate explanation.*

Period Covered: For each new project, the first Certificate is to cover the Initial Operating Period. If EIOP does not coincide with the end of the fiscal year, the next Certificate is to cover the period from EIOP to the end of the fiscal year in which EIOP occurs. Thereafter, the Certificate shall cover the period of the pro-

ject's fiscal year.

If no fiscal year has been established for one or more projects in a Contract, the Certificate is to be submitted for the anniversary date of EIOP which first occurs for any project in the Contract, until a fiscal year is established.

Projects Covered: A separate Certificate is to be prepared to cover the Initial Operating Period of each project. A second separate Certificate is needed where the project

fiscal year and EIOP do not coincide. For succeeding periods, a single Certificate may cover all projects which have passed EIOP and which have the same fiscal year.

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PUBLIC HOUSING ADMINISTRATION

HOUSING AND HOME FINANCE AGENCY

WASHINGTON 25, D. C.

CIRCULAR

7-11-61

TO: Central Office Division, Office, and Branch Heads
Regional Directors
Local Authorities

SUBJECT: Housing Act of 1961

The Housing Act of 1961 became law on June 30, 1961. The purpose of this circular is to advise Local Authorities of the effect of those provisions of the Act which relate directly to low-rent public housing or which are of importance in relation thereto.

Additional Units

PHA is authorized to enter into additional annual contributions contracts for the balance of the \$336,000,000 authorization in the United States Housing Act, an amount sufficient to provide for about 100,000 additional dwelling units after allowance for the additional subsidy for the elderly discussed below. The limitation for any one State on contracts for annual contributions for additional units entered into on or after June 30, 1961, is approximately \$8,445,000 per annum (15% of the annual contributions legally uncommitted on June 30, 1961, the exact amount of which has not yet been determined). No time limit is provided for use of this additional authorization in order to permit maximum flexibility in planning and coordination with local needs.

PHA can now make additional program reservations and enter into additional preliminary loan and annual contributions contracts. The circular of April 12, 1961, which restricted expenditures under existing preliminary loan contracts is rescinded. However, because of the repeal of section 10(j) of the USHAct, discussed below, the Local Authority should not incur any costs and the PHA will not advance any funds under preliminary loan contracts for the planning of any project which by the terms of outstanding Cooperation Agreements will be subject to the repayment of Federal and local contributions, unless the Local Authority and the local governing body comply with the provisions of the second paragraph under the section below entitled "Repeal of Section 10(j) Recapture Provisions."

Increase in Cost Limits for Elderly

For housing designed specifically for the elderly, the Act increases the normal cost limit for dwelling structures and equipment to \$3,000 per room (\$3,750 in high cost areas), an increase of \$500 per room. Since the elderly limits were already \$500 over the normal limits, this means that they are now \$1,000 above the normal limits. Should a Local Authority with an existing annual contributions contract need to utilize this increased cost limit, consideration will be given to a revised Development Cost Budget.

Increase in Cost Limits for Alaska

The special cost limit for Alaska is also increased by \$500 to \$3,000 and by an additional \$500 in the case of units designed specifically for the elderly to \$3,500. Both limitations can be increased up to \$750 additional in high cost areas.

Non-Federal Aid, Donations or Additions to Projects

Formerly the amount or value of a donation of any part of the dwelling structures or equipment had to be included as a cost in applying the per room cost limits. This is no longer required. Such donation cannot be included in the base on which annual contributions may be computed.

Also formerly, all parts of the project whether provided by non-Federal aid or not, had to be tax exempt in order for the project to qualify for annual contributions. This tax-exemption requirement has been modified to permit taxation of any part of a project the cost of which is not included in the base used for determining annual contributions. This change will permit a Local Authority to include in a project facilities which might be added by other public agencies or non-profit or even private, including commercial, enterprise which would not be tax exempt and on which annual contributions would not be payable. Local Authorities should consider the possibilities of this change for their existing and future projects and should examine their State laws to determine any limiting factors in its application to their particular jurisdictions.

Repeal of Section 10(j) Recapture Provisions

Section 10(j) of the USHAct, the so-called "recapture" or "self-liquidating" provision, has been repealed. This is the section that prescribed a contractual provision requiring the Local Authority to reimburse the PHA and the local public bodies for their contributions out of net receipts after the bonds are paid, or out of proceeds of sale of the project. However, this repeal of section 10(j) is not retroactive. Consequently, the recapture clause will continue to apply to projects to which it is already made applicable by the annual contributions contract.

Because the repeal of section 10(j) was inserted in the Housing Act of 1961 after the Hearings in the Senate and House had already taken place, and because there was insufficient time to consider its retroactive application

in view of the contractual rights of local governments, Local Housing Authorities, and the Federal Government under existing annual contributions contracts and Cooperation Agreements, the Agency was advised to present for Congressional consideration next year, its recommendations on the manner in which these existing rights should be treated. Since many outstanding Cooperation Agreements which support development programs not yet under annual contributions contracts contain the provisions of section 10(j), these agreements will have to be amended to make these provisions inapplicable to projects which, as of June 29, 1961, were not yet under such contracts, or the Local Authorities will have to specifically request in writing, with the concurrence of the local governing body, that the annual contributions contract contain the same provisions in respect to such projects (see also the section on "Additional Units" above, as to preliminary loans).

Urban Renewal Sites for Low-Rent Public Housing

Section 107 of the Housing Act of 1949 which prescribes the price to be charged the Local Authority for land which is part of an urban renewal project is amended by section 306(a) of the Housing Act of 1961 to make that price ("fair value of land to a private redeveloper who wants to buy a site in the community for private rental housing with physical characteristics similar to those of the proposed low-rent housing project") applicable to land acquired prior to the enactment of the Housing Act of 1959 (September 23, 1959) as well as thereafter. This amendment makes the tax exemption of the land as part of a low-rent project a local grant-in-aid within the meaning of section 110(d) of the Housing Act of 1949 if the land was incorporated into the low-rent housing project on or after September 23, 1959, regardless of when it was acquired.

Gap Requirement

The requirement that a gap be left between admission rents and the rents at which a substantial supply of adequate housing is being supplied by private enterprise unaided by public subsidy is no longer applicable in the case of a family displaced by urban renewal or other governmental action or an elderly family. For other families the required gap remains at 20%.

Additional Subsidy for the Elderly

In addition to the "normal" subsidy guaranteed under the annual contributions contract, PHA is authorized to "pay not to exceed \$120 per annum per dwelling unit occupied by an elderly family on the last day of the project fiscal year where such amount, in the determination of the Authority [PHA], was necessary to enable the public housing agency [IHA] to lease the dwelling unit to the elderly family at a rental it could afford and to operate the project on a solvent basis." This additional subsidy can be paid for Local Authority Fiscal Years ending on or after September 30, 1961, but will not necessarily be paid on the Annual Contribution Date. These additional payments may be made in respect to dwelling units occupied by elderly families in any PHA-aided project including PWA and Lanham Act war housing projects transferred for low-rent use. The payments cannot be made until after the

end of the fiscal year since the amount is contingent on the number of elderly in occupancy at the end of the year and on the amount of deficit incurred in housing elderly at rents within their means. A form for computing the amount of subsidy which can be paid is attached.

PHA will make such payments where, in its determination, they are necessary to enable the Local Authority to lease the dwelling unit to the elderly family at a rental it could afford and to operate the project on a solvent basis, subject to the following three conditions:

1. Such payment shall be made only to the extent that the aggregate amount of such payments to all Local Authorities does not exceed the difference between (a) the total amount provided in the United States Housing Act of 1937, as amended, for annual contributions (\$336,000,000) and (b) all annual contributions which are required for the payment of the principal and interest on bonds or other obligations of all Local Authorities in respect to the then current Federal fiscal year.
2. Monies for such payments shall have been appropriated by the Congress of the United States.
3. The Local Authority shall, within 60 days after the last day of the project fiscal year, file with PHA a requisition and voucher for such payment together with such other documents and data in support thereof as PHA may require.

Incontestable Federal Obligation in Private Financing of Projects

Section 22 of the United States Housing Act of 1937 has been amended by adding a subsection (c) at the end which reads:

"(c) Obligations of a public housing agency [LHA] which (1) are secured either (A) by a pledge of a loan under an agreement between such public housing agency and the Authority [PHA], or (B) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Authority, and (2) bear, or are accompanied by, a certificate of the Authority that such obligations are so secured, shall be incontestable in the hands of a bearer, and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Authority as security for such obligations."

Local Authorities pledge Federal loan advances and annual contributions as security for their notes and bonds in order to encourage private financing of low-rent housing projects and to obtain the lowest possible interest rates. The underlying security for the loan advances is PHA's statutory power to borrow from the Treasury. The underlying security for the annual contributions is the statutory pledge of the full faith and credit of the United States to their payment. The incontestable certificate of PHA under this provision should remove any doubt in the minds of prospective investors as to the Federal Government's obligation to make the pledged advances or contributions. This should result in improvement in the marketability of these obligations and decrease in interest cost and in obtaining the maximum financial benefit of the Federal security.

Age Limits for Elderly and Disabled

The Social Security Amendments of 1961 made men eligible for retirement at age 62, effective August 1, 1961. In view of this change, beginning August 1, 1961, the age limit for men as well as women will be 62 for purposes of the PHA-aided program.

The definition of "elderly" has been changed to eliminate any age limit with respect to disabled persons so that it now includes a person of any age who is under a disability as defined in section 223 of the Social Security Act.

Local Responsibility for Admission Policies

The eligibility and preference provisions formerly contained in sections 10(g), 10(m) and 15(8) of the Act are now replaced by an amended section 10(g), which states that every annual contributions contract shall provide that:

"(1) the maximum income limits fixed by the public housing agency [LHA] shall be subject to the prior approval of the Authority [PHA] and the Authority may require the agency to review and revise such limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of the Act;

"(2) the public housing agency shall adopt and promulgate regulations establishing admission policies which shall give full consideration to its responsibility for the rehousing of those displaced by urban renewal or other governmental action, to the applicant's status as a serviceman or veteran or relationship to a serviceman or veteran or to a disabled serviceman or veteran, and to the applicant's age or disability, housing conditions, urgency of housing need, and source of income; and

"(3) the public housing agency shall determine, and so certify to the Authority, that each family in the project was admitted in accordance with duly adopted regulations and approved income limits; and the public housing agency shall make periodic reexaminations of the incomes of families living in the project and shall require any family whose income has increased beyond the approved maximum income limits for continued occupancy to move from the project unless the public housing agency determines that, due to special circumstances, the family is unable to find decent, safe and sanitary housing within its financial reach although making every reasonable effort to do so, in which event such family may be permitted to remain for the duration of such a situation if it pays an increased rent consistent with such family's increased income."

The Senate Committee Report states that these changes in the law "would create greater flexibility in the public housing program by requiring greater responsibility for administering the program at the local level."

It refers to the "very detailed and complicated orders of preferences and eligibility" contained in the former law, which are repealed, and says "Local housing authorities have had many years of experience under these Federal requirements and should be relied upon to be competent and fair; and there is no question that they are in a much better position than the Federal Government to ascertain the myriad factors that may be involved in a particular situation and to determine their proper weight."

The Committee Report also stressed, however, that the Act would continue to require Local Authorities, in establishing admission policies, to give "full consideration to their governmental responsibility for the rehousing of those displaced by urban renewal or other governmental action, and to the other special categories presently in the Federal law: veterans and servicemen and their families and widows, the elderly and disabled, those living in slums, those most urgently in need of rehousing, and families on relief."

A Local Authority wishing to operate under the new section 10(g) shall:

1. Formally adopt and promulgate, by publication or posting in a conspicuous place for examination by prospective tenants, regulations establishing its admission policies. These regulations must be reasonable and give full consideration to the public responsibility for rehousing those displaced by urban renewal or other governmental action, the applicant's status as a serviceman or veteran or relationship to a serviceman or veteran, and the other special conditions mentioned in paragraph (2) of section 10(g).
2. File two copies of the regulations with the PHA Regional Office.
3. Continue, as before, to obtain approval of the PHA for its maximum income limits and rent schedules (including the increased rents to be charged over income families allowed to remain in the project).
4. Determine that each family in the project was admitted in accordance with its duly adopted regulations and approved income limits, and file a certification to that effect with the PHA Regional Office.
5. Establish policies providing for annual reexaminations of incomes of families living in the project (including the nature and extent of investigations to be made of applicants' and tenants' statements relating to their eligibility) and make such annual reexaminations.
6. If a family is found to be over income, the Local Authority shall give it notice to move within a reasonable time unless the Local Authority determines that the family is unable, due to special circumstances, to find decent, safe, and sanitary housing within its financial reach, although making every reasonable effort to do so, and the Local Authority decides to permit the family to continue in occupancy for the duration of such situation. In that event, the Local Authority shall (a) make a written determination to that effect giving the reasons, and (b) require the over income family to pay the increased rent

prescribed in the rent schedule. (It is assumed that this power will not be exercised in any area in which State or local law bars occupancy by over income families in such cases or where the continued occupancy would endanger the tax-exempt status of the project.)

The provisions in the Act that over income families shall be required to move unless the Local Authority makes a special determination does not mean that families must move immediately. Historically, over income families have been allowed a reasonable time, up to six months, in which to find other housing; and since the purpose of this amendment to the Act is to liberalize rather than restrict, no change in this practice is required.

These amendments (including the changes in age limits for men and disabled) do not require a Local Authority to change its present tenant policies, but if it wishes to operate in accordance with these changes it may do so (subject to any State law limitations), and all requirements of existing contracts are hereby waived to the extent necessary.

Demonstration Programs


Section 207 of the Housing Act of 1961 authorizes the HHFA Administrator to enter into contracts to make grants, not exceeding \$5,000,000 to public or private agencies, subject to such terms and conditions as he shall prescribe, for the purpose of developing and demonstrating new or improved means of providing housing for low-income persons and families.

Local Authorities are recognized leaders in the field of providing decent housing for low-income families, and this authorization is a challenge to their ingenuity, initiative, and resourcefulness in developing new ideas, the implementation of which are not legally possible under the United States Housing Act. PHA has already presented a number of ideas to the Administrator for possible use under the demonstration program, and urges and invites Local Authorities to communicate with it with respect to this most important new development in the field of housing for low-income families and individuals. Local Authorities will be advised of further developments under this authorization as soon as possible. The authorization also is a challenge to develop new ideas for improvements in our existing program which can be accommodated under the USHAct.

Other Assistance Available to Local Authorities

PHA invites the attention of Local Authorities to other programs which the Housing Act of 1961 makes available to them through other constituent agencies of the HHFA. These are direct loans under the housing for the elderly program, authorized by the Housing Act of 1959, which can now be 100% loans (formerly limited to 98%) administered by the Community Facilities Administration; and the "below market" interest rate FHA rental housing (five or more units) program. In both cases, the Local Authority, to be eligible,

must certify that "it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937" (including amendments thereto). These programs will be governed by the regulations of the CFA and FHA.


Commissioner

Attachment

PHA-2328
May 1954

PUBLIC HOUSING ADMINISTRATION
Housing and Home Finance Agency

CHECKLIST OF PERIODIC NONFISCAL REPORTS AND
DOCUMENTS REQUIRED DURING THE OPERATIONS PERIOD FROM LOCAL AUTHORITIES
OPERATING LOW-RENT HOUSING PROJECTS

Form Number	Report	Frequency	Date of Submittal	Manual Reference
OCCUPANCY REPORTS				
2209	Report on Initial Occupancy of Low-Rent Projects	Semi-monthly (until end of reporting period in which 95% occupancy is achieved)	Immediately following the 15th and last day of the month	407.2
1227	Report on Families Moving Into Low-Rent Housing	Quarterly	Not later than 15th day following end of quarter	409.2
1235	Report on Occupancy	Quarterly (beginning as of the end of the quarter in which project first attains 95% occupancy)	Close of next business day after end of quarter	407.3
1245	Report on Regular Re-examination of Families in Low-Rent Housing	Quarterly	Not later than 15th day following end of quarter	410.2
1446	Report on Ineligible Tenants in Low-Rent Housing	Semi-annually (as of June 30 and December 31)	Not later than 15 days after close of reporting period	410.4
2293	Certificate Regarding Tenant Eligibility for Low-Rent Housing Projects	Annually (as of end of Local Authority's Fiscal Year)	Within 30 days after the end of the period covered	411.2
EQUIVALENT ELIMINATION REPORT				
2306 1/	Report on Equivalent Elimination	Annually	First report as of the Date of Full Availability and annually thereafter	416.1
FUEL CONSUMPTION REPORT				
2339	Fuel Consumption Data	Annually (covering period from July 1 to June 30 for projects with central, group, or building heating plants)	Not later than one month after end of period covered	417.3
BUDGET REPORTS				
2400	Operating Budget for a Low-Rent Project	Annually	Varies (see Manual Section)	401.1
2402 2403 2404 2405 2406	Supporting Schedules	Annually	With Form PHA-2400, Operating Budget for a Low-Rent Project	401.1
2401	Quarterly Distribution of Approved Operating Budget	Annually	Within 30 days after receipt by Local Authority of approved Operating Budget	401.1
2407	Estimate of Residual Receipts or Contribution Estimate	Annually	Varies (see Manual Section)	401.2

1/ Local Authorities with projects initiated before 3-1-49 for which equivalent elimination has not been completed must report equivalent elimination in accordance with Section 441:2.

SCHEDULE OF REQUIRED PERIODIC OCCUPANCY REPORTS

<u>Report Number and Title</u>	<u>Reporting Period and Schedule</u>	<u>Period Covered by First Report</u>	<u>Remarks</u>
PHA-2209, Report on Initial Occupancy of Low-Rent Projects	Semimonthly - 15th and last days of the month	First semimonthly period during which applications for occupancy are accepted and in any event beginning at least two months prior to the anticipated date of initial occupancy	Reporting ends at the end of the reporting period during which project achieves 95% occupancy (or if of less than 50 units has not more than 2 units vacant), or in which EIOP occurs
✓ PHA-1235, Report on Occupancy	Quarterly - last day of calendar quarter	Quarter during which project achieves 95% occupancy (or if less than 50 units has not more than 2 units vacant)	The first report will cover a period partially covered by PHA-2209
✓ PHA-1227, Report on Families Moving Into Low-Rent Housing	Quarterly - 15th day following end of calendar quarter	Quarter during which first family moves into project	After first report, for any quarter during which no families were admitted, submit a report stating, "No admissions"
PHA-1245, Report on Regular Reexaminations of Families in Low-Rent Housing	Quarterly - 15th day following end of calendar quarter	Quarter during which first reexaminations are completed	After first report, for any quarter during which no reexaminations were completed, submit a report stating, "No reexaminations" (see Section 3.5 for procedure for reexamination of eligibility)

(Cont'd)

NOTE: This Exhibit supersedes Exhibit 1 to Section 3.6 dated February 1956.

(Cont'd)

Report Number
and Title

Reporting Period
and Schedule

Period Covered by
First Report

Remarks

PHA-1446, Report
on Ineligible
Tenants in Low-
Rent Housing

Semiannual - 15th
day following end
of six-month period

Six-month period during
which first reexamina-
tions are completed

If there were no ineli-
gible tenants in occu-
pancy at any time
during the period, sub-
mit a report stating,
"No ineligibles"

PHA-2496, Report
on Low Occupancy

Monthly - close of
first business day
following end of
period covered by
report

First month following
EIOP in which project
as of end of month
comes into or continues
in low-occupancy status,
i.e. (1) projects with
50 or more units are less
than 95% occupied; (2)
projects with less than
50 units have more than
2 units vacant

If project continues
in low-occupancy status
after EIOP, this report
will supersede PHA-2209.
If project comes into
low-occupancy status
after reporting on
PHA-1235 has begun,
this report will be
in addition to PHA-1235.

3.6
Exhibit 1 (Cont'd)

SMALL LOW-RENT PROGRAMS MANUAL-OPERATION

October 1957

HHFA
PHA

CHECK LIST OF MANAGEMENT REPORTS
FOR SMALL LOW-RENT PROGRAMS MANUAL

FORM	REPORT	FREQUENCY & DATE OF SUBMITTAL	NUMBER COPIES	MANUAL REF.
PHA-2260	Balance Sheet <u>4/</u>	For projects developed under an Annual Contributions Contract; at the end of each calendar quarter until all projects under contract have reached the EIOP, thereafter at end of each fiscal year. To be received in Washington not later than 20th of the month following period for which report is prepared.	Orig. & 2 See <u>1/</u>	25-6-6
PHA-2439	Statement of Land, Structures, and Equipment <u>5/</u>	Annually, to be received in Washington by 20th of month following close of period for which report is prepared. (End of each F.Y.)	Orig. & 2 See <u>1/</u>	25-6-6
PHA-2263	Analysis of Surplus from Operations	DITTO	Orig. & 2 See <u>1/</u>	25-6-6
PHA-2354	Statement of Income and Expense	DITTO	Orig. & 2 See <u>1/</u>	25-6-6
PHA-2355	Statement of Operating Receipts and Expenditures	DITTO	Orig. & 2 See <u>1/</u>	25-6-7
PHA-1841-S	Report on Local Authority Employees	Annually based on the last full payroll period in October. Dispatched not later than November 15 of each year.	Orig. & 1 See <u>3/</u>	2-4
PHA-2357	Computation of Payments In Lieu of Taxes	Annually, to be received in Washington by 20th of the month following close of period for which report is prepared.	Orig. & 2 See <u>1/</u>	25-11-1

- 1/ To Comptroller, PHA, Washington 25, D. C.
- 2/ To Atlanta Field Office, Atlanta, Georgia
- 3/ To Statistics Branch, PHA, Washington 25, D.C.
- 4/ For projects conveyed to a LHA for low-rent use under an Administration Contract, this Balance Sheet shall be prepared and submitted at the end of each fiscal year.
- 5/ This report not required for those projects developed under an Annual Contributions Contract which have not reached the operation period.

Forms may be obtained from PHA without charge by addressing a request to the Director, Office Services Branch, Public Housing Administration, Washington 25, D.C.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

MEMORANDUM

TO : SAC, [illegible]

FROM : [illegible]

SUBJECT: [illegible]

[The following text is extremely faint and largely illegible due to the quality of the scan. It appears to be a multi-paragraph memorandum.]

Very truly yours,
[illegible signature]

[illegible typed name]

[illegible typed title]

FORM	REPORT	FREQUENCY & DATE OF SUBMITTAL	NUMBER COPIES	MANUAL REF.
PHA-2266	Annual Statement of Accruing Annual Con- tribution	Annually to be received in Washington within 20 days after close of each FY.	Orig. & 3 See <u>1</u> /	25-13-3
PHA-2209	Report on Initial Occupancy of Low- Rent Projects	Semi-monthly, 15th and last day of month until 95% occupied.	Orig. & 2 See <u>2</u> /	3.6
PHA-1227-S	Report on Families Moving into Low- Rent Projects	Quarterly by 15th of the month following end of quarter.	Orig. & 1 See <u>3</u> /	3.6
PHA-1235	Report on Occupancy	Quarterly beginning last day of quarter in which 95% occupancy was reached.	Orig. & 1 See <u>3</u> /	3.6
PHA-1245-S	Report on Regular Reexamination of Families in Low-Rent Projects	Quarterly by 15th day following end of quarter during which first reex- aminations completed.	Orig. & 1 See <u>3</u> /	3.6
PHA-1146 X	Report on Ineligibles in Low-Rent Projects	Semi-annually, 15th day following June 30 and December 31.	Orig. & 1 See <u>3</u> /	3.6
PHA-2293 X	Certificate Regard- ing Tenant Eligi- bility for Low-Rent Projects	Annually within 30 days after end of the F.Y.	Orig. & 1 See <u>2</u> /	3.7
PHA-2297 Sheets 1, 2, & 3	Operating Budget	Not later than 90 days before expiration of fiscal year.	Orig. & 2 See <u>2</u> /	4.1
PHA-2306	Report on Equivalent Elimination	As of date of full availability and annually thereafter until 100% complete.	Orig. & 1 See <u>2</u> /	7.1
PHA-2295	Tenants Accounts Receivable	Annually within 30 days after end of the F.Y.	Orig. & 1 See <u>2</u> /	9.14
PHA-2356	Statement of Initial Operating Deficit	At the end of Initial Operating Period for each project and each time a change is made thereafter.	Orig. & 2 See <u>1</u> /	25-5-11

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CHECK LIST OF MANAGEMENT REPORTS
FOR SMALL LOW-RENT PROGRAMS MANUAL

FORM	REPORT	FREQUENCY & DATE OF SUBMITTAL	NUMBER COPIES	MANUAL REF.
PHA-2260 2261 2263 2354	Balance Sheet Statement of Development Costs Analysis of Surplus from Operations Income & Expense	Annually by 20th of month following close of period for which report is prepared.	Orig. & 2 See <u>1/</u>	25-6-6
PHA-2355	Statement of Operating Receipts & Expenditures	Ditto	Orig. & 2 See <u>1/</u>	25-6-7
PHA-2209	Report on Initial Occupancy of Low-Rent Projects	Semi-monthly, 15th & last day of month until 95% occupied.	Orig. & 2 See <u>2/</u>	3.6
PHA-1227-S	Report on Families Moving into Low-Rent Projects	Quarterly by 15th of the Month following end of quarter.	Orig. & 1 See <u>3/</u>	3.6
PHA-1235	Report on Occupancy	Ditto	Orig. & 1 See <u>3/</u>	3.6
PHA-1245-S	Report on Regular Re- examination of Families in Low-Rent Projects	Ditto	Orig. & 1 See <u>3/</u>	3.6
PHA-1446	Report on Ineligibles in Low-Rent Projects	Semi-annually, 15th day following June 30 and December 31.	Orig. & 1 See <u>3/</u>	3.6
PHA-2293	Certificate Regarding Tenant Eligibility for Low-Rent Projects	Annually within 30 days after end of the fiscal year.	Orig. & 1 See <u>2/</u>	3.7
PHA -2297 Sheets 1, 2, & 3	Operating Budget	Not later than 90 days before expira- tion of fiscal year.	Orig. & 2 See <u>2/</u>	4.1
PHA-2306	Report on Equivalent Elimination	As of date of full availability and annually thereafter until 100% complete.	Orig. & 1 See <u>2/</u>	7.1
PHA-2295	Tenants Accounts Receivable	Annually within 30 days after end of the fiscal year.	Orig. & 1 See <u>2/</u>	9.14

1/ To Comptroller, PHA, Washington 25, D. C.

2/ To Atlanta Field Office, Atlanta, Georgia

3/ To Statistics Branch, PHA, Longfellow Building, Washington 25, D. C.

Forms may be obtained from PHA without charge by addressing a request to the Director, Office Services Branch, Public Housing Administration, Longfellow Building, Washington 25, D. C.

Introduction

1. Purpose of Manual

a. This Small Low-Rent Programs Manual is to be used by Local Authorities having programs of public low-rent housing which do not exceed 200 dwelling units, without regard to the number, size, or location of the projects in the program. In determining the number of units in the Local Authority's low-rent housing program, outstanding program reservations shall be included. There shall also be included the units in any war housing projects for which a contract for conveyance of the project for low-rent use has been executed. The PHA will give consideration to the application of the provisions of this manual to county or regional programs in excess of 200 units where all of the individual projects are small (generally less than 100 units) and where, in addition, the projects are located in several communities.

b. For the Local Authorities to which this Manual is applicable, this part of the Manual dealing with Operations takes the place of Parts IV and V of the Low-Rent Housing Manual.

2. Form of Manual

a. Each section of this Manual is identified by a code number similar to the number in the upper right-hand corner of this page (i.e. 1.1). The number to the left of the decimal indicates the general subject matter to which a particular Manual section belongs. The number to the right of the decimal indicates the number of the section dealing with a specific subject within the general subject matter. Manual sections are to be filed, first in the numbered order of the major subject matter groups (numbers to left of decimal) and second, in the numerical order of the sections within each group (numbers to right of decimal); e.g.:

1.1

1.2

1.3

2.1

2.2

3. The Public Low-Rent Housing Program. The primary purpose of the public low-rent housing program authorized under the United States Housing Act of 1937, as amended, is to assist the States, counties, and cities, through Local Housing Authorities, to

(Cont'd)

provide decent, safe, and sanitary dwellings at low rents for families of low income, and to eliminate unsafe and insanitary housing conditions. The following are the principal features of this program:

- a. In order to participate in the low-rent housing program, the States authorize the creation of Local Housing Authorities; and the city, county, or regional area brings its Local Authority into being by appropriate legal action.
- b. The low-rent projects are developed, owned, and operated by the Local Authority with the financial and technical assistance of the Public Housing Administration.
- c. The PHA can provide financial assistance for low-rent housing only where the local community has determined that it wants and needs such housing. The first such determination, of course, is in the creation of the Local Housing Authority. The local governing body is also required to approve the Local Authority's application for a Preliminary Loan for surveys and planning, and enter into a Cooperation Agreement with the Local Authority.
- d. When a Local Authority finds there is a need in its locality for low-rent housing for low-income families that is not being met by private housing, it may make an application to the Public Housing Administration for a "Program Reservation." A Program Reservation, when made by the PHA sets aside a certain number of units for the community. The Local Authority may get a Preliminary Loan to pay for preliminary surveys and planning of its projects. The Local Authority, after it has chosen the site and decided on the general plan of a project, incorporates its determinations in a Development Program. This Development Program forms the basis on which the PHA enters into an Annual Contributions Contract with the Local Authority. The Local Authority then proceeds with the completion of plans, purchase of the site, and construction of the project. Planning is done by private architects selected by the Local Authority, and construction is accomplished by private contractors on the basis of open, competitive bidding.
- e. The Local Authority is required to operate each project solely for the purpose of providing decent, safe, and sanitary dwellings within the financial reach of families of low income. The Local Authority is further required to operate each project efficiently and economically, and to maintain its serviceability.

(Cont'd)

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- f. To ensure that the dwellings are occupied only by the low-income families for whom the dwellings were built and for whom the annual contributions are made available, certain specific eligibility requirements are established. The requirements for admission relate to family status, income, and previous housing condition. At least annually, the eligibility of the families to continue in occupancy must be re-examined with respect to family status, and income.
 - g. Among eligible families first preference is given to families displaced by public low-rent housing, or public slum clearance or redevelopment projects, and second preference to families of certain veterans and servicemen unless a Local Authority elects to give a prior preference to Elderly Families. Within any preference group, and among other families, preference is given to those in the greatest need. No discrimination may be made against families all or part of whose income is received from public assistance.
 - h. Rents charged to tenants are based on the income of the family and the number of minor children in the family--not on the size or location of the dwelling unit.
 - i. The Federal Government provides financial assistance to the Local Authority through loans and annual contributions. The Federal Government also provides technical advice and assistance in the development and operation of the projects, and approves or reviews actions of the Local Authority where necessary to ensure that the program is being operated in accordance with the Act and the Annual Contributions Contract.
 - j. The PHA is authorized to make loans to a Local Authority up to 90 percent of the cost of a project. Such Federal loans (or temporary loans from private investors secured by a Federal undertaking to make a Federal loan) are used to provide capital funds during the construction period. Thereafter, financing is secured by the Local Authority through the sale of its bonds to private investors. Very small projects or groups of projects (generally less than 50 or 60 units) may be permanently financed by Federal loans supplemented by loans from private investors for at least 10 percent of project cost.
 - k. Each year, to the extent that the income of a project is not sufficient to meet all expenditures, including interest and principal payments on capital debt, the Federal Government pays an annual contribution to cover the deficit. Such

(Cont'd)

NOTE: These pages supersede pages 3 and 4 of Section 1.1 dated 9-2-52. Paragraphs f and g have been revised to conform these statements relating to eligibility and preference to the provisions of Sections 3.1 and 3.2 dated April 1957.

contributions may be paid for not more than 40 years and are limited to an amount necessary to provide for the payment over such period of principal and interest on the capital cost of the project.

1. The local government, pursuant to State law, helps to achieve low rents by exempting low-rent housing from taxation. However, the Local Authority in the Cooperation Agreement undertakes to make payments in lieu of taxes for the services that the local government provides the low-rent housing project. These services are the same services provided to all other property owners in the community. The Cooperation Agreement also provides for necessary street vacation or dedications, necessary changes in zoning, and similar forms of assistance.
- m. Except for projects built in rural nonfarm areas and for urban projects built on the site of a slum, the local community agrees in the Cooperation Agreement that substandard dwellings substantially equal in number to the number of new dwellings built on the project will be eliminated. Wherever a substandard dwelling which is eliminated is occupied by more than one family, the number of families can be counted.

4. The Local Authority

- a. A Local Housing Authority (in PHA Manuals referred to as a Local Authority) is a public agency authorized by State legislation, and brought into being by action of the government of the city, county, or regional area, in order to develop and operate low-rent housing for families of low income living in substandard housing.
- b. The officials of the Local Authority are usually called Commissioners and are appointed by the Mayor or other designated official, and serve without pay during their term of office. There are generally five Commissioners, one of whom is appointed or elected as chairman. They are responsible for the determination and enforcement of the major policies which relate to their specific local low-rent program. Formal actions of the Local Authority are through written resolutions by the Commissioners which are placed in the official records of the Local Authority.
- c. The Executive Director is the chief employee of the Local Authority and is appointed by and responsible to the Commissioners. He usually acts as Secretary to the Commissioners in their meetings and correspondence. He is responsible for the direct administration and execution of the entire program of the Local Authority. He prepares recommendations on policies to be approved by the Commissioners and develops procedures to carry out policies after they have been approved. The authority to

(Cont'd)

execute contracts and other types of agreements is usually delegated to the Executive Director by the Commissioners. Other employees, if any, are responsible to the Executive Director and perform their work under his direction and supervision.) X

d. In a small public housing program, the Executive Director will also be the Housing Manager. In this capacity he is responsible for all activities in the operation of the project, including:) X

- (1) Rent collection, tenant selection, tenant relations, and all financial activities of the Local Authority, such as bookkeeping and accounting;) X
- (2) Repairs, maintenance, and replacements to all buildings.)

5. The Public Housing Administration

a. The PHA headed by the Commissioner, is the agency responsible for carrying out the Federal Government's part in the low-rent housing program. It operates with a Central Office located in Washington, D. C., but nearly all contacts with Local Authorities are through the PHA Field Offices.

b. The Central Office is concerned primarily with the establishment of policies and procedures, and for advising the Field Offices with respect to the various aspects of the low-rent housing program.

c. The Field Office, headed by a Director, is responsible for all contacts regarding the operation of the Local Authority, except in the case of the various insurance coverages, labor relations, accounting, and auditing, which are handled by the Central Office. The Field Office will provide assistance to the Local Authority in the preparation of the Operating Budget to control the orderly and economical expenditure of income for operating expenses, the establishment of schedules of income limits for admission to and continued occupancy in the projects and schedules of rent. The Field Office will also enforce all the requirements of the Annual Contributions Contract and advise and assist the Local Authority in other matters incident to the operation of the low-rent housing program.

d. Any questions regarding the operation of the low-rent program should be directed to the appropriate Field Office of the PHA.)

(Cont'd)

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6. The Annual Contributions Contract. The Annual Contributions Contract between the Local Authority and the PHA translates the purposes and provisions of the United States Housing Act of 1937, as amended, into specific contractual obligations and mutual responsibilities with respect to the development, operation, and fiscal aspects of the program, as well as with respect to defaults, breaches, remedies, and general provisions. The principal part of the Annual Contributions Contract is Part Two, entitled "Terms and Conditions." Certain types of projects were originally built by the Federal Government and have been conveyed to Local Authorities under an arrangement which does not necessitate annual contributions. However, the operation provisions of the Contracts for such projects are similar to the Annual Contributions Contract. In this Manual the term "Contract" is used to designate an Annual Contributions Contract, or other similar contract, governing the basic relations between the PHA and the Local Authority.

Recording of Minutes, Adoption of Resolutions, and Extracts from Minutes

1. Introduction. The actions taken by a Local Authority at its meetings - annual, regular, or special - are governed by State law, and must also, of course, be consistent with the provisions of agreements or contracts entered into between the Local Authority and the local governing body or between the Local Authority and the PHA. The minutes of such meetings from the permanent record of the actions of the Local Authority, and for this reason, they should be made in such a way that they are legally sufficient and serve as a permanent reference for the Local Authority and for others concerned with such actions. It is suggested that the original copy of minutes of Local Authority meetings be on heavy paper and be bound periodically in some form of permanent binding and kept readily available in the records of the Local Authority.
2. Indexing the Minutes. Local Authorities with considerable operating experience have found that it is a very difficult problem to locate specified resolutions unless some sort of index is maintained. Therefore a separate index sheet should be prepared for each of the major types of actions taken by the Board of Commissioners. Suggested major headings are as follows: development, financing, land, legal, management, organization, payments in lieu of taxes, personnel policy, procurement policy, and travel. Each index page should provide for the following information: project number, resolution number, summary of resolution, minute book, and page number.
3. Conduct of Meetings. The by-laws of most Local Authorities prescribe that meetings be conducted in accordance with such by-laws and Robert's Rules of Order.
4. Use of Mimeographed Forms. In order to reduce the amount of typing required to prepare the minutes of meetings, it is suggested that the Local Authority have copies mimeographed of the standard forms most commonly used, such as the notice to Commissioners of regular and special meetings, and the Certificate of the Secretary which must accompany extracts of minutes when such extracts are furnished to the PHA. Blank spaces should be provided in mimeographed forms for the placing of times, dates, places, signature, and any other data which are dependent upon the specific occasion for use. Where typing assistance is limited, minutes of meetings and related documents may be prepared in longhand except where copies must

(Cont'd

be submitted to the PHA or other parties, as in the case of financing and certain other matters. Copies should not be submitted to the PHA unless specifically requested,

5. Heading of Minutes. Minutes should be headed for ready reference and identification in capital letters and blocked in the top center of the page, such as

MINUTES OF THE REGULAR MEETING OF
THE HOUSING AUTHORITY OF THE CITY
OF _____, HELD ON JANUARY 10,
1952

The heading should contain (a) the name of the Authority, (b) the type of meeting, i.e., regular, special, or annual, and (c) the date on which it was held.

6. Opening Paragraphs

a. The opening paragraph of the minutes should reflect (1) the type of meeting, (2) the name of the Local Authority, (3) the date on which it was held, (4) the time of the day, and (5) the place at which it was held. Such a paragraph might be:

"A regular meeting of the Housing Authority of the City of _____ was held at 10:00 a.m., on Thursday, January 10, 1952, in the City Hall in the City of _____."

b. The opening paragraph should be followed by a statement showing the Commissioners and others present at the meeting:

"The meeting was called to order by Chairman E. C. Jones, and the following commissioners of the Authority were present: Chairman E. C. Jones, Commissioners J. A. Smith, T. H. Brown, A. L. Green, and E. D. White. Absent were: None. The following also were present: H. L. Black, Executive Director, and R. L. King, Attorney for the Housing Authority."

7. Special Meetings

a. If a special meeting is called, the notice of the call of special meeting should be read and included in the minutes of the meeting. Such a notice might be:

(Cont'd)

"You are hereby notified that the Commissioners of the Housing Authority of the City of _____, _____, are called to meet in special session at 10:00 a.m., on Thursday, January 10, 1952, at the City Hall in the City of _____, _____, for the following purposes:

- "(1) Submission and approval of a modification of contract with the Public Housing Administration.
- "(2) Appointment of architects and engineers to represent the Authority in the preparation of an application and other papers and documents necessary to submit such application to the PHA.
- "(3) Consideration of and action upon any other business that may come before the meeting.

"Dated January 7, 1952.

(Signed) _____

Chairman"

b. Care should be taken to insure that the notice of special meeting is served in accordance with the by-laws to each of the Commissioners and in sufficient time prior to the meeting to comply with the minimum time allowed by the by-laws.

c. The recording of the notice of the special meeting should be followed immediately by a certificate of the Secretary to the effect that such a notice was served. This Certificate should read substantially:

"CERTIFICATE AS TO SERVICE
OF NOTICE OF SPECIAL MEETING

"I, H. L. Black, the duly appointed, qualified and acting Secretary of the Housing Authority of the City of _____, _____, do hereby certify that on January 7, 1952, I served, in the manner provided in the by-laws of said Authority, upon each of the Commissioners of said Authority, a true and correct copy of the foregoing NOTICE OF SPECIAL MEETING.

"IN TESTIMONY WHEREOF, I have hereunto set my hand this 10th day of January, 1952.

(Signed) _____

Secretary"

----- (Cont'd)

d. In some instances it is desirable, when one or more of the Commissioners will be absent from a special meeting, that a Waiver of Notice and Consent to Special Meeting be executed. This should be used when any controversial matter is the subject of the call of a special meeting. The Waiver of Notice should be executed by those who know that they will be absent from the meeting. This does not authorize a meeting to be held or business transacted by less than a quorum which, usually, is three Commissioners. However, since three Commissioners constitute a quorum to transact the business that is the subject of the call and included in the notice of special meeting, it is not actually essential that a Waiver of Notice and Consent to Special Meeting be executed. Ordinarily, if all members are present at a special meeting, called in accordance with the by-laws, any and all business may be transacted.

e. The by-laws of most Local Authorities provide that regular meetings may be held without notice. In such event, it is not necessary that the notice of the meeting be spread upon the minutes, and any and all business may be transacted at that meeting. Particular exceptions to this provision, however, are contained in Robert's Rules of Order, and it is suggested that on all occasions on which a meeting will be held at which an election of officers will take place, a notice of such meeting should be sent. Even when notices of regular meetings are not required it is good practice to send a notice of such meetings, outlining the important matters to be taken up for the information of the Commissioners.

8. Approval of Minutes of Previous Meeting. The next step should be the recording of the reading by the Secretary and the approval of the minutes of the previous meeting. This could be recorded as follows:

"The minutes of the previous meeting were read by the Secretary and were approved as read without objection."

9. Resolutions and Motions

a. After the preliminaries set forth above, the actual business of the meeting should be recorded.

b. The use of resolutions may be confined to adoption of formal policy or the adoption and authorization for execution of formal documents such as agreements, contract amendments, and matters relating to financing. Other matters can be handled by a simple motion setting forth specifically the action taken. All resolutions should be numbered.

(Cont'd)

c. A resolution may be recorded as follows:

"The following resolution was introduced by Commissioner White, read in full, and considered:

RESOLUTION NO. _____

"RESOLUTION ADOPTING A STATEMENT OF PERSONNEL POLICIES ESTABLISHING REQUIREMENTS FOR EMPLOYMENT, DUTIES OF EMPLOYEES, AND REGULATIONS TO GOVERN IN PERSONNEL MATTERS.

"BE IT RESOLVED by the Housing Authority of the City of _____, that a Statement of Personnel Policies be adopted to govern in all personnel matters of this Authority. A copy of this Statement of Personnel Policies is attached as Appendix A the minutes of this meeting.

"After discussion, Commissioner White moved that the Resolution be adopted as introduced and read. The motion was seconded by Commissioner Green and on roll call was adopted with the following vote:

"AYES: Commissioners Smith, Brown, Green, and White

"NAYS: None

"The Chairman thereupon declared the motion carried and the Resolution adopted."

d. In order to reduce the amount of typing required to prepare the minutes, it is suggested that documents be incorporated in the minutes by reference and by attachment as appendices, as in the example given above. This technique is especially useful where the PHA furnishes fill-in forms and documents for completion and adoption by the Local Authority.

e. When the Chairman or other official or officials are required to execute a formal document, specific direction and authorization to execute it should be contained in the motion or resolution adopting the instrument.

f. Any action taken by the Local Authority changing the by-laws should conform strictly to the requirements of the by-laws relating to by-law amendments.

(Cont'd)

g. Actions of the Local Authority requiring approval by the PHA before such action becomes effective should be recorded by showing that such action does not become effective until it is approved by the PHA. This may be done in one of several ways. The motion or resolution may be prefaced with the words "Upon approval by the PHA", "Subject to PHA Approval", or if PHA approval has previously been given to the suggested action, the minutes should reflect that the Local Authority had knowledge that such approval had been given.

h. On all matters of policy, financing, and similar formal actions, the actual vote by "Ayes" and "Nays" of the Commissioners should be recorded. Motions on minor matters need not show the actual vote of the Commissioners. It is sufficient to show that it was adopted without roll call vote.

10. Closing

a. Closing of the meeting may be recorded as follows:

"There being no further business to come before the meeting, it was moved, seconded, and carried that the meeting adjourn.

"The Chairman thereupon declared the meeting adjourned."

b. The minutes should be signed by the Chairman and attested by the Secretary. The official seal of the Local Authority should be placed immediately above the attesting signature of the Secretary.

11. Extracts of Minutes

a. If extracts from the minutes of a particular meeting are required for submission to the PHA or for other purposes the heading should contain "EXTRACTS FROM THE MINUTES OF" followed by the rest of the heading (see paragraph 5 above).

b. When extracts from the minutes are presented, a Certificate of the Secretary properly sealed should be attached. This Certificate should read as follows:

C E R T I F I C A T E

"I, H. L. Black, the duly appointed, qualified, and acting Secretary of the Housing Authority of the City of _____, do hereby certify that the attached extract from the minutes of the regular meeting of said Authority held

(Cont'd)

on the 10th day of January, 1952, is a true and correct copy of the original minutes of said meeting on file and of record in so far as said original minutes relate to the matters set forth in said attached extract, and I do further certify that the copies of the Resolutions appearing in said attached extract are true and correct copies of the respective Resolutions adopted at said meeting and on file and of record.

"IN TESTIMONY WHEREOF, I have hereunto set my hand and the seal of said Authority this ____ day of ____ 1952.

(Signed) _____
Secretary

"(SEAL)"

c. Unless otherwise specified, a single copy of the Certificate of the Secretary for each set of extracts of minutes is sufficient. Such Certificate should be signed and sealed by the Secretary although all other signatures in the extracts may be typed.

Public Relations

1. Objectives of Public Relations. One of the primary tasks confronting any Local Authority is the development of a public understanding concerning its purposes so that:
 - a. The general public will know about the low-rent housing program and the part it plays in solution of the total community housing problems; and
 - b. Those who are eligible to live in the low-rent project will know how they should make application for admission.

2. Timeliness as a Factor in Public Relations. The following list suggests the types of public relations activities appropriate to the various stages of program development and operation:
 - a. During initiation of the program, publicity should be given such items as the need for low-rent housing, what aid and support will be required from Federal and local sources (public and private), how the program will operate, and the proposed immediate program.
 - b. When special surveys of low-rent housing needs are undertaken, properly timed informational materials concerning the survey's purpose, progress, and findings is especially necessary to prevent misunderstanding and to promote cooperation.
 - c. During the construction phase it is desirable to release a statement as to the letting of the construction contract, and thereafter to issue regular and frequent progress reports.
 - d. During the initial tenant selection period the Local Authority should give particular attention to the distribution of information concerning eligibility, and how and where applications for admission should be filed.
 - e. The operations phase provides opportunities for comparisons of differences between living conditions in the project as contrasted with housing formerly occupied by the project tenants, as well as other information which tells how the Local Authority is doing its job.

3. Publicity Media. Information about the low-rent program can be distributed in many ways. Each way has its special value and its particular limitations. Not all of the methods listed

(Cont'd)

below are necessarily available in all communities. The Local Authority should use the methods most suitable to its locality.

a. Local Authority Personnel

(1) The commissioners and the employees of the Local Authority are engaged in public relations activities in virtually all their actions concerning the program. If their understanding of the program is confused, or if their attitude toward the public is indifferent or discourteous, then the Local Authority's public relations program is weak at its core.

(2) Commissioners frequently do not have the time to become fully acquainted with the details of the low-rent program. The Executive Director must recognize their need for selected information and see that it is supplied. A portion of each meeting of the Local Authority can be profitably spent in a discussion of the program generally, and the expected future of the program in the community. Commissioners should be encouraged to accept speaking engagements on behalf of the Local Authority because their prestige in the community secures public respect for and confidence in the housing program.

(3) Each employee should understand that often he is the sole contact between the Local Authority and a third person or group of persons, and that he should try to leave a favorable impression of the program with everyone with whom he comes in contact. The Executive Director in his contacts with people in the community should tell them about the housing program, seeking to leave each person with a better understanding of the low-rent housing program.

b. Word of Mouth. The Local Authority operating a small program can probably secure the most useful and immediate results through word of mouth. People who will be helpful here include teachers, doctors, religious leaders, welfare workers, union officials, officers of fraternal organizations, employment agencies, and personnel officials of local stores and factories. These important groups should be informed about the low-rent program so that they will be able to assist in explaining the program to the general community and also so that they may refer low-income families to the Local Authority.

c. Newspapers. Feature stories and special reports, which newspapers will usually welcome, are very useful, but routine news (such as items about monthly meetings of the Commissioners,

(Cont'd)

conference attendance by the Executive Director, favorable mention of the Local Authority by a civic group, or similar happenings) has the value of keeping the public continuously informed about the numerous activities of the Local Authority. However, many low-income families, especially certain racial and nationality groups, may not read general newspapers regularly and are therefore likely to miss releases of concern to them unless the information is also distributed in other ways. Where the community has foreign language or labor papers, or publications issued for church groups or fraternal organizations, they are useful in reaching persons who may not otherwise learn of the program. It is not recommended that newspaper advertising space be purchased by the Local Authority. In addition to the dubious effect on local public opinion which such advertising would likely have, the news value of the low-rent housing program is sufficient in itself to secure better newspaper coverage than the Local Authority can purchase, provided the Local Authority has established sound working relationships with the newspapers.

d. Printed Materials. Leaflets, handbills, posters, and similar forms of printed materials have occasional value. Generally they should be printed on newsprint or other economical paper, in one color, and should be distributed through churches, schools, factories, store and office buildings, other places of employment, labor unions, and neighborhood groceries, and from door-to-door. Pamphlets, booklets, and annual reports permit presentation of more detailed information than can be included in handbills and posters -- but cannot be given as wide distribution.

e. Radio Stations. Radio stations should be kept informed about the program, particularly about all local developments. News items should be prepared for possible inclusion in news broadcasts, and the Local Authority should attempt to interest the station in the possibility of making either a tape recording or an on-the-spot broadcast of various special events and feature stories connected with the program.

f. Meetings. The Executive Director, Commissioners, and other local supporters of the low-rent program should try to speak before every organized group in the community. Such talks should stress those things about the program which would be of particular interest to the group.

g. Exhibits. Exhibits may be used to good advantage at fairs, in store windows, the lobbies of public buildings, and other places where large numbers of persons gather. Such exhibits may include architect's drawings, models, and plans, photographs, posters, maps, etc. In connection with these exhibits it is desirable to have available a supply of printed materials for distribution.

Obtaining Required Report Forms, Certain Other Forms, and Extra Copies of Manual Releases and Other PHA Publications

1. Purpose. This Section provides information as to how a Local Authority may obtain copies of required report forms, certain forms for the Local Authority's internal use, and extra copies of manual releases and other PHA publications.

2. Required Report Items

a. The Local Authority is required to submit to the PHA (for specified periods and at specified times, in accordance with the appropriate Manual Sections) the following reports: and documents: 1/

- (1) Form PHA-2209, Report on Initial Occupancy of Low-Rent Projects;
- (2) Form PHA-1235, Report on Occupancy;
- (3) Form PHA-1227S, Report on Families Moving Into Low-Rent Housing;
- (4) Form PHA-1245S, Report on Regular Reexamination of Families in Low-Rent Housing;
- (5) Form PHA-1146, Report on Ineligible Tenants in Low-Rent Housing;
- (6) Form PHA-2293, Certificate Regarding Tenant Eligibility for Low-Rent Housing Projects;
- (7) Form PHA-2306, Report on Equivalent Elimination;
- (8) Form PHA-2295, Schedule of Tenants Accounts Receivable;
- (9) Form PHA-1841.1, Report on Small Program Authority Employees; and
- (10) Form PHA-2297, Operating Budget.

b. These forms may be obtained from PHA, without charge. To obtain them the Local Authority shall address a request to:

Director, Property and Services Branch
Public Housing Administration
Washington 25, D. C.

(Cont'd)

1/ This list does not include reports required by the Accounting Volume of this Manual.

NOTE: This Section supersedes Section 1.4 dated 12-15-53. Items (9) and (10) have been added to paragraph 2a.

3. Forms for Internal Use

a. It is not the policy of the PHA to furnish forms for a Local Authority's internal use; ordinarily, the Local Authority is responsible for obtaining its own supply of such forms. However, the PHA has arranged to have a supply of two specific forms printed by the Government Printing Office. These are:

- (1) Application for Admission by Prospective Tenant; and
- (2) Application for Continued Occupancy by Tenant.

b. The Government Printing Office will hold a supply of these forms available for sale to Local Authorities at a cost of \$0.75 for 50 copies. The forms will be sold by the GPO only in units of 50 copies.

c. The Local Authority may obtain a supply of these forms by sending a request, together with a check to cover the amount of the purchase, to the

Superintendent of Documents
Government Printing Office
Washington 25, D. C.

4. Manual Releases and Other PHA Publications. Extra copies of manual releases and other PHA publications (such as circulars and bulletins) may be obtained in accordance with the instructions given in paragraph 2b above.

Methods of Operating a Small Program

1. Purpose. This Section suggests some methods which will assist the Local Authority in administering a small low-rent housing program so as to achieve reasonable operating costs.

2. Employment of Own Staff
 - a. It is generally desirable to employ at least one full-time management employee, although a very small program may be able to support only a part-time management employee. Ideally, this employee should have the following qualifications:
 - (1) He should have a proper understanding of, and attitude toward, low-income families;
 - (2) He should have good business sense and should have had administrative experience (including experience in bookkeeping and accounting);
 - (3) He should have an understanding of maintenance problems (that is, the problems involved in maintaining structures, equipment, and grounds in good order).

 - b. If the Executive Director is hired on a full-time basis, he should perform all management functions. If qualified and if he has the time, he may also perform certain limited maintenance functions. If the size of the program permits, he may be assisted by one or more full-time or part-time clerical employees, such as a bookkeeper-typist. He may also have one or more full-time or part-time maintenance mechanics or laborers, unless the Local Authority determines that it is more economical to contract for all maintenance work not performed by tenants.

 - c. If the program is so small that the salary which can be paid will provide for part-time services only, it would be desirable to employ an Executive Director-Manager having the qualifications and ability to perform all functions (including management and maintenance). In any event such person should be qualified to perform all management functions.

 - d. Another alternative is for the Local Authority to employ a part-time Executive Director-Manager and full-time or part-time bookkeeper or other clerical employee. The staff may also include a part-time or full-time maintenance man, depending on the amount of maintenance work. Part-time employees should be willing and able to designate specific time for this work.

3. Sharing of Staffs Among Local Authorities. One Executive Director may be employed jointly by two or more Local Authorities. Where a central office

(Cont'd)

NOTE: This Section supersedes Section 2.1 dated 9-2-52. Paragraph 2 has been revised to outline the qualifications for a management employee.

is established to perform certain functions such as rent collection or accounting for projects operated by different Local Authorities, the salaries of all central office personnel should be prorated on a dwelling-unit basis to the projects served. Where the Executive Director is jointly employed, each Local Authority may have, if the size of the program requires it, its own full-time or part-time clerical employee(s) or maintenance employee(s) or both.

4. Management Agreement With a Larger Local Authority. It may be feasible for a Local Authority with a very small program to enter into a management contract or agreement with a larger, nearby Local Authority. This agreement might cover all of the management functions or only certain specialized functions such as accounting. The charge for management services would be a proper management expense of the small program. Such management contracts should be submitted to the PHA Field Office for review before they are entered into by a Local Authority.
5. Assistance From Local Government. In some cases the Local Authority may arrange for the part-time services of a regular employee of a local government agency, e. g. half-time services of a clerical employee of the village government. In other cases the Local Authority may arrange to use the services of a local government agency, e.g. rent collection by the County cashier, bookkeeping by a County employee in his County office, or legal services by the County attorney. The local government may sometimes furnish office space and the use of office furniture and equipment. Such plans should be carefully worked out and placed in writing. Any employee engaged in the work of the Local Authority should be administratively responsible to the Local Authority with respect to the performance of such work.
6. Selection of Personnel
 - a. Because of the variety of staffing arrangements that may be made by a small Local Authority, this Manual does not undertake to furnish job qualification requirements or job descriptions for Local Authority employees. Selection of personnel will depend upon local needs and upon the availability of qualified people in the locality. Job titles and classifications and other personnel determinations shall be included in the Local Authority's Statement of Personnel Policies (see Section 2.2).
 - b. In selecting qualified personnel, the education, experience, character, working habits, and references of job applicants should be considered, with the objective of securing the best qualified persons available within the limited funds which may be used for salaries and wages. Often the best qualified person available at a specified salary to manage a small housing program may be an inactive or retired public administrator, business man, school teacher, social worker, or person with real estate or property management experience. It is recommended that all personnel be first employed on a temporary probational basis so that replacement can be more easily made if found necessary.

7. Management Reviews

- a. Purpose and Scope. In order to determine the Local Authority's compliance with its contract with the PHA and with applicable policies and procedures, and to promote the efficiency and economy of management operations, a Regional Management Officer will visit the Local Authority approximately once a year to conduct a management review. The management review will cover all phases of the operation excluding occupancy audits, fiscal audits, and engineering surveys of the physical plant, and will cover in detail such subjects as organization and staffing, administrative practices, budgets and budget control, public relations, management policies and procedures, rent collections, fire and safety, community services and tenant activities, utilities, and the procurement, accountability, and disposition of personal property.
- b. Scheduling. The Local Authority will be notified in advance of the proposed visit. If the date scheduled for the visit is not convenient to the Local Authority, it should so inform the Regional Office and arrange a date which will be satisfactory to both parties.
- c. Report of Findings. Subsequent to the Management Officer's visit, a report will be dispatched to the Chairman of the Local Authority (with a copy to the other board members and to the Executive Director) from the PHA Regional Director enumerating (1) any noncompliances with the contract or lease and necessary corrective action, and (2) recommendations, if any, for improving efficiency and economy, giving the reasons therefor. Where agreement or disagreement on these items has been reached with the Executive Director, the report will so state.
- d. Subsequent Correspondence. Within 30 days after receipt of the report, the Local Authority should advise the Regional Office of actions taken or in progress to correct any noncompliances or to carry out any recommendations made in the management review.

NOTE: This page supersedes the corresponding page of Section 2.1 dated 1-17-55. Paragraph 7c has been revised and paragraph 7d has been added. It should be noted that copies of the report of findings on management reviews will not be sent to board members of the Local Authority, other than the Chairman, until July 1, 1956.

Hatch Act

1. Purpose. This Exhibit explains how officers and employees of Local Authorities are affected by the Hatch Act, which Act limits the political activities of certain officers and employees.
2. Persons Subject to the Hatch Act. Except as provided in paragraph 3 below, the Hatch Act applies to officers (including members) and employees of local public agencies performing functions (development, operation, or disposition) with respect to Federally assisted projects, if the officer or employee performs duties in connection with those functions. As used in this paragraph, the term

"Local public agencies" means Local Authorities or States or political subdivisions thereof (such as municipalities) or their agencies or departments,

and the term

"Federally assisted project" means any housing project which is being developed, managed, or disposed of by a local public agency pursuant to contractual arrangements with the Federal Government (including, but not limited to, contracts for loans and annual contributions), whether or not title to the project is in the local public agency.

3. Persons Exempt From the Hatch Act

a. Holding a position described in paragraph 2 above will not subject the incumbent to the provisions of the Act:

- (1) If he exercises no functions in connection with the development, operation, or disposition of the projects therein mentioned, or
- (2) If the position does not constitute his "principal employment." For example, if such a person is simultaneously engaged in private business or professional activity or holds a private position or a public position which is not connected with any Federally aided activity, he is subject to the Hatch Act only if his position described in paragraph 2 above constitutes his principal employment. The question as to which is the "principal employment" in any particular case is for determination by the Civil Service Commission on the basis of all pertinent facts in the case.

NOTE: These pages supersede pages 1-2 of Exhibit 1 to Section 2.2 dated July 1956. Paragraph 3a(2) has been revised to leave for the determination of the Civil Service Commission the question as to which is the principal employment in any particular case.

b. The Hatch Act exempts officers or employees of any educational or research institution, establishment, agency, or system which is supported in whole or in part by any State or political subdivision thereof, or by the District of Columbia, or by any Territory or Territorial possession of the United States, or by any recognized religious, philanthropic, or cultural organization.

c. The Hatch Act prohibition that "no such officer or employee shall take any active part in political management or in political campaigns" (see paragraph 4a below) is not applicable to (1) the Governor or the Lieutenant Governor of any State or any person who is authorized by law to act as Governor, (2) the Mayor of any city, (3) duly elected heads of executive departments of any State or municipality who are not classified under a State or municipal merit or civil-service system, or (4) officers holding elective offices.

d. The provisions of paragraphs 3b and 3c above will not, however, exempt a person who also holds a position described in paragraph 2 above which is his "principal employment."

e. An officer or employee who is in doubt as to whether he is subject to or exempt from any of the provisions of the Hatch Act may present the matter in writing to the Civil Service Commission for a ruling.

4. Prohibited Activities. The Hatch Act provides that no officer or employee subject to the Act may:

- a. Take any active part in political management or in political campaigns unless: (1) it is in connection with questions which are not specifically identified with any National or State political party, such as questions relating to constitutional amendments, referendums, or approval of municipal ordinances; or (2) none of the candidates to be nominated or elected represents a party any of whose candidates for presidential elector received votes in the last preceding election at which presidential electors were selected.
- b. Use his official authority or influence for the purposes of interfering with an election or nomination for office or affecting the result thereof.
- c. Directly or indirectly coerce, attempt to coerce, command, or advise any other such officer or employee to make any payment, loan, or contribution for political purposes.

(Cont'd)

Personnel Policies

1. Introduction. The Contract requires Local Authorities to adopt and comply with a statement of personnel policies. The Contract also provides that Local Authorities shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. Local Authority employees and members are subject to the provisions of the Hatch Act (see Exhibit 1). 1/

2. Preparation of Statement of Personnel Policies
 - a. The Local Authority shall prepare, adopt, and comply with a statement of personnel policies which covers:
 - (1) Salary and wage rates for all employees except maintenance and certain other employees whose salaries or wages are determined pursuant to the Contract;
 - (2) Job titles and classifications, weekly hours of work, qualification standards, leave regulations, and payment of expenses of employees in travel status.

These policies shall be comparable with local public and private practice. Public practice as referred to here shall consist primarily of the related regulations and personnel practices of the municipal or county government; however, it may also include the practices of public bodies in the locality, such as public schools, public hospitals, or other institutions supported by public funds. Private practice referred to here shall be limited to the related personnel practices of organizations in the field of property management with operations comparable in size and scope to those of the Local Authority.

b. The PHA will examine and appraise the Local Authority's statement of personnel policies during its routine reviews of Local Authority operations. Where the PHA finds an instance where the policy provides rates or benefits which appear to be unusually high or contains provisions which appear to be inconsistent with PHA understanding of local public and private practice, the PHA will require supporting evidence.

c. Local Authorities which have already adopted a statement of personnel policies which meets the requirements of the Contract do not need to revise or readopt their statement of personnel policies.

(Cont'd)

1/ This Exhibit will be issued at a later date.

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3. Participation in an Employee Retirement Plan. The Local Authority may charge employer contributions (but not employee contributions) for participation in a retirement plan for its employees to development or operating costs. PHA approval of such a plan is required if it be administered by private insurers, but such approval is not required where mandatory or optional participation by Local Authority employees in a public plan is provided by State or local laws. Further information on this subject may be obtained from the PHA Field Office.
 4. Maintenance of Records. The Local Authority shall maintain records with respect to personnel and authorizations of official travel, and vouchers supporting reimbursement of travel expense.
 5. Compensation of Board Members Prohibited. No funds of any project may be used to pay any compensation for the services of members of the Local Authority. Board members may, however, be reimbursed for expenses incurred while traveling for the Local Authority on official business.
 6. Travel Regulations. Regulations governing reimbursement for travel of members and paid employees should be included in the statement of personnel policies. Reimbursement should be limited to transportation, taxi fares, telephone calls, similar items necessarily incident to the performance of official business, and actual subsistence expenses or a per diem allowance in lieu of subsistence. Reimbursement for travel expenses incurred in connection with meetings and conventions of organizations supplying technical or professional information concerning the housing program is chargeable as Miscellaneous Authority Expense and as such, is subject to limitations set forth in Section 2.3.
 7. Model Statement of Personnel Policies. Attached as Exhibit 2 is a model statement of personnel policies.
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The Housing Authority of the City of

STATEMENT OF PERSONNEL POLICIES

(The Local Authority should modify this model statement as necessary to fit local conditions)

1. BASIC PRINCIPLES

a. Merit System. The employment of personnel and all actions affecting employees shall be based solely on merit, ability, and justice.

b. Non-Discrimination. There shall be no discrimination against employees or applicants for employment on account of race, creed, color, national origin, sex, or any political or union affiliation.

c. Politics. All members, officers, and employees of the Local Authority shall be subject to the provisions of the Hatch Act, Public Law 252, 76th Congress.

d. Nepotism. The employment of more than one member of the same immediate family shall be avoided in so far as possible.

2. ORGANIZATION. The following positions shall be considered permanent:

3. COMPENSATION

a. For maintenance and other employees whose salaries are fixed pursuant to the Contract, appropriate compensation rates shall be paid on the basis of prevailing rates in the locality, as determined by the Labor Relations Branch of the Public Housing Administration.

b. For all other employees appropriate compensation rates shall be determined on the basis of prevailing pertinent local public and private practice. Public practice as referred to here shall consist primarily of the related regulations of the municipal or county government and of such local public bodies as public schools, public hospitals, or other institutions supported by public funds. Private practice as referred to

here shall be limited to related practices of organizations in the field of property management with operations comparable in size and scope to those of the Local Authority.

X 4. AUTHORITY TO EFFECT PERSONNEL ACTIONS. Authority to appoint, promote, transfer, demote, and separate personnel shall be vested in the Executive Director.) X

5. SEPARATIONS

a. Resignations. An employee who desires to terminate his employment shall submit a written resignation at least two weeks in advance, setting forth his reasons for resigning.

b. Dismissals. An employee who gives unsatisfactory service or who is guilty of violation of regulations shall be subject to dismissal. In such cases the employee, if he desires, shall be given a hearing before the Executive Director.

c. Reduction in Force

(1) If it is necessary to reduce personnel, the selection of employees to be retained shall be based primarily on their relative efficiency and the necessity of the job entailed. Other things being equal, length of service shall be given consideration.

(2) At least two weeks' notice prior to dismissal shall be given an employee except for persons employed for a specific period.

6. WORKING HOURS

a. Regular Work Week. The regular work week shall consist of _____ hours.

b. Overtime. Overtime work shall be avoided as far as possible but may be required by the Executive Director in the interest of efficient operation, in which case the employee shall be granted compensatory time off within 60 days or shall be paid at the rate of 1-1/2 times the normal rate of pay.

7. ABSENCE FROM WORK. The following regulations, consistent with pertinent local public and private practice, are established:

a. The following holidays with pay shall be observed:

b. Vacation Leave. A two weeks' vacation with pay shall be granted to all regular full-time employees.

c. Sick Leave

- (1) Regular full-time employees shall be allowed a reasonable amount of sick leave with pay.
- (2) Sick leave in excess of seven days for any illness shall be subject to approval of the Board.
- (3) A doctor's certificate shall be required for any period of sick leave in excess of three days.

d. Leave Without Pay

- (1) Absence without proper authorization or approval shall be considered leave without pay and may be considered sufficient cause for suspension or dismissal of the employee at the discretion of the Authority.
- (2) Leave without pay may, where necessary, be granted, not to exceed two months in any one calendar year.

e. No Cash Payments in Lieu of Unused Leave. No cash payments to officers or employees shall be made in lieu of unused vacation or sick leave; except that when an officer or employee is permanently separated from employment cash payment of unused vacation leave (but not unused sick leave) may be made, but no such payment shall be made to any officer or employee dismissed for cause.

8. HEALTH AND SAFETY

a. Employees shall be provided safe, sanitary, and healthful working conditions.

b. Employees shall be covered by Workmen's Compensation Insurance.

9. SERVICE RECORDS. A service record shall be maintained for every employee and shall contain complete information pertinent to his employment, including dates of employment and pay changes.

10. TRAVEL

a. Employees or Commissioners of the Authority may perform official travel upon authorization by the Board or as authorized by the Chairman and Executive Director.

b. Transportation costs for employees or Commissioners authorized to travel on official business of the Authority shall be paid by the Authority. First class rail and pullman accommodations (lower berth or parlor car seat), or air line if advantageous, shall be the standard means of transportation. Costs of taxi fares, telephone calls, telegrams, secretarial services, and similar items necessarily incident to the performance of official business, shall be considered reimbursable items.

c. In addition to reimbursable costs as outlined above, an allowance for subsistence in lieu of actual expenses shall be paid at a rate not to exceed \$9.00 per day for employees of the Authority and at a rate not to exceed \$12.00 per day in the case of Commissioners of the Authority and consultants who receive no compensation. In computing the subsistence allowance no allowance shall be paid for travel of less than 24 hours' duration, except if such travel required departure prior to 8:00 a.m. or return after 6:00 p.m., and exceeded six hours, in which case an allowance shall be paid at the rate of one-fourth the established daily amount for each six-hour period, or fraction thereof. For travel in excess of 24 hours the allowance paid for the day of departure and for the day of return shall be computed at the rate of one-fourth the established daily amount for each of the periods listed below, or fraction thereof:

12:00 Midnight	- 6:00 a.m.
6:00 a.m.	-12:00 Noon
12:00 p.m.	- 6:00 p.m.
6:00 p.m.	-12:00 Midnight

d. Authorized out-of-town travel performed by privately owned automobile shall be paid by the Authority at a rate not to exceed 7¢ per mile, in addition to the subsistence allowance outlined above, except that the Authority shall, at its discretion permit reimbursement only at the rate of first

class rail fare, plus pullman, unless it has determined that travel by privately owned automobile is more advantageous to the Authority. When travel is performed in an automobile owned by the Authority, necessary car expenses and subsistence allowance shall be paid. Whenever automobile travel is involved, signed records of car expenditures and mileage, or of mileage only in the case of a privately owned automobile, shall be submitted and approved before payment. If two or more persons travel in the same automobile, only one of these persons shall be reimbursed for mileage (if travel is by private car) or for car expenditures (if travel is by Authority-owned car).

e. All travel expenses shall be recorded, signed by the traveler, and approved by the Executive Director, prior to reimbursement.

Personnel Policies

1. Introduction

a. The Contract requires Local Authorities to adopt and comply with a statement of personnel policies. The Contract also provides that Local Authorities shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. Local Authority employees and members are subject to the provisions of the Hatch Act (see Exhibit 1).

b. This Section states the policies of the PHA with respect to certain administrative practices of Local Authorities which affect costs of housing programs and projects in which the PHA has a financial interest. These policies are designed to recognize:

- (1) Local responsibility for efficiency and economy in the planning, development, and operation of PHA-aided low-rent projects; and
- (2) The responsibility of the PHA for effective and economical utilization of the funds made available by the Congress to assist such projects. To this end, the following policies (a) place responsibility on the Board of Commissioners of the Local Authority for establishing administrative policies and practices conforming with pertinent local public practices and for authorizing or approving certain types of expenditures in specific cases; and (b) provide prohibitions or maximum limits on certain types of expenses.

The policies set forth below establish maximum limits on Local Authority expense; Local Authorities may, of course, adopt policies at less than these maximums.

2. Preparation of Statement of Personnel Policies (See Exhibit 2)

a. The Local Authority shall prepare, adopt, and comply with a statement of personnel policies which covers:

- (1) Salary and wage rates for all employees except maintenance and certain other employees whose salaries or wages are determined pursuant to the Contract;
- (2) Job titles and classifications, weekly hours of work, qualification standards, leave regulations, and payment of expenses of employees in travel status.

b. Copies of statements of personnel policies and revisions necessary to conform with the provisions of this Section should be furnished to the PHA Regional Office.

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NOTE: These pages supersede pages 1-2 of Section 2.2 dated August 1957. Paragraph 1b has been clarified.

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- c. The Local Authority shall reduce to writing in a manner that will facilitate audit, and shall maintain in its files, the evidence and reasoning on the basis of which it establishes or revises from time to time its policies for salaries, leave, and travel. The PHA will examine and appraise the Local Authority's statement of personnel policies and supporting data during its routine reviews and audits of Local Authority operations. In each case, the policies set forth in this Section will govern in PHA approvals of project development and operating budgets and in PHA determinations of eligibility of project costs.
3. Maintenance of Records. The Local Authority shall maintain complete records with respect to personnel, including position descriptions, sick and annual leave cards, authorizations of official travel, and vouchers supporting reimbursement of travel expense.
4. Compensation
- a. Schedules of salary and wage rates for Local Authority employees, other than maintenance and certain other employees whose salaries or wages are determined pursuant to the Contract, shall be established by adopted resolution.
- b. Salary and wage rates so established shall be comparable with the compensation practices of other public bodies in the locality for positions similar in responsibility and required competence. For positions with respect to which no comparable public positions exist in the locality, salaries established may be comparable with salaries for similar public positions in adjacent localities of comparable size in the same State or in bordering States. In cases where a Local Authority manages both a housing program and an urban renewal or other program and employees work on both programs, salaries shall be established and comparability determined on the basis of total responsibilities carried and duties performed in both programs; and salaries shall be charged or prorated to the respective programs on an equitable basis.
- c. The resolution of the Local Authority establishing the schedule of salary and wage rates shall include provisions with respect to weekly hours of work and payment, if any, for overtime work, and provisions establishing for each part-time position the number of hours to be served each pay period by the incumbent.
- d. No funds of any project may be used to pay any compensation for the services of members of the Board of Commissioners of the Local Authority. Board members may, however, be reimbursed for expenses incurred while traveling for the Local Authority on official business.
5. Leave
- a. Leave policies and practices of the Local Authority shall be established by resolution.

(Cont'd)

b. The leave policies and practices so established shall be comparable with those of other public bodies in the locality.

c. In the absence of conclusive evidence of pertinent local public practice to the contrary, project costs shall not be charged with (1) payments for unused sick leave or (2) payments for unused vacation leave except upon separation of an employee from the Local Authority.

d. Where pertinent public practice in the locality includes a limitation on the accumulation of vacation leave, the Local Authority shall adopt a comparable limitation. Where pertinent public practice in the locality does not limit such accumulation, the Local Authority policy shall provide for no accumulation or for a fixed maximum accumulation; provided, however, that the limitation established on the amount of leave which may be carried over as a balance at the end of any year shall be no more than the amount of leave which an employee is entitled to accrue in one year.

e. Local Authority leave policies may permit the transfer, without transfer of funds, of leave balances of Local Authority employees transferring to housing project assignments from other assignments or other organizational units of the Local Authority, provided such policies also provide for corresponding transfers of leave balances without transfers of funds when employees transfer from housing project assignments to other projects, programs, or organizational units of the Local Authority.

6. Travel

a. The Local Authority shall adopt as part of its statement of personnel policies regulations governing reimbursement for travel expenses incurred by its members and employees. The policies so adopted shall be comparable with pertinent public practice in the locality.

b. If the local government has not officially adopted a policy governing reimbursement to employees of the local government for travel expenses which can serve as a firm basis for public practice comparability in establishing travel expense policies for Local Authority members and employees, project costs shall not be charged with more than (1) \$12 per diem for actual subsistence expenses or per diem in lieu of subsistence, and (2) the actual cost of transportation, taxi fares, telephone calls, and similar items incident and necessary to the performance of official business while in travel status.

c. Local Authority policies governing reimbursement to its members and employees for official travel by privately owned vehicles shall be adopted

(Cont'd)

NOTE: These pages supersede pages 3-4 of Section 2.2 dated August 1957. A new paragraph 6c concerning reimbursement for official travel by privately owned vehicles has been added.

by resolution. The policies so adopted shall be comparable with pertinent public practice in the locality, provided that:

- (1) If no firm policy with regard to reimbursement for the use of private automobiles has been established by the locality, the Local Authority policies shall provide for reimbursement on a mileage basis at a rate up to 10¢ per mile. Vouchers for reimbursement on a mileage basis shall be supported by detailed mileage records.
- (2) If local public practice provides for reimbursement by means of flat monthly allowances, the Local Authority may use this method. The amounts of such allowances shall be established on a reasonable and economical basis in relation to the official use made of the employee's car and shall be reviewed periodically to ensure that such allowances are in keeping with the actual amount of official use made of the employee's car. The basis for these determinations shall be maintained in the Local Authority's files for review.
- (3) If local public practice does not provide for payment of monthly allowances, the Local Authority may nevertheless use this method if it does not own a passenger carrying vehicle and does not reimburse more than one employee for travel by automobile. In such cases, the allowance shall be commensurate with the amount of travel incurred, computed at a rate not to exceed 10¢ per mile, and it shall not exceed \$30 per month. Keeping of detailed mileage records in support of such monthly allowance payments is not required.
- (4) Authorization documents and/or reimbursement vouchers for travel by private car outside the jurisdiction of the Local Authority shall be justified in terms of comparable cost of such travel by common carrier, where common carrier service is available, or in terms of other substantial advantages to the local program. This is not intended to require such justification for trips to nearby communities to carry out the normal operating functions of the Local Authority. If reimbursement is made on a mileage basis, vouchers shall be supported by detailed mileage records.

d. Local Authority travel regulations shall require that each trip to a destination outside the jurisdiction of the Local Authority (except to the PHA Regional Office with jurisdiction and to nearby communities to carry out the normal operating functions of the Local Authority; e.g. visits to check housing conditions of prospective tenants; to make purchases of supplies, replacement parts, etc.) which is to be charged wholly or in part to a project in which the PHA has a financial interest shall be specifically authorized by resolution of the Local Authority.

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The resolution shall approve the trip as essential to the conduct of the housing program or the development or operation of a particular housing project. Reimbursement for travel expenses so approved and incurred in connection with meetings and conventions of organizations supplying technical or professional information concerning the housing program is chargeable as Miscellaneous Authority Expense and as such, is subject to limitations set forth in Section 2.3.

7. Participation in an Employee Retirement Plan. The Local Authority may charge employer contributions (but not employee contributions) for participation in a retirement plan for its employees to development or operating costs. PHA approval of such a plan is required if it is administered by private insurers, but such approval is not required where mandatory or optional participation by Local Authority employees in a public plan is provided by State or local laws. Further information on this subject may be obtained from the PHA Regional Office.
8. Bonuses and Presents. Project costs shall not include the cost of any bonus payments or Christmas or other presents to employees, in cash or any other form, even though such bonuses or presents are customary in public practice in the locality.
9. Entertainment Expenses. Project costs shall not include expenses incurred for the provision of entertainment and incidental food and beverages, regardless of local public practice in this regard.
10. Model Statement of Personnel Policies. Attached as Exhibit 2 is a model statement of personnel policies.

officer or employee was receiving at the time of the violation. If such employee has been re-employed within 18 months of a removal order to a position in the same or another State or local agency receiving loans or grants from any Federal agency, the Commission must order the withholding of the amount from such other State or local agency. The only exception is that no such withholding may be ordered from any loan or grant pledged by a State or local agency as security for its bonds or notes, if the withholding of such amount would jeopardize the payment of the principal or interest of such bonds or notes.

Definition of Miscellaneous Authority Expense

Items of Miscellaneous Authority Expense which are chargeable to Other Administration Expense (Account 4410.19 or Account 4190, as applicable) include the following:

1. All expenses incurred by the Local Authority (exclusive of the cost of services of regular employees and the cost of supplies withdrawn from stock) in the preparation, printing, and distribution of its annual reports, literature, exhibits, and other informational material relating to its housing program.
2. The cost of periodicals and books which the Local Authority deems useful in the conduct of its work.
3. Expenses incurred in holding regular or special meetings of the Local Authority Board of Commissioners.
4. Travel expense incurred by members of the Board of Commissioners or employees of the Local Authority in connection with the attendance at conventions and meetings of organizations which the Local Authority determines will be useful in the conduct of its business.
5. Dues and fees for Local Authority membership in organizations furnishing technical or professional information, material, and services relating to the housing program.

Miscellaneous Authority Expense

1. Purpose. The Annual Contributions Contract provides that the Local Authority shall not incur expenditures for Miscellaneous Authority Expense in excess of amounts included therefor in approved budgets.

2. Miscellaneous Authority Expense

a. All expenditures for the following purposes shall be considered Miscellaneous Authority Expense and shall be within the limitations as to the total amount provided in paragraph 4 below.

(1) Expenses (other than the cost of services of regular staff members or the cost of supplies withdrawn from stock) incurred by the Local Authority in the preparation, printing, and distribution of its annual reports, literature, exhibits, and other informational activities relating to its housing program.

(2) Purchase of periodicals and books which the Local Authority deems useful in the conduct of its work. Purchase of periodicals, books, or other reference material for the use of persons serving the Local Authority on a contract or fee basis (e.g. lawyers, accountants, architects, engineers) is not permissible.

(3) Expenses incurred in holding regular or special meetings of the Local Authority Board of Commissioners to conduct its business. Such expenses, if occasioned, shall be limited to the rental of meeting rooms where adequate free space is not available, and to transportation. In addition, eligible expense may include food costs where local public practice permits payment for food at such meetings, provided:

- (a) Minutes of the meeting are recorded;
- (b) Such food costs are incurred in conformity with an officially adopted policy of the Local Authority for the convening of meetings at which food is to be served;
- (c) Such food costs do not exceed for each such person the price of meals regularly served by local establishments for periodic group meetings; and
- (d) Each voucher for food served at such meetings is specifically approved by resolution of the Local Authority Board of Commissioners.

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NOTE: This Section supersedes Section 2.3 dated 9-2-52. Certain limitations on expenses incurred in holding Board meetings have been added to paragraph 2a(3). A new paragraph 7 has been added. Other minor changes have been made.

The cost of meals for guests of the Commissioners who have no official interest in the Local Authority operations is ineligible for inclusion as a Local Authority expense.

(4) Expenses of members or employees of the Local Authority for attendance at conventions and meetings of organizations, which the Local Authority determines will be useful in the conduct of its business, it being the purpose of such expenditures to enable the Local Authority to secure the benefits of information or of experience of others so that it can conduct its program more economically or effectively. (Paragraph 6c of Section 2.2 requires a specific Local Authority resolution authorizing travel for these purposes.) Such expenses may not exceed allowances for such costs established by the Local Authority for its officials and employees. Such expenses may include registration fees, excluding the cost of any meals provided in such fees if the traveler receives a per diem allowance in lieu of actual subsistence expenses. Travelers on a per diem allowance shall be required to certify on the reimbursement voucher relative to inclusion or non-inclusion of the cost of meals in registration fees. The Local Authority shall maintain a file of agenda of organization meetings which any member or employee of the Local Authority attended.

(5) Dues and fees of the Local Authority for membership in, and payment for, the services of organizations supplying technical or professional information, material, or services concerning the housing program, except that no such expenditures may be incurred in connection with any organization any substantial part of whose activities involve the promotion of Federal, State, or local legislation, nor may any expenditure be made for fees or dues of any individual member or employee of a Local Authority in any organization. Expenditures authorized for these purposes are limited exclusively to locally owned PHA-aided projects and to projects in which PHA has no financial interest (see paragraph 5c below).

b. It is the responsibility of each Local Authority to determine for itself that its expenditures for the above items, including attendance at meetings and membership in and payment for the services of organizations, are in accord with applicable local laws.

3. Items Not Chargeable as Miscellaneous Authority Expense. The following items, irrespective of their eligibility as development or management costs, shall not be charged as Miscellaneous Authority Expense:

- a. Salaries for part-time or full-time personal services of regular staff members in connection with any of the items in paragraph 2 above.
- b. Costs of travel to PHA Regional Offices, the PHA Central Office, or travel expenses of Local Authority members or employees in attending meetings called by the PHA for administrative, consultation, or

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training purposes; meetings conducted by manufacturers on the servicing and repairing of equipment; meetings (including those devoted to planning of agendas) sponsored jointly by the PHA and NAHRO; or to other projects or Local Authorities to carry out the normal business administration by the Local Authority of its program.

- c. Materials used to acquaint prospective tenants or occupants with the regulations governing the administration of its Federally aided or leased Federally owned projects.

4. Normal Limitation on Miscellaneous Authority Expense

a. The total Miscellaneous Authority Expense incurred by any Local Authority and charged as a development or management cost during the development period or during any operating budget period, in connection with all projects it is actively developing and operating, shall not exceed approved amounts for such expense in the Development Cost or Operating Budgets (or revisions thereto) determined as follows:

(1) Development Cost. The maximum amount for a project in the development stage (under an Annual Contributions Contract or under a Preliminary Loan Contract in respect to a project for which a Development Program is being prepared) shall not exceed an amount computed at the rate of \$3 per unit per annum 1/ for the estimated period of time from the date of the Preliminary Loan Contract to the end of the Initial Operating Period of the project.

(2) Management Cost. The maximum amount for projects in the management stage which may be included in the Operating Budget shall not exceed \$3 1/ per unit per annum except as authorized in paragraph 6 below.

b. The effective date of the maximum allowance, computed pursuant to paragraph 4a above, shall be the beginning of the project fiscal year commencing on or after July 1, 1951, except that in no event shall the effective date be prior to the date of the Preliminary Loan Contract. 2/

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1/ The maximum normal allowance of \$3 per unit per annum for Miscellaneous Authority Expense applies only to programs totaling 200 units or less for all types of active projects under the jurisdiction of the Local Authority. If the local program including low-rent and other types of projects in which the PHA has an interest exceeds 200 units, smaller amounts are authorized as specified in other PHA manuals.

2/ Any period during which the units under a Preliminary Loan Contract were suspended shall not be included in determining the total allowance for Miscellaneous Authority Expense for the development period.

5. Proration of Actual Expenditures to Projects

a. If the Local Authority has only one project or if only one budget is required for all of its projects no prorating is necessary and this paragraph should be disregarded. Further, if more than one budget is required but any one budget covers more than one project, all projects covered by such budget shall be considered as one project for the purposes of this Section.

b. Except as modified by paragraph 5c below, total expenditures for Miscellaneous Authority Expense shall be prorated on a dwelling unit basis to all projects (or units being actively developed under a Preliminary Loan Contract) to the extent that funds are available therefor in the budgets for such projects. If a proration on a unit basis would result in exceeding the amount in the approved budget of any project, only the amount in the budget shall be charged to such project, and any excess shall be prorated and charged to any other projects having a remaining amount for such expense in their approved budgets. Under no circumstances shall the Local Authority spend more than the amount available in the approved budgets of all its projects. Inasmuch as budgeting is on a prorata basis by units, the foregoing method will ensure that the charging of Miscellaneous Authority Expense to projects will also be on a prorata basis. This method of proration shall not, however, be used for any other expenses which are prorated or otherwise distributed.

c. Expenditures authorized under paragraph 2a(5) above, shall be prorated only to locally owned PHA-aided projects and to projects in which the PHA has no financial interest. This provision is to ensure that no expenditures for the payment of dues or fees for membership in, or payments for, the services of organizations are charged to Federally owned projects. All other expenditures chargeable to Miscellaneous Authority Expense shall be prorated to both low-rent and public war housing projects as well as to any other programs administered by the Local Authority.

6. Special Provision for Using Unexpended Balances From Prior Years for Projects in the Management Stage

a. If a Local Authority expends for Miscellaneous Authority Expense in any Fiscal Year (including the period from the End of the Initial Operating Period to the beginning of the following Fiscal Year) less than its normal allowance therefor, calculated at the rate of \$3 per unit per annum in accordance with paragraph 4a(2) above, it may subsequently budget and expend that balance in any succeeding year, provided, however, that the maximum allowance which may be accumulated and carried over under this provision for any project shall not exceed its normal allowance for the project Fiscal Year in which the accumulation is available for spending.

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- b. Fiscal years which commenced on or after July 1, 1951, may be included in determining the balance which may be carried forward.
- c. Since the purpose of this paragraph is merely to authorize an increased budget for a particular year to be met out of revenues for that year, no funds shall be set aside or reserved for an accumulated balance.
- d. Any unexpended portion of the allowance for the development period may not be accumulated and carried over to the management period.
- e. In preparing the Operating Budget for projects in the management stage, the Local Authority may include an amount not in excess of the normal allowance plus the estimated carry-over, if any. When such budget is being prepared the actual expense for the current year will not be known. In computing the maximum carry-over to be included in such budget, the amount used for the current year should be the amount in the latest approved budget for the current year. If the Local Authority finds it will spend less for Miscellaneous Authority Expense in the current year than provided therefor in the current year's budget and wishes to use this saving to justify a carry-over for the next year's budget, it should submit a revision of the current year's budget, reducing Miscellaneous Authority Expense for the current year. After the current year ends and the actual expense is determined, the Local Authority may, of course, submit a budget revision with the carry-over based on such actual expense.
- f. The accumulation and use of the Miscellaneous Authority Expense allowance by a Local Authority with a project of 50 units is illustrated in the following chart:

<u>Project Fiscal Year</u>	<u>Normal Allowance</u>	<u>Carry-Over Allowance</u>	<u>Total Allowance</u>	<u>Expenditures</u>	<u>Accumulated Balance</u>
1952	\$150		\$150	\$100	\$ 50
1953	150	\$ 50	200	120	80
1954	150	80	230	110	120
1955	150	120	270	100	170 ^{1/}
1956	150	150 ^{1/}	300	300	-
1957	150	0 ^{2/}	150	100	50
1958	150	50	200	160	40

(Cont'd)

^{1/} The carry-over of the accumulated balance cannot exceed the normal allowance for the project fiscal year in which the accumulation is available for spending.

^{2/} Since, as explained in footnote ^{1/}, the carry-over cannot exceed the normal allowance, the "excess" accumulated balance of \$20 (\$170 - \$150) remaining at the end of 1955 cannot be utilized in subsequent years.

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7. Local Authority Regulations. Each Local Authority by resolution should prescribe limits and rules to govern Miscellaneous Authority Expense. Such limits and rules may be more restrictive than those authorized herein. Violations of any such Local Authority regulations disclosed during the course of regular PHA audits of Local Authority accounts will be called to the attention of the Local Authority.

Records Maintenance and Disposal

1. Purpose. This Section provides Local Authorities with advice for establishing and operating a filing system, and prescribes minimum periods for retaining Local Authority records.
2. Contract Requirements. The Contract states that the Local Authority shall maintain complete and accurate books of account and records, as may be prescribed by the PHA, in connection with the development and operation of its low-rent projects. Records are documents. They include all memoranda, letters, papers, maps, photographs, or other documenting material, regardless of its physical form or character, made or received by the Local Authority in the performance of the Contract.
3. Folders and Binders
 - a. Folders. Kraft folders, legal size, medium weight, center position, 1/3 cut, and standard height are recommended.
 - b. Binders. Post binders are recommended.
4. Retention of Records
 - a. Minimum Retention Requirements. Local Authorities shall retain records for no less than the minimum periods specified in Exhibits 1 and 2, and for such longer periods as the PHA may in certain cases specifically require for particular records. It may also be necessary to retain certain records for longer than these minimum periods to meet special requirements. For example, records pertaining to a period covered by a PHA certified report on audit shall be retained until after the report has been received and until any exceptions taken as a result of the audit have been resolved. Also, records pertaining to claims or demands made by or against a Local Authority or to any account in which the Local Authority is concerned either as debtor or creditor, shall be retained until such claims, demands, and accounts have been settled and adjusted, or until after expiration of the period of time specified in the governing statutes of limitations.
 - b. Other Federal or Local Requirements. The retention periods prescribed by the PHA in this Section are minimums and do not preclude Local Authorities from retaining records for longer periods to protect their interests under governing statutes of limitations, to comply with applicable requirements of other Federal laws or regulations or with

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NOTE: This Section and Exhibits 1 and 2 to the Section supersede Section 25-20-1, Accounting, dated 6-26-53. The scope of the release has been broadened, and the contents have been revised throughout.

requirements of State or local law governing the custody and preservation of official records, or to meet particular Local Authority needs. It may be desirable to have the Local Authority legal counsel review the PHA minimum retention periods to conform them to such laws and requirements where longer retention is needed. Where other Federal or State or local requirements are shorter than those specified in this Section, the retention periods stipulated herein shall prevail.

5. Filing Suggestions

a. Exhibits 1 and 2. Exhibit 1, Records Control Schedule for Local Authorities with Small Programs, is a filing guide containing an alphabetical listing of some of the more common records which are maintained by Local Authorities in the development and operation of low-rent projects, with a suggested method of filing and the minimum retention period for each item listed. Exhibit 2, Listing of Other Records Maintained by Local Authorities With Small Programs, is an alphabetical listing of other records which Local Authorities may be required to maintain, with the minimum retention period for each item listed.

b. Filing System. It is recommended that all records except those which are normally placed on shelving or in special filing equipment (e.g., maps, plans and drawings, card records, binders containing books of account) should be filed in legal-size file cabinets. The files should be set up in three parts: (1) Development Files, containing the records related to project development, (2) Management Files, containing the records related to project management, and (3) Tenant and Application Files, containing the records related to tenancy and admissions. Within each of these three files, the individual folders should be arranged in alphabetical order according to the subjects on the labels. The suggested method of filing in Exhibit 1 includes the capital letters "DF" when the records are to be filed in the Development Files, the capital letters "MF" when the records are to be filed in the Management Files, and the capital letters "T&A" when the records are to be filed in the Tenant and Application Files.

c. Operating the Files. Suggestions for establishing the files are as follows:

- (1) Read carefully each document received for the files in order to determine its subject.
- (2) Label each file folder with the appropriate subject and file alphabetically. Also in the upper left corner of the label, type the capital letters "DF" if designated as a Development File, "MF" if designated as a Management File, and "T&A" if designated as a Tenant and Application File.

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6. Method of Disposing of Records. State and local laws often contain regulations governing methods of disposal. Where such governing laws permit, first consideration should be given to selling the records material as waste paper. If this method is selected, unless the records have been treated to destroy their record content, the contract for sale shall prohibit their resale or use as records or documents. When the Local Authority determines that destruction is necessary to prevent the disclosure of information that might be prejudicial to its interests, or where an advantageous sale cannot be made, the records may be destroyed by maceration, burning, or other appropriate means.

 7. Microfilming of Inactive Records. The microfilming of inactive Local Authority records has been found to be uneconomical, and the PHA will therefore not approve in Operating Budgets any expense for microfilming equipment or services.

NOTE: This page supersedes page 3 of Section 2.6 dated November 1955.
Paragraph 7 has been added. No other changes have been made.

RECORDS CONTROL SCHEDULE FOR LOCAL AUTHORITIES WITH SMALL PROGRAMS

DF - Development Files AA - After PHA Audit
MF - Management Files RI - Retain Indefinitely;
T&A - Tenant & Application Files Disposal Not Authorized

<u>DESCRIPTION OF RECORDS</u>	<u>SUGGESTED METHOD OF FILING</u>	<u>MINIMUM RETENTION PERIOD ^{1/}</u>
ADJUSTMENT SLIPS.	MF-numerically in a binder.	2 years AA.
ANALYTICAL TENANT LEDGER CONTROL.	MF-chronologically in a binder.	5 years AA.
APPLICATION FILES (admission) other than copies in tenant files.	T&A	
1. Pending applications.	Alphabetically by name in a file subdivided to show eligibility status, unit size required, and preference rating, with a separate folder for each application.	RI, unless determined to be ineligible or no longer interested.
2. Selected applications.	Alphabetically by name, with a separate folder for each application.	RI, unless determined to be ineligible or no longer interested.
3. Withdrawn and ineligible applications.	Alphabetically by name, with a separate folder for each application.	Retain indefinitely the applications of (a) families of Servicemen and Veterans discharged from, or who died in, the Armed Forces of the U.S. within 4 years prior to date of application for admission, and (b) displaced families. Retain all others 1 year from date classified withdrawn or ineligible.

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^{1/} Longer retention may be necessary to protect Local Authority interests under governing statutes of limitation or for other reasons (paragraph 4, Section 2.6).

<u>DESCRIPTION OF RECORDS</u>	<u>SUGGESTED METHOD OF FILING</u>	<u>MINIMUM RETENTION PERIOD</u>
BANK STATEMENTS, reconciliations, and cancelled checks.	MF-Chronologically in a folder.	12 years AA.
BUDGETS, operating, for each fiscal year of operation.	MF-by fiscal year with a separate folder for each budget.	10 years.
CASH DISBURSEMENT REGISTER.	MF-in a binder.	RI.
CASH RECEIPTS (rent and security deposits).	MF-numerically in a folder.	2 years AA.
CASH RECEIPTS REGISTER.	MF-in a binder.	RI.
COMBINED CASH JOURNAL.	MF-in a binder.	RI.
CONTRACT REGISTER.	MF-in a binder.	RI.
DAILY STATEMENT OF OPERATIONS.	MF-chronologically in a folder.	2 years AA.
DEVELOPMENT COST ANALYSIS REGISTER, or DEVELOPMENT COST LEDGER.	DF-in a binder.	RI.
FINANCIAL AND OPERATING REPORTS, as follows: Balance sheets; analysis of surplus from operations; statement of land, structures, and equipment; statement of operating receipts and expenditures; statement of income and expenses; statement of initial operating deficit; computation of payments in lieu of taxes; annual statement of accruing annual contributions; analysis of fiscal agent funds; analysis of debt service fund.	MF-chronologically in a separate folder for each fiscal year.	RI.
JOURNAL VOUCHERS and supporting documents.	MF-chronologically in a folder.	12 years AA.
MISCELLANEOUS CHARGE AND CREDIT TICKETS.	MF-numerically in a binder.	2 years AA.

(Cont'd)

<u>DESCRIPTION OF RECORDS</u>	<u>SUGGESTED METHOD OF FILING</u>	<u>MINIMUM RETENTION PERIOD</u>
PERSONNEL RECORDS		
1. Employee reports, service records, earnings records, and leave records.	Alphabetically by name of employee in a card case.	RI.
2. PAYROLLS.	MF--by pay period in a binder.	5 years AA.
PURCHASE ORDERS		
1. Procurement office copy.	MF--by purchase order number in separate folders.	4 years AA.
2. Accounting office copy.	MF--attached to voucher check copy.	12 years AA.
RENT ROLL CONTROL and analysis of dwelling rent charges.	MF--chronologically in a binder.	5 years AA.
REQUEST FOR REFUND OF SECURITY DEPOSIT AND UNEARNED RENT.	MF--attached to voucher check copy.	12 years AA.
SCHEDULE OF TENANTS ACCOUNTS RECEIVABLE.	MF--chronologically in a folder.	2 years AA.
TENANT FILES, including application for admission and continued occupancy, verification records and documents, copies of leases, etc.	T&A--alphabetically by Name, with a separate folder for each tenant.	5 fiscal years following close of fiscal year in which lease termination, lapse, or cancellation occurs. In cases where there are claims, retain tenant folders until after conclusion of the cases.
Travel expense records.	MF--attached to voucher check copy.	12 years AA.
VOUCHER CHECK COPIES, with supporting documents attached.	MF--numerically by voucher number in separate folders.	12 years AA.

LISTING OF OTHER RECORDS MAINTAINED BY LOCAL AUTHORITIES WITH SMALL PROGRAMS

AA - After PHA Audit
 RI - Retain Indefinitely;
 Disposal Not Authorized

<u>DESCRIPTION OF RECORDS</u>	<u>MINIMUM 1/ RETENTION PERIOD</u>	<u>DESCRIPTION OF RECORDS</u>	<u>MINIMUM RETENTION PERIOD</u>
ADMINISTRATION CONTRACTS, including amendments, waivers, and related correspondence	RI	DEVELOPMENT COST RECORDS, including Forms PHA-2152, 2396, 2399, 2427, 2428, and 2397	Retain Form PHA- 2399 one year after issuance of Actual Develop- ment Cost Certif- icate; other records RI.
ANNUAL CONTRIBUTIONS CONTRACTS, including amendments, waivers, and related correspondence	RI		
APPLICATIONS FOR RESERVATION OF LOW-RENT PUBLIC HOUSING, and for Preliminary Loan	RI	DEVELOPMENT PROGRAM	RI
		EXPENSE ANALYSIS REGISTER	RI
CERTIFICATES OF CREMATION of Bonds and Interest Coupons	RI	FINANCING RECORDS, including notes, bonds, correspondence	RI
CERTIFIED REPORTS ON AUDIT	RI	FISCAL AGENT'S AGREEMENT	RI
CONSTRUCTION CONTRACTS	11 years after final contract settlement.	GENERAL DEPOSITARY AGREEMENT	RI
		GENERAL LEDGER	RI
COOPERATION AGREEMENTS	RI	HOUSING SURVEYS AND CENSUS TABULATIONS	RI

1/ Longer retention may be necessary to protect Local Authority interests under governing statutes of limitation or for other reasons (paragraph 4, Section 2.6).

<u>DESCRIPTION OF RECORDS</u>	<u>MINIMUM RETENTION PERIOD</u>	<u>DESCRIPTION OF RECORDS</u>	<u>MINIMUM RETENTION PERIOD</u>
INCOME ANALYSIS REGISTER	RI	MOTOR VEHICLE TITLES	Until after LHA disposes of vehicle.
INITIAL OPERATING LEDGER	RI		
INSURANCE AND FIDELITY BONDS	AA following expiration or cancellation date.	NONEXPENDABLE EQUIPMENT RECORD CARDS	5 years after item is disposed of.
INSURANCE REGISTER	RI	NOTICE OF DATE OF FULL AVAILABILITY	RI
INVENTORY REPORTS	2 years AA.	PERSONAL PROPERTY DISPOSITION RECORDS	6 years AA.
INVESTMENT REGISTER	RI	PETTY CASH VOUCHERS	12 years AA.
LABOR COST DISTRIBUTION	2 years AA.	PRELIMINARY LOAN CONTRACTS and documents required for advance of funds	RI
MAINTENANCE REPORTS	2 years.	PROPERTY LEDGER	RI
MANAGEMENT CONTRACTS for Utilities and Other Services	6 years after contract termination and final settlement.	PUBLIC VOUCHER - PAYMENT OF ANNUAL CONTRIBUTION	RI
MANAGEMENT REPORTS: Forms PHA-2209, 1227, 1235, and 1245	3 years after date of report.	PURCHASE CONTRACTS, including related papers.	6 years AA.
MATERIALS AND SUPPLIES STOCK CONTROL RECORD	5 years after item is disposed of.	REAL PROPERTY DISPOSITION RECORDS	RI
MINUTES OF MEETINGS OF LOCAL AUTHORITY	RI	REQUISITIONS FOR SUPPLIES AND MATERIALS	2 years AA.
MOTOR VEHICLE ACCIDENT REPORTS	6 years after disposition of each accident case		

<u>DESCRIPTION OF RECORDS</u>	<u>MINIMUM RETENTION PERIOD</u>
REVOLVING FUND: General Ledger, Cash Receipts Register, and Cash Disbursements Register	RI
SCHEDULE OF AUDITORS' ADJUSTMENTS	RI
SCHEDULE OF MAXIMUM INCOME LIMITS, related correspondence	RI
SCHEDULE OF RENTS, DEMONSTRATION OF FINANCIAL RESPONSIBILITY	RI
SCHEDULES OF PHA CONSOLIDATED SUPPLY CONTRACTS	Until superseded.
SITE ACQUISITION RECORDS	6 years after LHA has acquired title.
TENANT ACCOUNTS RECEIVABLE LEDGER SHEETS	5 years after close of fiscal year in which lease termination, lapse, or cancellation occurs.
TENANTS RENTAL REGISTER	RI
TENANTS SECURITY DEPOSIT RECORD	Same as tenant accounts receivable ledger sheets, above.
TRIAL BALANCES	2 years AA.

MINIMUM
RETENTION PERIOD

Operating Budgets Submitted by Local Authorities

1. Purpose. The primary objectives of the revised Local Authority budgetary procedures are to make budgeting an accurate mirror of the way a Local Authority really operates, to eliminate unnecessary supporting detail especially as regards routine maintenance activities, to avoid unnecessary prorations, and finally to provide material that will facilitate financial analysis. To strengthen the budget process the following principles have been adopted:
 - a. The Local Authority should be able to look at its operations as an entity. To this end, the procedures should make it possible for the Local Authority to reflect all of its operations in a single budget document.
 - b. For the most effective analysis and control and to avoid unnecessary prorations, the budget should be built up on the basis of the direct costs of each organizational unit.
 - c. To eliminate unnecessary supporting detail for ordinary maintenance expense and to facilitate financial analysis, nonroutine expenditures should be separated from routine expenditures.
 - d. The budget should be accompanied by a financial plan which demonstrates the financial feasibility of each contract or program, including adequate provision for financing future major programs of work.
 - e. Flexibility should be provided so that managerial judgment may be exercised by the Local Authority in executing the budgeted plan of operation. To accomplish this purpose the operating budget approved by the PHA should apply to the total PHA-aided management program rather than to each individual project.

2. A Single Budget System. This Manual section provides a uniform budget system for the entire low-rent program. No distinction is made between large and small programs. Only with respect to reserves is a different policy applicable to Local Authorities having 200 units or less of PHA-aided low-rent housing in management.

(Cont'd)

NOTE: This Section supersedes Sections 400.1, 401.1, 401.2, 401.3, 412.1, and 412.3 of the Low-Rent Housing Manual, and Sections 4.1, 4.2, and 4.3, of the Small Low-Rent Programs Manual-Operation. The superseded Sections have been consolidated into this one Section 401.1, which outlines the new budget procedures. Former Exhibits to the above releases are consequently superseded and new Exhibits 1 through 21 are attached to this Section.

3. Basic Concepts

a. Direct Costs. A principal aim of the consolidated LHA budget is to show direct costs of organizational units, avoiding proration wherever possible. For example, where a Central Office is treated as a separate organizational unit, the expenditure budget for that unit will show all its direct costs. This includes not only administration expense but also maintenance expense if the Local Authority provides central maintenance. The Local Authority may also include in the Central Office expenditure budget such general expense items as PILOT and insurance if, in the judgment of the Local Authority, such treatment is realistic. Expenditure budgets for units consisting of a single project or a group of projects will reflect the cost of staff assigned to such projects and other distinguishable site costs.

b. Staffing Pattern. Salaries and labor usually constitute the major items of controllable expense, except where most maintenance work is done by contract. The reasonableness of the budget, therefore, depends largely upon the reasonableness of the staffing pattern. Budgets should clearly set forth the salary and position schedule. The narrative should fully justify all year-to-year changes in salaries and positions.

c. Separation of Routine and Nonroutine Expense. An important feature of the budget system is to distinguish between routine and nonroutine expense. Routine expense usually arises from the cost of recurring services such as utilities and from the ordinary activities of the regularly employed administrative and maintenance staff. Routine expenditures are expected to follow a fairly even course from year to year. Any marked change reflects a basic revision in the work program and should be fully justified. For example, a new project may enter the management phase or utility rates may increase. Nonroutine expense usually arises from the employment of a special labor force, or from a contractual arrangement, for the performance of a major program of work. Nonroutine expense estimates fall into three main categories: Extraordinary maintenance, replacement of equipment, and betterments and additions. Each work program shall be fully justified.

d. Total LHA Operation. These procedures are so designed that a Local Authority which has a program in addition to PHA-aided projects can reflect all of its operations in a single budget document, even though PHA approval is applicable only to the amounts for PHA-aided programs. Such a document would give Local Authority executive staff and commissioners a picture of the total operation of the Local Authority. In the material submitted to the PHA the Local Authority must, as a minimum, include income and expense information for any organizational unit, any part of the cost of which is to be charged to PHA-aided programs in management or development, and a description of the size and nature of programs other than PHA-aided programs.

(Cont'd)

e. Financial Planning. Financial difficulties may overtake a Local Authority because of diminishing receipts, rising routine expense, and large nonroutine expenditures. In preparing the financial plan for each contract the Local Authority is required to look three years beyond the requested budget year and to make a realistic estimate of receipts and expenditures, particularly of nonroutine expenditures. Where future operating deficits can clearly be forecast the Local Authority, with the approval of the Regional Director, may augment the normal operating reserve temporarily in anticipation of the foreseeable deficit. This, of course, is only one means of forestalling an impending financial crisis. Local Authorities are urged to seek additional means, such as increasing receipts and reducing expenses.

f. Flexibility. Expenditure budgets for organizational units are the building blocks of the budget system. These budgets, or whatever portions thereof are applicable to PHA-aided low-rent housing in management, add up to the Summary PHA-Aided Low-Rent Housing in Management. The term "PHA-aided" includes both projects under an annual contributions contract and projects conveyed under an administration contract. This summary budget is the budget approved, modified, or disapproved by the Regional Director. Thus, the Local Authority will be able to make reasonable adjustments between the amounts budgeted for the various organizational units if changed circumstances so require and thereby make maximum utilization of its manpower and other resources. Also, as has been the case in the past, reasonable adjustments may be made between the amounts budgeted for the various accounts except as this is limited by the control accounts (see paragraph 11 below).

g. The Budget as a Tool of Management. These revised procedures are based on the premise that the budget is only one of a number of tools available to management and should not be regarded as an all-inclusive source of information. In addition to the use of the budget as a device for controlling its operations, the Local Authority will also employ the usual administrative controls such as supervision, operating reports, and inspection. The PHA in advising Local Authorities and reviewing contract compliance will, in addition to the budget, depend on reports, reviews, surveys, and audits.

4. Content. Each budget submission shall consist of the material listed below, samples of which are attached to this release as exhibits illustrating the type of material required. Each exhibit contains notes on the preparation of budget material.

a. For all programs the following narrative material is required:

- Introduction (Exhibit 2)
- Budget Highlights (Exhibit 3)
- Organization Chart and Map (Exhibit 4)
- Summary of Workload Data (Exhibit 5)
- Description of Functions and Workload (Exhibit 6)
- Explanations of Substantial Changes (Exhibit 7)

(Cont'd)

b. For all programs the following standard schedules are required:

Summary PHA-Aided Low-Rent Housing in Management, PHA-2564
(Exhibit 8)

Schedule of All Positions and Salaries, PHA-2566 (Exhibit 9)

Schedule of Ordinary Maintenance Materials and Contracts and Equip-
ment Requirements, PHA-2568 (Exhibit 10)

Schedule of Extraordinary Maintenance and of Betterments & Additions,
PHA-2567 (Exhibit 11)

Financial Plan for A Management Contract, PHA-2570 (Exhibits 12-A
or 12-B)

c. The following additional standard schedules are required under the
circumstances indicated:

Expenditure Budget for an Organizational Unit, PHA-2565 (Exhibit 13)

Required where there is more than one organizational unit or
more than one program

Schedule of Operating Receipts by Income Entity, PHA-2569 (Exhibit 14)

Required where there is more than one contract or program, or
where more than one income entity

Summary All Programs, PHA-2563 (Exhibit 15)

Required where there is more than one program

NOTE: The illustrative examples given in Exhibits 2 through 15 are
for a program of medium size and of a rather complex nature. Many
Local Authorities, on the other hand, have a relatively simple oper-
ation. For example, they may be concerned solely with PHA-aided
low-rent housing in management and may have only one organizational
unit. Such Local Authorities, by submitting a condensed narrative
statement and only five of the prescribed forms, will meet the re-
quirements for budget submissions. In order to assist such Local
Authorities in preparing their budgets the following illustrative
examples are given:

Combined Narrative (Exhibit 16)

Summary PHA-Aided Low-Rent Housing in Management, PHA-2564
(Exhibit 17)

Schedule of All Positions and Salaries, PHA-2566 (Exhibit 18)

(Cont'd)

Schedule of Ordinary Maintenance Materials and Contracts and Equipment Requirements, PHA-2568 (Exhibit 19)
Schedule of Extraordinary Maintenance and of Betterments and Additions, PHA-2567 (Exhibit 20)
Financial Plan for a Management Contract, PHA-2570 (Exhibit 21)

5. Budget Preparation. In preparing the budget it is suggested that the material be developed in the following order:

First - Organization Chart and Map, Introduction, Summary of Workload Data, and Description of Functions and Workload

Second - Schedule of All Positions and Salaries (PHA-2566), Schedule of Ordinary Maintenance Materials and Contracts and Equipment Requirements (PHA-2568), Schedule of Extraordinary Maintenance and of Betterments and Additions (PHA-2567), Expenditure Budget for an Organizational Unit (PHA-2565), Schedule of Operating Receipts by Income Entity (PHA-2569), and Financial Plan for a Management Contract (PHA-2570)

Third - Summary PHA-Aided Low-Rent Housing in Management (PHA-2564) and, where required, Summary All Programs (PHA-2563)

Fourth - Explanations of Substantial Changes and Budget Highlights.

6. Budget Submission. In submitting the budget it is suggested that the Introduction, Budget Highlights, Organization Chart and Map, Summary of Workload Data, and the Summary Forms PHA-2563 and 2564 be put first, in order to provide an overall picture of the budget presentation at the beginning of the document. The balance of the material should be arranged in the manner best adapted to present the Local Authority budget.
7. Agreement on Organizational Units. Before preparing the first budget under these revised budget procedures the Local Authority should reach agreement with the PHA Regional Office as to what are to be considered the organizational units of the Local Authority for budget and accounting purposes. As regards the combination of projects into one or more organizational units, the guiding principle should be to set up such organizational units as are most conducive to sound and efficient operation. Historical, contractual, and similar considerations should not prevent the establishment of an organizational unit which is sound from a management standpoint. For example, a single organizational unit might conceivably include such diverse types as projects in Federal, State, and local programs and PHA-aided projects under different public laws and under different contracts.
8. Budget Due Dates. Not earlier than 150 days nor later than 90 days before the expiration of the fiscal year covered by an approved LHA budget, the Local Authority shall submit to the PHA Regional Office for approval an LHA budget for the next fiscal year. An original and two copies shall be submitted.

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9. Supplemental Budgets. Because of the flexible features of the budget system Local Authorities should normally be able to operate within the established budget controls. However, whenever emergency conditions or other unforeseen circumstances sufficiently upset a plan of operation as to make a budget overrun imminent, a Local Authority shall revise its plan of operation. Ordinarily the need for submitting a supplemental budget will arise from a significant increase in expenditures. A very substantial decrease in receipts, causing residual receipts to drop so sharply as to upset the financial plan, may also justify submitting a supplemental budget. Accordingly, the Local Authority shall submit such supplemental budgets as are necessary to bring the budget into harmony with the revised plan of operation. A supplemental budget should include only those schedules and narrative of the original budget which have been changed. At the very minimum, a Local Authority shall include in the submission a supplemental Summary PHA-Aided Low-Rent Housing in Management (PHA-2564) and, where there is more than one organizational unit, a supplemental Expenditure Budget for an Organizational Unit (PHA-2565). The PHA will not approve a supplemental budget if the additional amounts for which approval is requested represent controllable expenditures which have already been incurred and will not approve a supplemental budget submitted after the end of the approved budget's fiscal year.
10. Maximum Allowances. A Local Authority shall not budget amounts in excess of the maximum allowances set forth in other Manual sections as noted below:
- a. Legal Expense (Section 503.2 of this Manual; Section 2.5 of the Small Low-Rent Programs Manual-Operation).
 - b. Miscellaneous Authority Expense (Section 503.1 of this Manual; Section 2.3 of the Small Low-Rent Programs Manual-Operation).
11. Budget Overruns
- a. A Local Authority shall not incur expenditures in excess of latest amounts approved in the Summary PHA-Aided Low-Rent Housing in Management, (PHA-2564) for the following:
 - (1) Total Administration Expenditures (Management Expense)
 - (2) Miscellaneous Authority Expense
 - (3) Total Routine Expenditures
 - (4) Total for each of the following nonroutine expenditures:
 - (a) Extraordinary Maintenance
 - (b) Replacement of Equipment
 - (c) Betterments and Additions (operating Improvements)

(Cont'd)

Where the budget includes provision for extraordinary maintenance or substantial betterments and additions, PHA approval of the budget will be conditioned on the Local Authority's using the funds so provided solely for such work.

(5) Limitations, if any, established by the Regional Director as a condition to approval of the budget.

b. Any expenditures in excess of approved amounts for any one of the items noted above shall constitute a budget overrun except:

(1) Where an expenditure is necessary to eliminate an immediate serious hazard to life, health, or safety of tenants, or

(2) Where an increased expense is compensated for by a related increase in income, such as increased utility cost compensated for by charges for excess use or increased PILOT resulting from increased dwelling rent, or

(3) Where the overrun is attributable to terminal leave payments.

12. Approved, Modified Approval, or Disapproval of Budgets. The Regional Director will approve or disapprove budgets or will give modified approval. If the Regional Director disapproves a budget or approves a budget with modified amounts he will so notify the Local Authority in writing and will explain the reasons for disapproval or modified approval. A modified budget shall constitute the approved budget unless the Local Authority elects to consider the modified approval as a disapproval and within 14 days after receipt thereof so notifies the Regional Director in writing, in which event the modified approval shall constitute disapproval of the budget.

13. Reserve Policy

a. Normal Maximum. Determination of the normal maximum reserve for each contract is basically the same under the revised budget procedures as under those previously in effect. For programs of 200 units or less no change has been made and the basis of computation is given in Exhibits 12-B and 21. For programs of over 200 units the basis of computation has been greatly simplified in order to avoid the cumbersome 5-year average computation previously used. As explained in Exhibit 12-A, the normal maximum for programs of over 200 units should be computed by taking one-half of routine expenditures for the subsequent year and multiplying by one-tenth of the average age of projects in the contract. Ten years is the maximum age that can be used in this computation. Exhibit 12-A shows how to compute the weighted age where there are two or more projects of different age.

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b. Additions to Normal Maximum. Whenever a deficit operation is estimated for the requested budget year or for any one of the next succeeding three years, Local Authorities, with the approval of the Regional Director, may increase the normal maximum reserve by the amount of the estimated deficit or deficits. Exhibits 12-A, 12-B, and 21 illustrate the mechanics of computing the increase to the normal maximum reserve.

c. Retention of Reserve Authorized by Previous Policy. There will be some instances in which the maximum reserve approved pursuant to the revised policy will be less than the reserve authorized by previous policy as of the effective date of these procedures. In such event, the Local Authority may, if it so elects, establish and retain the reserve authorized by previous policy for a period not in excess of three years. For example: If a Local Authority with a fiscal year beginning October 1 could, under previous policy, establish a reserve of \$100,000 as of September 30, 1958, and the maximum reserve approved as of the same date under the revised policy is \$96,000, the Local Authority may elect to establish the reserve at \$100,000 as of September 30, 1958, 1959, 1960, and 1961. If for any such date the PHA should approve a greater maximum reserve this greater amount may be established. If the Local Authority makes such election it will not affect the preparation of Form PHA-2570, but will be reflected in closing the books at the end of the fiscal year.

14. General Provisions

a. Effective Date. The budget system described in this Section shall take effect for budgets for fiscal years beginning on and after October 1, 1958. Issuance of the revised budget procedures has been timed to enable Local Authorities with fiscal years beginning October 1, 1958, to submit budgets on the new basis by July 1, 1958. However, if such a Local Authority has proceeded to prepare its budget on the old basis to a point where it would be unduly burdensome to recast its budget on the new basis, the Local Authority may elect to submit that budget on the old basis.

b. Actual and Current Budget Amounts. Certain schedules require data to be furnished for three successive fiscal years--namely, last fiscal year, current budget year, and requested budget year. During the first year of operating under the new budget procedures, Local Authorities will not always be able to determine precise figures for the last fiscal year or current budget year, because of changes in the chart of accounts. In such instances approximations will suffice. Data for the current budget year should be derived from the approved budget reflecting all supplemental budgets submitted and approved up to the time of submission of the consolidated LHA budget.

c. Accounting Changes. Before preparing the first budget under the new procedures Local Authorities should become familiar with the new chart of accounts which is being promulgated. These accounting changes are reflected in the revised budget forms. The new chart of accounts closely

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parallels the chart of accounts previously in effect for the small programs. As with budgets a single accounting system is being established for the entire low-rent housing program. The new accounting manual will be issued in time to permit Local Authorities with fiscal years beginning October 1, 1958, to set up their books of account on the new basis. Local Authorities with fiscal years beginning January 1, 1959, April 1, 1959, and July 1, 1959, respectively, will switch over to the new accounting system at the beginning of the applicable fiscal years.

d. Budgetary Reporting. Instructions for budgetary reporting will be issued as a part of the new accounting manual.

15. Special Conditions. Exhibit 1 provides information in connection with certain special conditions which apply to only a few Local Authorities or only occasionally to most Local Authorities.
16. Sample Budget. The PHA, in collaboration with the Housing Authority of the City of Columbus, Georgia, has prepared a complete sample budget, illustrating the use of these revised procedures. A copy of the sample budget will be furnished upon request to the PHA Regional Office.
17. Rounded Estimates. It is suggested that estimates for the current budget and requested budget periods be rounded to the nearest ten dollars or one hundred dollars.

SPECIAL CONDITIONS

1. Introduction. The following information should assist Local Authorities in meeting special situations which apply to only a few Local Authorities or only occasionally to most Local Authorities.

2. Budgets for New Projects
 - a. Where it is anticipated that expenses of a management nature will be incurred with respect to new PHA-aided projects during the year for which the budget is being prepared any anticipated expenditures in connection with the management of such projects should be reflected in the appropriate expenditure budget or budgets for an organizational unit, Form PHA-2565, and anticipated receipts should be reflected in the Schedule of Operating Receipts, Form PHA-2569. In the distribution of expenditures by program, Columns (6) through (8) of Form PHA-2565, only such portion of the expenditures as are anticipated will occur after the end of the initial operating period should be shown under PHA-Aided Management and the anticipated expenditures of a management nature prior to EIOP should be shown in a separate column headed "IOP". Similarly, anticipated receipts prior to EIOP should be shown separately in the schedule of operating receipts and should be excluded from the summary of receipts for PHA-aided programs.

 - b. Where the Local Authority has no PHA-aided projects in management it should submit its first operating budget to the PHA at least 120 days prior to the estimated date of initial occupancy of its first project. Such budget should cover the entire fiscal year in which initial occupancy will occur, even though a part of such year may have elapsed when the budget is prepared. If it is anticipated that the end of the initial operating period will not occur before the end of the budget year, there will be no receipts or expenditures to be inserted on the Summary PHA-Aided Low-Rent Housing in Management, Form PHA-2564, or on the Financial Plan for a Management Contract, Form PHA-2570, which forms are those ordinarily approved by the Regional Director. Nevertheless, the Regional Director will indicate his approval of the Local Authority's submission in order to indicate PHA agreement with the Local Authority as to the staffing and method of operation proposed.

3. Central Office and Central Maintenance Space
 - a. If the Local Authority has a separate Central Office or maintenance building which is not maintained as part of a project entity, budget all utility, maintenance, and operating costs to the Central Office under the appropriate accounts.

 - b. If the Local Authority has central space which is maintained as part of a project entity, budget all utility, maintenance, and operating costs to the project entity under the appropriate accounts.

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- c. In either case, where the Local Authority's program includes other than PHA-aided projects, Section 401.5 requires that the use value of central space be determined and distributed among the various programs. The use value of all the space shall be budgeted to other administration expense in the Central Office expenditure budget and shall be distributed to the various programs, along with other Central Office expense. An equal amount shall be shown as other income under nonproject receipts in the Schedule of Operating Receipts by Income Entity, and the entire amount of such income shall be distributed to the program providing the space.
- d. If the Local Authority rents central space, budget rent under other administration expense.
4. Different Fiscal Years. In some cases Local Authorities have contracts with the PHA, the State, or other agencies, which require determination of residual receipts or similar items in terms of different fiscal years for different contracts or programs. If it is not possible to adjust such contracts or programs to a single fiscal year, the Local Authority should, nevertheless, prepare the budget on the basis of a single fiscal year for all programs. In other words, the operating budget approved by the PHA would cover all PHA-aided projects in management for a specific fiscal year, even though for purposes of determining annual contributions a part of such program would be on the basis of a different fiscal year. In preparing the financial plan for a management contract which is on a different fiscal year from the budget, it should not be generally necessary to adjust the budget estimates to reflect the difference in fiscal year except possibly for large nonroutine expense items. Where there is more than one fiscal year the Local Authority and the PHA Regional Office should reach agreement as to the fiscal year to be used before preparing the first budget under these revised procedures.
5. Filling Out Forms in Longhand. Any of the budget schedules may be prepared in longhand provided, of course, the figures are legible and provided the required number of copies are furnished.
6. Forms Other Than Those Provided by PHA. It is believed that the forms provided will be adequate for nearly all Local Authorities. However, in very large or complex programs the number of columns provided for distribution of expense among programs may prove insufficient. In such cases the Local Authority may prepare its own forms which must include at least the information shown on the PHA forms. As indicated in Exhibit 15, the form provided to summarize the total budget of the Local Authority may require modifications to fit a particular type of program.

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7. One Staff Serving Several Local Authorities. Where a single staff operates the housing programs of several Local Authorities, the budget should be prepared as if all the programs were being operated by a single Local Authority. However, a Summary PHA-Aided Low-Rent Housing in Management (PHA-2564) should be submitted for each Local Authority. This Form PHA-2564 submitted for each Local Authority is the budget approved by the PHA. It is suggested that the local staff consult with the PHA Regional Office as to the precise method of presentation before preparing the first budget under these revised procedures.
 8. Payments in Lieu of Taxes. Since the actual amount of payments in lieu of taxes will be determined by applying the provisions of the Cooperation Agreement to the actual income and utility expense, rather than on the amount budgeted, it is not considered necessary to make a precise estimate of PILOT. Where there is no reason to believe that there will be a substantial change, PILOT may be budgeted at the actual amounts paid for the last fiscal year. If there is reason to make an estimate of PILOT it will be necessary to add to the cost of utilities shown in the budget the portion of ordinary maintenance and operation labor applicable to utilities, particularly heating labor.
 9. Prorations of Expense to Programs and Contracts. While prorations of expense to programs, e.g. PHA-aided management, PHA-aided development, urban renewal, etc., are required to be made in the budget by account, for budget purposes proration of routine expense among two or more contracts covering PHA-aided projects in management need be made in totals only, as indicated on the bottom of Form PHA-2565 since such prorations affect only the financial plans and not the budget. Proration of expense among contracts for budget purposes may be made on a dwelling-unit basis where the Local Authority believes this will produce a reasonably accurate distribution of estimated costs. However, the distribution of actual costs among contracts in operating statements submitted to the PHA must be made in accordance with principles set forth in the Accounting Manual.
 10. Sales and Services to Tenants. Separate accounts are not established for expense incurred in providing sales and services to tenants or for income from this source, since to separate the expense would involve determination of the portion of ordinary maintenance labor and materials applicable to repairs made necessary by tenant negligence and damage. The elimination of these accounts is not intended in any way to imply that Local Authorities should not make additional charges to tenants for repairs necessitated by carelessness of tenants.
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Revision of Operating Budget

1. General. This release supersedes paragraph 9 of Section 401.1 dated May 1958. This procedure and exhibits thereto clarify and enlarge upon the process to be followed in determining the need and preparing the data required for a revision of a Local Authority's operating budget. This procedure applies only to budget revisions which are necessary to achieve operations within controlled accounts 1/. It is not intended to limit or prevent the use of budget revisions by the Local Authority if it wishes to establish more detailed internal controls on items and operations other than those which would require PHA approval. If such internal revisions are in use they should not be submitted to PHA unless specifically required for other reasons covered below.

2. Timing of Budget Revision Requests

a. After Mid-Year Review

(1) As a general rule, formal budget revisions should not be prepared prior to the end of the first six months of operation in the fiscal year involved. A satisfactory evaluation of the need for a budget revision probably cannot be made at an earlier date. After the first six months of operation, as a part of its routine procedure, each Local Authority should make a mid-year review of its operation for the six-month period and reappraise its needs for the remaining six months. Such a review is necessary to determine whether the budgetary plans are progressing in a satisfactory manner within budgeted funds, or whether substantive or significant changes have occurred which would require the preparation of a budget revision. The statement of actual operating receipts and expenditures covering the first six-months period should be the basis for the mid-year review.

(2) The flexibility which is built into the budget policy, particularly for complex programs, should make the need for budget revisions infrequent. Even in cases of known increases in certain items (i.e. prevailing wages, comparable salaries, utility rates) it has been our general experience that compensating reductions may occur in other items (i.e. vacancies in authorized positions, abnormally mild weather conditions, deferral of maintenance programs). The net result of these increases and decreases, projected for the balance of the fiscal year may not require a budget revision since no controlled accounts would be overrun on the consolidated budget.

(Cont'd)

1/ Controlled accounts are comprised of Total Administration Expense, Miscellaneous Authority Expense, Total Routine Expenditures, Extraordinary Maintenance, Replacement of Equipment, and Betterments and Additions.

(3) After the mid-year review of the first six months' operations and the preparation of a revised estimate of operating receipts and expenditures for the remaining six months of the fiscal year, a budget revision should be prepared and processed only if it appears that one or more of the controlled accounts 1/ are expected to be exceeded 2/ on the consolidated budget. In the event a budget revision is required because of anticipated overruns of controlled accounts, the revision should also reflect any significant changes (increases or decreases) in all budgeted receipts and expenditures accounts.

b. Other Revision Requests. During the balance of the fiscal year following the mid-year review, a budget revision may be prepared and processed at any time if it appears that any controlled account will be overrun. No budget revision should be submitted to PHA solely because of a known increase in any one item without a determination that such increase cannot be absorbed in underruns of other items in the same controlled account of the consolidated budget.

3. Other Action To Be Taken as a Result of Mid-Year Review

a. During Current Year. Although a budget revision is not required unless one or more controlled accounts on the consolidated budget will be exceeded, it is strongly recommended as part of the mid-year review that the Local Authority examine the effect of its six months' operations on a contract basis to ensure that changes in budget plans will not affect disproportionately any one contract to the point where its financial stability is jeopardized. Likewise, it is strongly urged that a careful review of operating receipts be made at the time of the mid-year review to determine whether actual income received in the first six months reveals any undesirable trends and whether rental policy changes are necessary to correct such trends or to provide sufficient funds to offset increased expenditures.

b. Preparing Subsequent Year's Budget. The mid-year review will take place shortly before or concurrently with the preparation of the budget for the next fiscal year. In reappraising its needs for the current year, the question arises as to which items will be accomplished during the current year and which will have to be completed in or deferred until the next year. To the maximum extent possible, appropriate provisions should be made in the proposed budget for the next fiscal year to include items

(Cont'd)

1/ Controlled accounts are comprised of Total Administration Expense, Miscellaneous Authority Expense, Total Routine Expenditures, Extraordinary Maintenance, Replacement of Equipment, and Betterments and Additions.

2/ For items involving Extraordinary Maintenance or Betterments and Additions, a budget revision is also necessary to proceed with new items not previously included in the current or prior year's budget even though no additional funds are requested.

which cannot be completed or accomplished in the current fiscal year. Any changes in trends of rental income and other operating receipts should also be reflected in the next year's budget including the forecast of future years' operations on Form PHA-2570, Financial Plan for A Management Contract.

4. Advance PHA Approval of Individual Items

a. Pending the mid-year or subsequent determination of the necessity for and the preparation and processing of a formal budget revision, a Local Authority may at any time request advance PHA approval of individual items, immediately necessary for the operation of its program, which in its opinion would probably result in an overrun of any controlled account in its approved consolidated budget. In the case of increases in the PHA determined prevailing wage rates, the approved Form PHA-2158, Maintenance Wage Rate Determinations, shall represent advance PHA approval for such increases. Advance PHA approval of such items shall constitute a commitment to approve a subsequent revised budget incorporating such items and increasing the authorized total expenditures in any controlled account by the amount necessary to avoid an overrun, up to but not exceeding the amount approved.

b. No request for advance PHA approval is necessary for the types of expenditures listed in paragraph 11b of Section 401.1 which include emergency expenditures, increased expense which is compensated for by a related increase in income, or terminal-leave payments. Expenditures over the approved budget caused solely by these items are exempted as budget overruns. However, in the event a budget revision is prepared due to other overruns in controlled accounts, the revision should also include any known increases in these items.

5. Incompleted or Deferred Work Items of Extraordinary Maintenance or Betterments and Additions. In the case of Extraordinary Maintenance or Betterments and Additions, approved work items authorized in the previous year's budget may be completed or accomplished during the current year even though such items are not specifically included in the current year's budget. This authorization to complete or accomplish carryover work does not authorize any funds to be carried over from one fiscal year to the next. If additional funds are required to complete the carryover work and the budgeted work, a budget revision increasing the total amount approved for the particular controlled account classification must be prepared and approved prior to the end of the fiscal year. The above provisions provide flexibility in the handling of contracts in cases where the required work is contracted for in one fiscal year but cannot be completed until the following fiscal year. The provisions of paragraph 11a(4) of Section 401.1 are waived only to the extent necessary to permit the above.

6. Budget Revision Documents. Attached as Exhibits 1, 2, and 3 to this release are sample documents comprising the minimum submission of a revision of a Consolidated LHA Budget. An original and two copies of these documents shall be prepared and submitted for PHA approval. In no event shall a budget revision be approved after the end of the fiscal year.

Form Approved: December 1959		Form No. 63-R808.3		Contract No.	No. Units	Unit Months	Ac. Contr. Date	
Revised CONSOLIDATED LHA BUDGET SUMMARY PHA-AIDED LOW-RENT HOUSING IN MANAGEMENT Budget Revision No. 1				D-123	700	8,400	Oct. 20	
				D-124	320	3,840	Dec. 20	
				D-125	600	7,200	Dec. 20	
				TOTAL	1,620	19,440	XXXX	
FISCAL YEAR ENDING September 30, 1960								
Name of Local Housing Authority Anytown Housing Authority				Location Anytown, U. S. A.				
(1)	(2)	(3)	(4)	(5)	(6)			
	Approved PUM	Budget Amount	Increase or (Decrease) Amount	Revised Budget PUM	Budget Amount			
1 OPERATING RECEIPTS	\$26,70	\$519,140	-	\$26,70	\$519,140			
2 Dwelling Rent Schedule	29	5,650	\$20,310	1.33	25,960			
3 Less: Vacancy Loss	26.41	513,490	-	25.37	493,180			
4 Dwelling Rental	.80	15,520	(1,000)	.74	14,520			
5 Excess Utilities								
6 Non-dwelling Rental	27.21	529,010	(21,310)	26.11	507,700			
7 Total Rental Income	.10	1,950	-	.10	1,950			
8 Interest on General Fund Investments								
9 Repayment of Off-Site Utilities	.74	14,430	-	.74	14,430			
10 Other Income	28.05	545,290	(21,310)	26.95	523,980			
11 TOTAL OPERATING RECEIPTS								
12 OPERATING EXPENDITURES								
13 Routing								
14 Administration:								
15 Non-technical salaries	3.65	70,990	1,860	3.75	72,850			
16 Technical salaries	.22	4,200	160	.23	4,360			
17 Legal expense	.12	2,370	-	.12	2,370			
18 Employee benefit contribution	.24	4,720	-	.24	4,720			
19 Other administration expense	.29	5,680	-	.29	5,680			
20 Total Administration	4.52	87,960	2,020	4.61	89,980			
21 Utilities:								
22 Water	1.20	23,350	(930)	1.15	22,420			
23 Electricity	1.41	27,460	(1,110)	1.36	26,350			
24 Gas	3.03	58,960	(2,400)	2.91	56,560			
25 Fuel								
26 Other utilities expense								
27 Total Utilities	5.64	109,770	(4,440)	5.42	105,330			
28 Ordinary Maintenance and Operation:								
29 Labor	3.60	69,890	1,960	3.69	71,850			
30 Materials	1.79	34,720	-	1.79	34,720			
31 Contract costs								
32 Total Ordinary Maintenance and Operation	3.39	104,610	1,960	3.48	106,570			
33 General Expenses:								
34 Insurance	.23	4,370	-	.23	4,370			
35 Payments in lieu of taxes	2.16	42,080	(1,840)	2.06	40,240			
36 Collection losses	.26	5,130	-	.26	5,130			
37								
38 Other general expense	.05	900	-	.05	900			
39 Total General Expenses	2.70	52,480	(1,840)	2.60	50,640			
40 Total Routine Expenditures	18.25	354,820	(2,300)	18.13	352,520			
41 Nonroutine								
42 Extraordinary Maintenance			25,000	1.29	25,000			
43 Replacement of Equipment	1.25	24,320	(10,050)	.73	14,270			
44 Alterations and Additions	1.47	28,490	(3,750)	1.27	24,740			
45 Other Nonroutine Expense								
46 Total Nonroutine Expenditures	2.72	52,810	11,200	3.29	64,010			
47 TOTAL OPERATING EXPENDITURES	20.97	407,630	8,900	21.42	416,530			
48 RESIDUAL RECEIPTS BEFORE RESERVES	7.08	137,660	(30,210)	5.53	107,450			
49 Less: Provision for Reserves	4.63	90,000	(3,040)	4.47	86,960			
50 RESIDUAL RECEIPTS AFTER RESERVES	2.45	47,660	(27,170)	1.06	20,490			
51 FIXED ANNUAL CONTRIBUTION \$407,900								
52								
Includes Miscellaneous Authority Expense as follows:				.12	2,400	-	.12	2,400

Budget revision should reflect any significant increase or decrease in all budgeted accounts.

Budget revision required for this controlled account since it is anticipated that approved budgeted amount will be exceeded.

Budget revision required for this controlled account because of the establishment of a new item in extraordinary maintenance.

Budget revision would not be required solely for these controlled accounts since approved budgeted amounts have been reduced.

Recommended By: **John Doe**
Title: **Executive Director** Date: **1-15-60**

Approved for LHA By: **Joseph P. Smith, Jr.**
Title: **Chairman** Date: **1-20-60**

Approved By: _____
PHA Regional Director Date: _____

* Controlled Accounts.

GPO 938477

Anytown Housing Authority
Anytown, USA

Narrative Justification
Revised Consolidated LHA Budget
Budget Revision No. 1
Fiscal Year Ending September 30, 1960

Operating Receipts:

The decrease of \$21,310 in total operating receipts is due to increased vacancy loss in US-1-1 under ACC D-123 and US-1-3 under ACC D-125. This vacancy was caused by decline of employment opportunities with consequent migration from the area. See special report submitted to Occupancy Section in the Regional Office.

Administration:

Total administration expense was increased by \$1,860. This results from an increase of 5% for all administration employees, effective January 1, 1960. The effect of the 5% increase is \$2,660 for nontechnical salaries computed on the basis of the approved budgeted amount of \$70,990 and \$160 for technical salaries computed on the basis of the budgeted amount of \$4,200. However, because two budgeted nontechnical positions were not promptly filled in the Central Office as of October 1, 1960, i.e. Accounting Clerk entered on duty November 1, 1959, (\$300 savings for one month) and Bookkeeping Assistant entered on duty December 1, 1959, (\$250 saving for each of the two months or \$500) there was a combined saving of \$800 in nontechnical salaries.

The 5% increase in salaries is justified on the basis of a comparability study of public practice in the locality completed by the Local Authority on December 31, 1959.

Utilities:

The decrease of \$4,440 in total utilities is due to increased vacancies discussed above.

Ordinary Maintenance and Operations:

Labor was increased by \$1,955 (rounded to \$1,960). This results from a 5% wage increase for all maintenance employees, effective January 1, 1960. The effect of the 5% increase is \$2,620 computed on the basis of the approved budgeted amount of \$69,890. However, because three budgeted positions were not promptly filled in the projects, i.e. Maintenance Laborer entered on duty November 1, 1959, at US-1-1 under ACC D-123 (\$225 saving for one month), Laborer entered

(Cont'd)

on duty December 1, 1959, at US-1-2 under ACC D-124 (\$120 saving for each of the two months or \$240), and Maintenance Laborer entered on duty November 1, 1959, at US-1-3 under ACC D-125 (\$200 saving for one month), there was a combined saving of \$665 in maintenance salaries.

The increase in maintenance wage rates effective January 1, 1960, results from a wage rate determination made by the PHA.

General Expense:

PILOT is decreased by \$1,840 because of the adjustments in rental income and utilities.

Extraordinary Maintenance:

The establishment of \$25,000 under extraordinary maintenance is to provide for replacement of badly corroded underground gas and water lines throughout US-1-1 under ACC D-123, including the installation of cathodic protection. This work was budgeted as a continuing program to be accomplished in future years 1961, 1962, and 1963, as indicated on the approved Form PHA-2570, Financial Plan for a Management Contract, under ACC D-123. However, because the engineering survey of December 1959 revealed that certain underground gas and water lines are now in a hazardous condition, it was considered imperative that replacement be initiated in the current fiscal year. Advance PHA approval was secured per Regional Office letter dated January 4, 1960. See engineering survey for detailed justification of estimate of cost.

Replacement of Equipment:

The approved budgeted amount of \$24,320 is comprised of \$10,780 for replacement of ranges, \$12,765 for replacement of refrigerators, and \$775 for replacement of miscellaneous nonexpendable equipment. Based on the last six months' experience, it is now contemplated to replace ranges (\$6,215) and refrigerators (\$8,050). The estimated cost of \$14,265 (rounded to \$14,270) for replacement of the equipment is distributed as follows:

<u>Project</u>	<u>ACC</u>	<u>Ranges</u>	<u>Refrigerators</u>	<u>Total</u>
US-1-1	D-123	\$2,670	\$3,460	\$6,130
US-1-2	D-124	1,245	1,610	2,855
US-1-3	D-125	2,300	2,980	5,280
		<u>\$6,215</u>	<u>\$8,050</u>	<u>\$14,265</u>

These changes result in reducing replacement of equipment to \$14,270 in the REVISED budget.

(Cont'd)

Betterments and Additions:

Budget Revision No. 1 for the fiscal year ending September 30, 1959, approved the estimated cost of \$8,000 for the paving of 1,000 feet of Lawrence Street, which is 26 feet wide, at \$8.00 per foot. The Cooperation Agreement for project US-1-1 provides that the Local Authority will pay for the paving of streets in accordance with city specifications as a condition precedent to dedication of such streets to the city. Because of inclement weather, only 40% of the work (\$3,200) was completed by the end of last fiscal year. However, the contractor completed the remaining 60% of the paving (\$4,800) on October 29, 1959, and payment of the \$4,800 to the contractor was made from approved controlled account of \$28,490 in the current budget.

As a result of the unforeseen expenditures of \$25,000 for extraordinary maintenance discussed above, we have postponed the approved roof replacement program at US-1-1 at an estimated cost of \$28,490 until August 1960. Accordingly, the contractor plans to start replacing the remaining flat roofs with hip roofs at that time and expects to have 70% of the work completed, or \$19,940, by the end of the current fiscal year. Weather permitting, all roofs should be completed by the end of October 1960. The carryover of 30% of the roof replacement program at an estimated cost of \$8,550 will be reflected in the budget for the next fiscal year.

The net effect of the 60% carryover for contract paving (\$4,800) from the preceding fiscal year, which was completed in the current fiscal year, and the 30% deferral for contract roof replacements (\$8,550) in the current fiscal year until the next fiscal year, results in a reduction of \$3,750 in the controlled account for the fiscal year ending September 30, 1960. Therefore, the originally approved amount of \$28,490 in the controlled account is reduced to \$24,740 for the fiscal year ending September 30, 1960.

FHA-25708
December 1959

Airtown Housing Authority
(Name of Local Authority)

Airtown, U. S. A.
(Location)

Available Residual Receipts and Status of Reserves for Fiscal Year Ending September 30, 1960

	Distribution of FHA-Aided Program to Contract No.							
	Summary		D-123		D-124			
	AMT.	Revised	AMT.	Budget	Revised	AMT.	Budget	Revised
Total Operating Receipts	\$545,250	\$523,980	\$234,470	\$222,960	\$109,060	\$109,060	\$201,760	\$191,960
Total Operating Expenditures	497,630	416,530	175,280	187,730	31,530	80,030	150,320	147,820
Residual Receipts Before Reserves	137,660	107,450	59,190	35,230	27,530	28,030	50,940	44,140
Provision for Reserves	90,000	36,960	33,700	35,230	18,000	13,140	33,300	33,580
Residual Receipts After Reserves	47,660	20,490	20,490	-	9,530	9,390	17,640	10,560
Est. or Actual Reserves as of 9-30-59	88,750	88,000 1/	38,160	37,840 1/	17,750	17,600 1/	32,840	32,560 1/
Budgeted Reserves as of 9-30-60	178,750	174,960	76,860	73,070	35,750	35,750	66,110	66,110
Total Max. Reserves Appr. Budget as of 9-30-60	178,750 2/	-	76,860 2/	-	35,750 2/	-	66,110 2/	-

1/ Actual operating reserves taken from Balance Sheet as of 9-30-59.

2/ Total maximum reserves based on original approved Form FHA-2570, Financial Plan for a Management Contract.

INTRODUCTION

The Housing Authority of the City of Columbus has a complex program consisting of 1,620 units of PHA-aided low-rent housing (located on six separate sites), 692 units of housing owned by the LHA, and two new PHA-aided low-rent projects with 242 units under development and has initiated an Urban Renewal project involving approximately 102 acres now covered by over 786 occupied slum dwellings.

The Authority has an administrative organization of approximately 41 people to administer this total program, 15 of whom are in the Central Office. In addition, it has developed and trained a staff of maintenance specialists to supplement project maintenance staffs as needed for more skilled or special project maintenance requirements. This staff is located in the Central Office on property owned by the Authority comprising an administration building and central maintenance buildings which include garage space, shops for woodworking, repairs to automotive equipment, ranges, refrigerators and miscellaneous equipment, and a supply room stocking (not in excess of three months' supply) frequently used parts, supplies, and equipment.

The Central Office administrative staff is organized on a functional basis. Each unit handles all problems it is responsible for in connection with all programs. The only exception is the Director of Urban Renewal who works exclusively on the redevelopment program. However, even in this case his secretary serves other members of the staff. The objective is economical, efficient, and uniform administration of the total program of the Authority rather than attempting to consider each problem in light of the source of funds or the annual contributions contract affected.

All tenants for each project except Baker Village are selected by the Leasing and Occupancy Section of the Central Office. In the case of Baker Village, the project serves a different type of tenant (primarily military personnel from Ft. Benning) and is some distance from the Central Office. Experience has shown that it is more practical to give the manager of this project full responsibility for tenant selection. The tenant selection staff of the Central Office and Baker Village is periodically advised by the Executive Director of the average rents which are necessary at the various projects in order to assure financial stability. Tenants are assigned to units in various projects accordingly.

The Central Office maintenance section operates on the basis of need. Its specialists are sent out to correct maintenance problems regardless of what program or source of funds may be affected. The objective of this staff is to keep the facilities of all projects operative and to sustain a uniform level of maintenance on all projects. Particular attention is given to PHA-aided projects, since the project owned by the Authority is too far away from the Central Office to be serviced efficiently and consequently has been provided with a very competent maintenance staff.

Each project in management is assigned a basic staff to collect rents, admit tenants, and maintain the project. The manager is given personnel, supplies, and equipment to carry out his responsibility. Although he is not given a separate budget, he is expected to be economical and efficient.

By resolution, the Authority has entered into contracts with construction engineers, and architect, and the prime contractors. There is no special administrative unit handling this responsibility, although the Authority does provide the PHA Inspector with a secretary at the project site.

For administrative, budgetary, and reporting purposes, the operations of the Authority fall naturally into the following groupings:

- All Central Office Operations
- Projects GA-4-1,6,7 (Site)
- Projects GA-4-2,5,8 (Site)
- Baker Village (Site)
- PHA-Aided Development (Site)
- URA Redevelopment (Site)

These represent units of administration and control and are the basic organizational entities upon which this budget is based.

Analyze and describe how LHA actually operates in carrying out various responsibilities and determine organizational units for administrative, budgeting, and reporting purposes.

Length of this statement is dependent upon complexity of LHA's operations. For a small program, a single paragraph may suffice.

BUDGET HIGHLIGHTS

Administrative Operations

The administrative staffing of the Authority has remained fairly constant. However, because of accelerated activity in the Urban Renewal Program, the administrative staff of the Central Office is being increased by two positions to 15 employees and a site staff of three employees is being recruited to assist in site problems arising under the Urban Renewal Program. This will bring the total number of administrative employees located at site operations to 26, or a combined total of 41 administrative employees for the entire program of the Authority. No other material changes in the administrative organization are planned other than to make some minor salary adjustments to give effect to periodic pay increases in accordance with established personnel policies (this also applies to the maintenance staff) and to adjust some salaries to reflect increased responsibilities.

Analyze plan of operation and cost estimates to identify unusual features or items of interest. Indicate elements of financial strength or weakness.

Housing Management Operations

All available dwelling units are occupied almost continuously and substantial waiting lists of prospective tenants are on file. For the time being, displaced families from the Urban Renewal area will be given preference for all vacancies. Some thought has been given to a more equitable plan of minimum rents; however this will not appreciably affect income estimates included in this budget.

Since the total maintenance staff of 57 positions has been fairly successful in keeping abreast of the maintenance program, no increase is proposed although one position is being dropped from GA-4-6, 7 and one added to Baker Village to attain a better staff balance. Increased emphasis on exterior painting, rehabilitation of kitchens, and equipment replacement is planned during the "Requested Budget" year. An extensive equipment replacement program has been initiated which will continue for the next few years in order to permit orderly replacement of such equipment which is well beyond its normal use life and is becoming impractical to repair. Considerable grounds rehabilitation and structural work (termite damage) is being completed under contract during the current year. The only unusual item provided for in this budget is the reservation of locally controlled funds in the 1958-59 fiscal year for a gymnasium at Baker Village. No final decision has been reached on this item, although the residents of the community are exerting great pressure to obtain such a facility. The financial position of all programs of the Authority is such that the above proposals create no financial problem.

Show analysis in terms of principal activities, i.e., housing management, housing development, urban renewal, etc.

Housing management operations of the Authority are expected to produce operating receipts of approximately \$888,330, against normal routine operating expenses of \$524,220. In other words, the cost of normal operations requires only 59 percent of the receipts. The cost of normal operations requires

Housing Development Operations

Two new PHA-aided projects are now under development; GA-4-9, 140 units and GA-4-10, 102 units. The estimated development cost for GA-4-9 is \$1,596,490; land acquisition, which was delayed by litigation, is just being completed. June 30, 1959 is the tentative completion date based upon starting construction in January 1958 and taking approximately 18 months to complete. Approximately \$124,170 has been advanced to date by PHA of which \$106,700 was used for site acquisition, \$9,100 for architects' fees, \$2,700 interest expense, and \$7,670 for overhead and other. An additional \$100,000 will

Project... with material help and minor supplies... equipment.

Urban Renewal Operations

The Urban Renewal project, "Theo J. McGee Park", is presently progressing under a total approved gross cost estimate of \$3,974,630, which will be reduced by proceeds from resale of the land (approximately \$1,383,300) to a net project cost of \$2,591,330. Since the City of Columbus must contribute one-third of this cost, its share is \$863,779, comprising the previously discussed \$295,479 in cash grants and \$568,300 in noncash grants in the form of improvements and supporting facilities. The Federal government's two-thirds share will be \$1,727,558 payable in progress payments, except for 25 percent payable upon final completion of the project. During the fiscal year ending June 30, 1958 it is estimated that \$1,901,520 will be expended on this program. Of this, \$26,885 will be administrative costs and the balance, \$1,874,635, site acquisition and development costs.

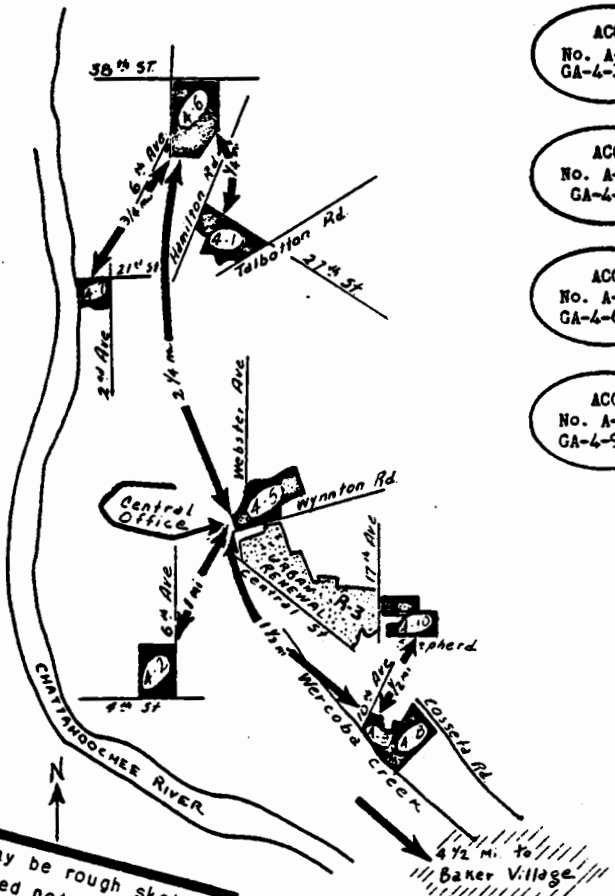
Number of positions and salary amounts should agree with the amounts in the Schedule of All Positions and Salaries. Salary amounts may be omitted.

Prepare an organization chart of the total LHA operation. Submit an outline map showing relative location of projects. This may be on a separate page if more convenient.

Annual Contributions Contracts

- ACC
No. A-455
GA-4-1,2
- ACC
No. A-422
GA-4-5
- ACC
No. A-174
GA-4-6,7,8
- ACC
No. A-516
GA-4-9,10

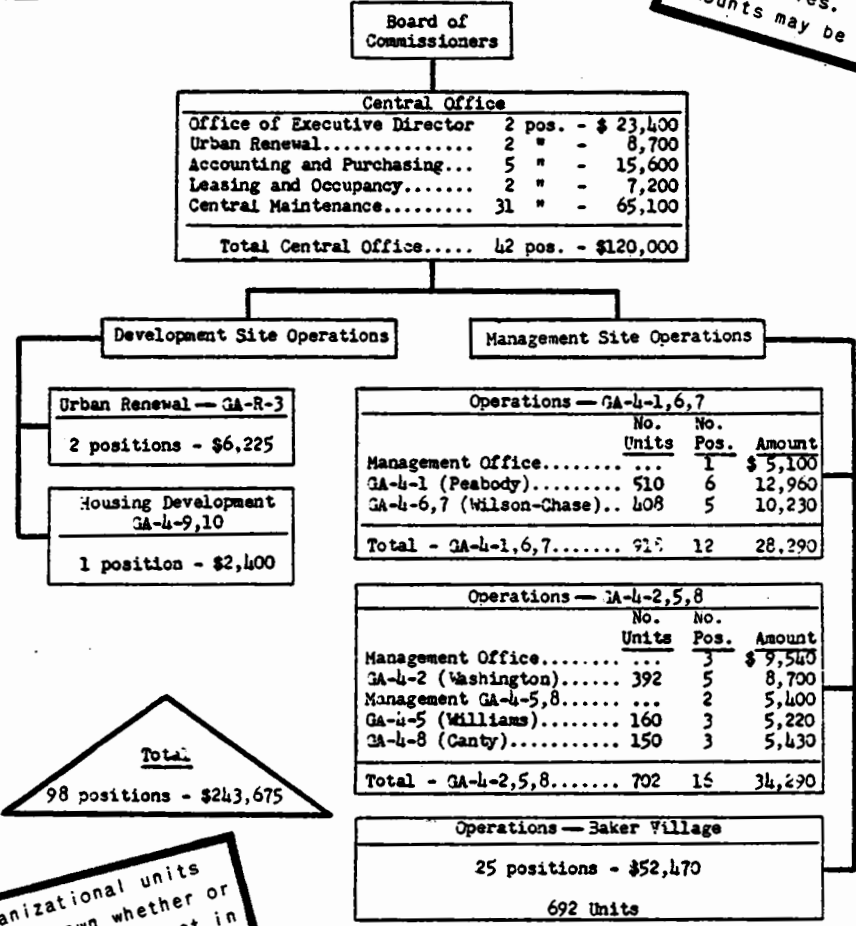
Relative Location of Projects



Map may be rough sketch and need not be drawn to exact scale.

All organizational units should be shown whether or not PHA has an interest in them.

Organisation Chart



SUMMARY OF WORKLOAD DATA - REQUESTED BUDGET

Workload Item	PHA-AIDED MANAGEMENT							LHA Owned Baker Village	Central Office	Grand Total
	GA-4-1	GA-4-6,7	Total	GA-4-2	GA-4-5	GA-4-8	Total			
Year Project Completed	1940	1951-52	xxx	1940	1945	1951-52		1941		
Number of Dwelling Units	510	408	918	392	160	150	702	692	xxx	2,312
Aver. No. Rooms Per Dwelling Unit	4.2	4.4	xxx	3.8	4.2	4.6	xxx	3.9	xxx	xxx
Utility Data		(Individual space heaters in all units)								
Space Heat	Gas	Gas	xxx	Gas	Gas	Gas	xxx	Gas	Gas	xxx
Cooking	Gas	Gas	xxx	Gas	Gas	Gas	xxx	Gas	xxx	xxx
Water Heating	Gas	Gas	xxx	Gas	Gas	Gas	xxx	Gas	Gas	xxx
Refrigeration	Elect.	Gas	xxx	Elect.	Elect.	Elect.	xxx	Elect.	Elect.	xxx
Tenant Supplied Utilities	None	Elect.	xxx	None	None	Elect.	xxx	Gas-Elect.	xxx	xxx
Maintenance Data										
Number of Acres in Site	26.7	9.5	36.2	26.4	24.	20.2	70.6	81	1.5	129.3
No. Acres Requiring Grounds Maint.	17.2	3.2	20.4	18.3	17.	14.1	49.4	58	0.5	128.3
Exterior Painting Responsibility										
Number of Buildings	51	17	68	46	22	32	100	176	2	346
Painted Surfaces	Trim	Trim	xxx	Trim	Trim	Trim	xxx	All	Trim	xxx
Staffing Data										
	Non-Mgmt.						** (42)			
Administrative	3	3	*(+1)=7	3	1	1	*(+1) 8	8	15	41
Maintenance	x	2	5	2	2	2	*(+2) 8	17	27	57
Total	3	5	(+1)= 12	5	3	3	(+5)16	25	42	98
Other Administrative Workload Considerations				Urban Renewal - "Theo J. McGee Park"						
Low-Rent Housing Development		GA-4-9	GA-4-10	Total	Total number acres in site.... 102			Completion Dates		
Number of dwelling units.....		140	102	242	" " " residential.. 50.3			Improvements 8/60		
Number of acres in site.....		12.5	16.7	29.2	" " " industrial.. 21.7			Resale 11/60		
Estimated completion date.....		6/30/59	5/31/58	xxx	" " " commercial.. 1.2					
Total estimated development cost... \$1,596,490		\$1,175,200	\$2,771,690	xxx	" " " public use (streets).. 29.1					
Cost per dwelling unit.....		11,403	12,522	xxx	Total estimated cost - (Gross) \$3,974,630 - (Net) \$2,591,330					

* Manager and staff serving all projects in group.
 ** Assistant Manager and staff serving both GA-4-5 and GA-4-8.

The items included in this table may vary from year to year, since table should include only items which are significant in evaluating this budget.

Develop table of workload data. Include only items that are important to LHA operation. Specific items shown here are illustrative only.

DESCRIPTION OF FUNCTIONS AND WORKLOAD

OFFICE OF THE EXECUTIVE DIRECTOR

The Executive Director and the Assistant Executive Director are responsible to the Board of Commissioners of the Housing Authority for conducting the low-rent housing management and development operations and the Urban Renewal Program of the Authority in an efficient, economical, and businesslike manner and at the same time assuring compliance with all contracts, regulations, and requirements of local and Federal bodies. Their specific responsibilities include:

1. Representing the Authority in all matters concerning program problems and public relations, including addressing local civic organizations to explain problems and objectives of the various programs of the Authority.
2. Representing the Authority in all matters involving contacts and contracts with Federal or local agencies and on all administrative matters.
3. Financial planning for all programs of the Authority including determining fund requirements, making any banking arrangements necessary, and investing excess funds.
6. Participating in the monthly meeting of the Board of Commissioners to report on operations and discuss problems.

Prepare statement of functions according to organizational structure. Describe important workload factors.

URBAN RENEWAL SECTION

The Urban Renewal Section is comprised of two Central Office employees and a small site staff and is responsible for all operations in connection with redeveloping the blighted 102 acre area known as the "Bottoms". (This area has been producing taxes of \$8,500 annually while street maintenance alone totaled \$25,000 per year.) The area will be known as "Theo J. McGee Park". Specific functions and responsibilities include:

1. Meeting with public groups to explain details of the plans to redevelop the area included in the project and maintaining favorable public relations.
2. Meeting with engineers and architects to develop a suitable plan of

LEASING AND OCCUPANCY SECTION

This section of two employees is responsible for providing guidance for the tenant selection activities of the locally-owned project Baker Village and for assuring that all available units in PHA-aided low-rent projects are occupied with eligible tenants at rental levels which assure the financial solvency of the program and for direction of the program to relocate displaced tenants of the Urban Renewal area. This includes the following activities primarily with respect to the PHA-aided program:

1. Processing approximately 775 applications per year which results in housing about 620 families and about 155 ineligible or cancelled applicants; making home visits to verify alleged living conditions and family circumstances as well as obtaining verification of the tenants' income. On the average it takes one person approximately 4 hours to process the application for each family housed and up to 2 hours for those not housed.
2. Processing lease agreements with approximately 620 new tenants each year

Statement of functions should accurately reflect current assignment of functions and responsibilities.

CENTRAL MAINTENANCE SECTION

This section is comprised of a staff of approximately 4 administrative personnel and 27 maintenance specialists responsible for developing and maintaining an orderly and economical program of maintenance (and preventive maintenance) which assures that the facilities of all projects are operative and up to standard. In addition, it is responsible for operating and maintaining the Central Office Administrative offices, repair shops, and warehouse.

4. Exchanging rebuilt for disabled refrigerators at the various projects and rebuilding and painting these units in the Central Office repair shops. These repairs require approximately 1/2 the time of a mechanic.
5. Exchanging rebuilt for disabled ranges at the various projects and rebuilding and painting these units in the Central Office range repair shop. These repairs require the full time of one mechanic.
6. Exchanging new on all water meters at the various projects

A tabular summary is suggested as being helpful to both LPA and PHA.

Explanations of Substantial Changes

Summary of Changes in Operating Expenditures

Routine Expenditures	Total	Central Office	GA-4-1, 6, 7	GA-4-2, 5, 8	Baker Village	Urban Renewal	Housing Devel.
Current Budget.....	533,890	166,190	120,440	110,470	135,590	.....	1,200
Change.....	+26,495	+13,690	(-1,450)	+2,670	+3,870	+6,515	+1,200
Requested Budget.....	560,385	179,880	118,990	113,140	139,460	6,515	2,400
Add: Nonroutine Expenditures.	55,310	.....	42,820	9,990	2,500	.....	.....
Total - Requested Budget...	615,695	179,880	161,810	123,130	141,960	6,515	2,400

Central Office

Increased routine expenditures of \$13,690 result primarily from adding two employees to the staff for Urban Renewal operations (+\$8,700). This, together with the increased activity under the Urban Renewal Program result in increased general administration expense such as legal expense (+\$2,270), travel, communications, employee benefit contributions, etc. (+\$2,430). There are also minor salary adjustments (+\$300 net).

GA-4-1, 6, 7 (Peabody-Wilson-Chase)

The decrease of \$1,450 in routine expenditures is made possible by a determination that these projects could be successfully maintained with one less employee (-\$1,680). A new increase of \$230 in the other accounts results from several offsetting adjustments. The nonroutine expenditure of \$42,820 includes \$14,330 for planned equipment replacements and \$28,490 for replacing remaining roof structures at Peabody.

GA-4-2, 5, 8 (Washington-Williams-Canty)

The major item in the increase of \$2,670 in routine expenditures is an increase in PILOT of \$1,090 based upon adjusted income and PILOT estimates. Several other minor adjustments result in a further net increase of \$1,580. Equipment replacements of \$9,990 are proposed.

Baker Village

Two items cause most of the increased routine operating expenditures of \$3,870: first, administrative salary adjustments (+\$1,980); and second, filling the position vacated by the former maintenance foreman (+\$2,700) who has been on reimbursable detail to development operations as a mechanical inspector for the architect. Minor adjustments account for a further net increase of \$450. These increases are partially offset by decreased PILOT of \$1,260 resulting from decreased rental income prospects.

Urban Renewal - Site

Employment of a staff of three at the site of the redevelopment project results in new expenditures of \$6,515 (Salaries, \$6,225; Other Expenses, \$290).

Housing Development - Site

The increase from \$1,200 to \$2,400 results from the secretary being employed for 12 months instead of 6 as in the preceding year.

Any important change in routine expenditures from current budget and any substantial nonroutine expenditures should be explained. Arrange by organizational unit.

Any important change in operating receipts should also be explained (by income entity).

This form is designed to summarize the PHA aided program of LHA including projects conveyed to the LHA under administration contracts.

Non-PHA-aided programs of Authority may also be summarized separately on this form for convenience of LHA in overall review of budget.

PHA-2561 Form 1958	Form Approved Pub. Inv. No. 67-0901	Contract No. A-455 A-422 A-174	No. Units 902 160 558	Unit Months 10,824 1,920 6,696	Av. Contr. Date Oct. 17 Dec. 15 Dec. 15
CONSOLIDATED LHA BUDGET SUMMARY PHA-AIDED LOW-RENT HOUSING IN MANAGEMENT		TOTAL	1,620	19,440	XXXX
FISCAL YEAR ENDING 6-30-58					

Name of Local Housing Authority The Housing Authority of the City of Columbus		Location Columbus, Georgia			
(1)		(2)	(3)	(4)	
		Last Fiscal W. PUM	Current Budget PUM	Requested Budget PUM Amount	
1	OPERATING RECEIPTS	NA	\$26.09	\$26.70	\$519,140
2	Dwelling Rent Schedule				
3	Less: Vacancy Loss	NA	.21	.29	5,650
4	Dwelling Rental	\$26.60	25.88	26.41	513,490
5	Excess Utilities	.78	.78	.80	15,520
6	Non-dwelling Rental				
7	Total Rental Income	27.38	26.66	27.21	529,010
8	Interest on General Fund Investments	.07	.08	.10	1,850
9	Repayment of Off-Site Utilities				
10	Other Income	.52	.63	.74	14,430
11	TOTAL OPERATING RECEIPTS	27.97	27.27	28.05	545,290
12	OPERATING EXPENDITURES				
13	Routine				
14	Administration:				
15	Non-technical Salaries	3.45	3.52	3.65	70,990
16	Technical salaries	.21	.23	.22	4,200
17	Legal expense	.25	.12	.12	2,270
18	Employee benefit contributions	.24	.24	.24	4,720
19	Other administration expense	.29	.26	.29	5,680
20	Total Administration	4.44	4.37	4.52	87,960
21	Utilities:				
22	Water	1.09	1.15	1.20	23,250
23	Electricity	1.39	1.41	1.41	27,460
24	Gas	3.07	2.99	3.03	58,960
25	Fuel				
26	Other utilities expense	.01			
27	Total Utilities	5.56	5.55	5.64	109,710
28	Ordinary Maintenance and Operation:				
29	Labour	3.65	3.67	3.60	69,890
30	Materials	1.81	1.83	1.79	34,720
31	Contract costs				
32	Total Ordinary Maintenance and Operation	5.46	5.50	5.39	104,610
33	General Expense:				
34	Insurance	.25	.23	.23	4,370
35	Payments in lieu of taxes	2.18	2.12	2.16	42,080
36	Collection losses	.12	.23	.26	5,130
37					
38	Other general expense	.25	.03	.05	900
39	Total General Expense	2.60	2.61	2.70	52,480
40	Total Routine Expenditures	18.06	18.09	18.25	354,820
41	Nonroutine				
42	Extraordinary Maintenance		1.40		
43	Replacement of Equipment		.95	1.25	24,320
44	Alterations and Additions			1.47	28,490
45	Other Nonroutine Expense				
46	Total Nonroutine Expenditures	.64	2.35	2.72	52,810
47	TOTAL OPERATING EXPENDITURES	18.70	20.38	20.97	407,630
48	RESIDUAL RECEIPTS BEFORE RESERVES	9.27	6.89	7.08	137,660
49	Less: Provision for Reserves	1.20	1.78	.07	1,330
50	RESIDUAL RECEIPTS AFTER RESERVES	8.07	5.21	7.01	136,330
51	FIXED ANNUAL CONTRIBUTION				
52			\$407,900		

This section from Schedule of Operating Receipts by Income Entity (PHA-2569).

Obtain by combining PHA-aided management portions of Expenditure Budget for an Organizational Unit (PHA-2565).

Blank spaces provided for inserting such items as rental debt service, where applicable. Also include actual terminal leave payments, Col. (2) but do not estimate such payments.

Limited or controlled accounts.

Includes Miscellaneous Authority Expense as follows:

Recommended By:	LHA Action	Approved By:	PHA Action
Name _____		Name _____	
Title _____		Title _____	
Approved for LHA By:		PHA Regional Director	
Name _____		Name _____	
Title _____		Title _____	

LHA Chairman, preferably.

THIS IS THE OPERATING BUDGET WHICH THE PHA APPROVES.

"No. Mos." should include equivalent number of full months of employment for each type of position.

From latest available payroll.

List by organizational unit and, if desired, by sub-unit, each position title with salary rate and estimated payment.

Show all positions for current budget and for requested budget, so that year-to-year staff changes may be clearly indicated.

For this example, the entire Central Office is a single organizational unit for budget and accounting purposes, but for staff is grouped by sections for convenience in analyzing personnel requirements.

Normally it would not be necessary to distribute the cost of individual positions by program.

Seasonal temporary labor can be listed in a single line such as "casual labor.... (man months)....(amount)."

All staff should be summarized in organizational unit sub-totals and in grand totals, either as administrative-nontechnical (A-NT), administrative-technical (A-T), or maintenance (M).

If desired, similar positions at same basic salary rate may be combined, in which case average salaries should be used for "salary rate."

POSITION TITLE By Organizational Unit and Function	Present Salary Rate 3-31-57 As of	CURRENT BUDGET				REQUESTED BUDGET				ALLOCATION OF REQUESTED BUDGET BY PROGRAM			
		Salary Rate	Estimated Payment		Salary Rate	Estimated Payment		PHA Aided Manage.	PHA Aided Devel.	URA P-3	LHA Owned		
			No. Months	Amount		No. Months	Amount						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
CENTRAL OFFICE													
Office of the Executive Director													
Executive director.....	\$15,000	\$15,000	12	\$15,000	\$15,000	12	\$15,000	(Time Distribution)					
Assistant executive director.....	7,900	.....	.....	.....	8,400	12	8,400					
Comptroller.....	7,300	7,300	12	7,300	.....	.....	.....			
Total (A)	.....	.....	24	22,300	.....	24	23,400	\$11,100	\$4,500	\$3,500	\$4,300	
Accounting and Purchasing Section													
Accountant.....	.....	4,800	12	4,800	.....	.....	.....	(UNITS)				
Assistant accountant.....	.....	3,300	12	3,300	.....	.....	.....	(30% LHA)				
Accounting clerk.....	.....	2,700	12	2,700	3,300	12	3,300	(70% PHA)				
Accounting clerk.....	.....	3,000	.....	.....	3,600	12	3,600					
Bookkeeping assistant.....	.....	.....	.....	.....	3,000	12	3,000					
Purchasing clerk.....	.....	.....	.....	.....	3,300	12	3,300					
.....	.....	2,700	12	2,400	.....	.....	.....			
.....	.....	2,100	12	2,400	2,400	12	2,400					
Total	.....	.....	60	.....	.....	60	.....	.....	.....	.....	.....	.....
CENTRAL OFFICE (Cont'd)													
Central Maintenance Section (Cont'd)													
General Maintenance Crew													
Maintenance laborer "A".....	\$2,550	\$2,550	12	\$2,550	\$2,550	12	\$2,550	(Time Distribution)					
Maintenance laborer "A".....	2,400	2,400	12	2,400	2,400	12	2,400	(10% LHA)					
Maintenance laborer "C".....	1,680	1,680	12	1,680	1,680	12	1,680	(90% PHA)					
Janitor.....	1,560	1,560	12	1,560	1,560	12	1,560						
Laborer "A".....	1,440	1,440	12	1,440	1,440	12	1,440						
Laborer "B".....	1,200	1,200	12	1,200	1,200	12	1,200						
Total (M)	.....	.....	72	10,830	.....	72	10,830	\$9,730	.....	.....	\$1,100	
TOTAL - CENTRAL OFFICE	.....	.....	156	58,200	.....	180	67,800	35,800	4,500	14,100	13,400	
(A-NT)	.....	.....	144	52,550	.....	168	61,900	31,400	\$4,500	\$14,100	11,600	
(A-T)	.....	.....	12	6,300	.....	12	6,000	4,200	.....	.....	1,800	
(M)	.....	.....	324	52,200	.....	324	52,200	46,700	.....	.....	5,500	
Total	.....	.....	480	111,000	.....	504	120,000	82,500	4,500	14,100	13,900	

NOTE: For typing convenience this portion of the form may be cut off if not used.

This schedule covers all equipment replacements and new acquisitions of nonexpendable equipment.

PHA-2548 April 1958		Form Approved: Hud. Bur. No. 63-R 806.3			Fiscal Year Ending 6-30-58	
CONSOLIDATED BUDGET SCHEDULE 1 - ORDINARY MAINTENANCE MATERIALS AND CONTRACTS AND EQUIPMENT REQUIREMENTS						
Name of Local Housing Authority The Housing Authority of the City of Columbus			Location Columbus, Georgia			
ORDINARY MAINTENANCE & OPERATION MATERIALS			STOCK USE		VALUE-STOCK ON HAND - YEAR END	
Organizational Unit (1)			Requested Budget			
	F.Y.	Amount	Last F.Y.	Current Bud.	Rea. Bud.	
	(2)	(3)	(4)	(5)	(6)	
Central Office	NA	\$25,920	\$10,950	\$10,950	\$10,950	
GA-4-1, 6, 7	4.43	4,920	400	400	400	
GA-4-2, 5, 8	.78	6,610	550	550	550	
Baker Village	1.77	14,720	1,200	1,200	1,200	
TOTAL		52,170	13,100	13,100	13,100	
ORDINARY MAINTENANCE & OPERATION CONTRACTS			Organizational Unit			
Type of Contract			Total	Baker Vill.		
Office machine repairs			\$200	\$200		
TOTAL			200	200		

List each type of routine maintenance contract and cost by organizational unit.

EQUIPMENT REQUIREMENTS By Major Item (List replacements separate from betterments and additions, showing subtotal for each.)	NEW EQUIPMENT PLACED IN USE					NEW & USABLE EQUIPMENT NOT IN USE AT YEAR END		
	Project No. (12)	Current Budget No. Items (13)	Nonhome Unit Cost (14)	Requested Budget Total Cost (15)		Last F.Y. (17)	Cur. Bud. (18)	Rea. Bud. (19)
Replacements								
Ranges.....	4-1	25	50	\$55	\$2,750			
	4-2	30	50		2,750			
	4-5	10	15		825			
	4-6,7	10	8		440			
	4-8	4	4		220			
	BV	60	17		935			
		139	144	55	7,920	25	25	25
Refrigerators.....	4-1	25	50	115	5,750			
	4-2	15	20		2,300			
	4-5	5	5		575			
	4-6,7	20	20		2,300			
	4-8	10	8		920			
	BV	60	11		1,265			
		135	114	115	13,110	115	115	115
Individual water heaters.....	4-1	50	50	50	2,500			
	4-2	22	25		1,250			
	4-5	8	10		500			
	4-6,7	5	5		250			
	4-8	5	5		250			
	BV	38	6		300			
		128	101	50	5,050	31	31	31
Individual space heaters.....						38	38	38
Miscellaneous nonexpendable equipment..	4-1,6,7				340			
	4-2,5,8				400			
					740			
Betterments and Additions								
None								

Show total for each major item (number only and not by project).

Local Authority may estimate for both replacements and for betterments and additions a reasonable lump sum amount for miscellaneous small items of equipment.

Even when no new equipment is to be placed in use, each budget should list the number of new and usable items on hand (not in use) of the following equipment:
Ranges
Refrigerators
Individual water heaters
Individual space heaters
If substantial purchases of any equipment item other than these are planned, each such item should be listed in the same manner as ranges, refrigerators, etc.

GENERAL INSTRUCTIONS

FOR PROGRAMS OVER 200 UNITS

Prepare financial plan for each PHA annual contributions or administration contract. The form may also be used for non-PHA-aided program.

Col. (2) from financial reports.
Col. (3) from contract distribution in expenditure budget for organizational unit, as shown in latest approved budget.
Col. (4) from contract distribution in expenditure budget for organizational unit, as shown in this budget.

Sample Weighted Age (Compute for each year)

Proj. No.	Age	x Units	= Product
US-3	10	40	400
US-5	20	20	400
US-6	7	250	1750
US-7	2	100	200
		<u>410</u>	<u>2650</u>

Weighted Age = $\frac{2650}{410} = 6.2$
or 7 years (Round up any fraction.)

If age is over 10, use 10. Any period from EIOF to the beginning of the next fiscal year should be treated as a full year.

Lines 2 & 3, Cols. (5), (6), & (7)—Suggest straight line projection of requested budget amounts unless there is a definite basis for doing otherwise.

If residual receipts are available, line 6, the amount entered on line 18 represents the portion of such residual receipts that will be used to increase the reserve to the maximum, line 16. If there is a deficit in residual receipts, the amount entered on line 18 equals withdrawal from the reserve or the amount of such deficit.

Before completing lines 7, 8, 9, and 10, compute reserves, lines 11 through 19. Then enter provision for reserves on line 6 from line 10 using () for decrease. If Residual Receipts before Reserves (line 6) exceed provision for reserves entered on line 7 (if Annual Contributions Contract) or on line 9 (if Administration Contract).

Lines 17, 19—The amount on line 17 is always the same as the amount on line 19 for the previous year.

Line 19 is the total of lines 17 and 18 and is less than the maximum reserve on line 16 to the extent that residual receipts are not available to establish the maximum reserve. Line 19 cannot exceed line 16.

PHA-2570 April 1958	Form Approved: Pub. Ser. No. 63-28083	Contract Number D-478	Project Number US-3 US-5 US-6 US-7	No. Units Avail. for Occupancy 40 20 250 100		
CONSOLIDATED LMA BUDGET FINANCIAL PLAN FOR A MANAGEMENT CONTRACT		Fiscal Year Ending 12-31-58	TOTAL 410			
Name of Local Housing Authority Anytown Housing Authority						
Location Anytown, U. S. A.						
(1)	Last Fiscal Year	Current Budget	Requested Budget	ESTIMATED Future Years 1959-60 1960-61 1961-62		
AVAILABLE RESIDUAL RECEIPTS						
	(2)	(3)	(4)	(5)	(6)	(7)
1	Total Operating Receipts	\$144,520	\$145,200	\$146,000	\$146,000	\$146,000
2	Less: Total Routine Expenditures	132,840	133,110	133,350	134,000	134,000
3	Normal Residual Receipts	11,680	12,090	12,150	12,000	12,000
4	Less: Total Nonroutine Expenditures	2,250	1,800	2,000	27,000	12,000
5	Residual Receipts before Reserves	9,430	10,290	10,150	(15,000)	(2,000)
6	Applied to Reduce Annual Contribution	2,130				1,340
7	Reserves	7,300	10,290	10,150	(15,000)	(2,000)
8	Federal Government					8,860
9	Other					
RESERVES AT YEAR END						
10	1/2 Total Routine Expenditures for Subsequent Year (line 3)	66,930	67,000	67,000	67,000	67,000
11	x 1/10 Average Age of Projects (Weighted)	0.7	0.3	0.3	0.9	0.9
12	Normal Maximum	XXX	46,850	53,600	53,600	60,300
13	Add: Future Deficits (line 6)	XXX	17,000	17,000	2,000	*****
14	Total Maximum	XXX	63,850	70,600	55,600	60,300
15	Balance End Previous Year	XXX	48,000	58,290	68,440	53,440
16	Increase or Decrease	XXX	10,290	10,150	(15,000)	(2,000)
17	Actual or Estimate at Year End	48,000	58,290	68,440	53,440	60,300
18	Actual or Estimate at Year End					
19	Actual or Estimate at Year End					
20	FIXED ANNUAL CONTRIBUTION	\$166,340	ANNUAL DEBT SERVICE			
COMMENTS & LIST OF NONROUTINE EXPENDITURES IN FUTURE YEARS BY YEAR:						
2/ Provision for annual equipment replacements.						
3/ It is planned to make repairs to the underground distribution system in the 1959-60 fiscal year at an approximate cost of \$25,000 in addition to normal equipment replacements of about \$2,000.						
4/ After above repairs are completed, cathodic protection is to be installed for the entire underground distribution system at an estimated cost of \$12,000 in addition to normal equipment replacements of about \$2,000.						
LMA Action			PHA Action			
Recommended By:			Maximum Reserve at end of Current Budget Year Approved By:			
Name _____ Date _____			Name _____ Date _____			
Approved for LMA By:			PHA Regional Director			
Name _____ Date _____			Date _____			

For such items as repayment of principal on administrative loans.

Rounded to nearest \$10.

Use for non-PHA-aided programs only.

Assume level routine expenditures in subsequent year even though not shown on this form.

If these items create a future deficit, they should be fully justified by reference to engineering survey, etc., or by an attachment to line 5, Cols. (5), (6), & (7). They are not firm commitments by either the PHA or the LMA and may be revised from year to year as better data become available.

This example is not based upon Columbus.

LMA Chairman, preferably.

GENERAL INSTRUCTIONS

Where age is five years or more, the normal maximum reserve should be computed as follows:

Number of Units	Normal Maximum Reserve
25 or less	\$200 per unit
26 to 50	\$5,000 plus \$180 per unit over 25
51 to 100	\$9,500 plus \$160 per unit over 50
100 to 200	\$17,500 plus \$140 per unit over 100

Where age is less than five years, the normal maximum reserve should be reduced proportionately. For example, where age is three years, the normal maximum reserve is three-fifths of the amount indicated above. Age shall be determined by the age of the oldest project in the contract. Any period from EICP to the beginning of the next fiscal year should be treated as a full year.

Lines 2 & 3, Cols. (5), (6), & (7)—Suggest straight line projection of requested budget amounts unless there is a definite basis for doing otherwise.

If residual receipts are available, line 6, the amount entered on line 18 represents the portion of such residual receipts that will be used to increase the reserve to the maximum, line 16. If there is a deficit in residual receipts, the amount entered on line 18 equals withdrawal from the reserve of the amount of such deficit.

Before completing lines 7, 8, 9, and 10, compute reserves, lines 11 through 15. Then enter provision for reserves on line 8 from line 15 using () for decrease. If Residual Receipts before Reserves (line 6) exceed provision for reserves enter balance on line 7 (if Annual Contributions Contract) or on line 9 (if Administration Contract).

Lines 17, 18—The amount on line 17 is always the same as the amount on line 16 for the previous year.

Line 19 is the total of lines 17 and 18 and is less than the maximum reserve on line 16 to the extent that residual receipts are not available to establish the maximum reserve. Line 19 cannot exceed line 16.

Prepare financial plan for each PHA annual contributions or administration contract. The form may also be used for non-PHA-aided programs.

Col. (2) from financial reports.

Col. (3) from contract distribution in expenditure budget for organizational unit, as shown in latest approved budget.

Col. (4) from contract distribution in expenditure budget for organizational unit, as shown in this budget.

For such items as repayment of principal on administrative loans.

Assume level routine expenditures in subsequent year even though not shown on this form.

APPLIES ONLY TO PROGRAMS OF 200 UNITS OR LESS.

Use for non-PHA-aided programs only.

If these items create a future deficit, they should be fully justified by reference to engineering surcharge to engineering survey, etc., or by an attachment. Post estimated amounts to line 5, Cols. (5), (6), & (7). They are not firm commitments by either the PHA or the LHA and may be revised from year to year as better data become available.

This example is not based upon Columbus.

Form Approved: PHA-2570 April 1958		Form Approved: Fed. Bur. No. 43-8908-3		Contract Number: B-290	Project Number: US-7	No. Units Avail. for Occupancy: 20
CONSOLIDATED LHA BUDGET FINANCIAL PLAN FOR A MANAGEMENT CONTRACT						
Name of Local Housing Authority: Anytown Housing Authority						
Location: Anytown, U. S. A.						
TOTAL: 160						
(1)	Last Fiscal Year	Current Budget Year	Requested Budget	ESTIMATED Future Years		
				1959-60	1960-61	1961-62
(2)	(3)	(4)	(5)	(6)	(7)	
AVAILABLE RESIDUAL RECEIPTS						
Total Operating Receipts	\$55,490	\$55,900	\$56,500	\$56,500	\$56,500	\$56,500
Less: Total Routine Expenditures	43,340	43,600	42,000	42,000	42,000	42,000
Normal Residual Receipts	14,350	14,300	14,500	14,500	14,500	14,500
Less: Total Nonroutine Expenditures	1,375	500	700	900	57,100	500
Residual Receipts before Reserves	12,975	13,800	13,800	13,600	(42,600)	14,000
Applied to: Reduce Annual Contribution Reserves	12,975	13,300	13,900	13,600	(42,600)	12,550
Federal Government						
Other						
RESERVES AT YEAR END						
1/2 Total Routine Expenditures for Subsequent Year (line 3)						
Normal Maximum	XXX	20,720	25,900	25,900	25,900	25,900
X 1/18 Average Age of Projects (Weighted)			(Not applicable)			
Add: Future Deficits (line 6)	XXX	42,600	42,600	42,600	25,900	25,900
Total Maximum	XXX	63,320	68,500	68,500	51,800	51,800
Balance End Previous Year	XXX	14,750	28,550	42,350	55,950	13,350
Increase or Decrease	XXX	13,900	13,900	13,600	(42,600)	12,550
Actual or Estimate at Year End	14,750	28,550	42,350	55,950	13,350	25,900
1/2 For 200 units or less refer to Low-Rent Housing Manual.						
20 FIXED ANNUAL CONTRIBUTION: \$21,474		ANNUAL DEBT SERVICE				
COMMENTS & LIST OF NONROUTINE EXPENDITURES IN FUTURE YEARS BY YEAR:						
2/ Provides for normal equipment replacements.						
2/ It is planned to convert all space and hot water heating to natural gas which will become available to this area in about 1960, at an estimated cost of \$56,600 (see utility analysis attached and refer to operating engineering report of September 1957). In addition, normal equipment replacements of \$500 have been estimated.						
Recommended By: LHA Action			PHA Action			
Name: _____			Maximum Reserve at end of Current Budget Year Approved: _____			
Title: _____ Date: _____			Name: _____ Date: _____			
Approved for LHA By: _____			PHA Regional Director			
Name: _____			Date: _____			
Title: _____			Date: _____			

LHA Chairman, preferably.

Estimates of direct expenditures not provided for in other schedules will be based upon best information available with full consideration being given to past cost experience. Estimates should be based upon current price levels.

PHFA-2565
April 1958

Approved
H.H. No. 63-R 008.3

USE FOR HOUSING MANAGEMENT ENTITIES ONLY

Project Number: _____ Program Contract No.: _____ No. Units: _____

(Not applicable)

TOTAL: XXX

Fiscal Year Ending: 6-30-58

Location: _____

CONSOLIDATED LHA BUDGET
EXPENDITURE BUDGET FOR AN ORGANIZATIONAL UNIT

LHA Central Office
Name of Unit: _____

Name of Local Housing Authority: The Housing Authority of the City of Columbus

Columbus, Georgia

Routing	Last Fiscal Year	Current Budget	Requested Budget		Requested Budget By Program			
			PUM	Amount	Baker Village	Urban Renewal	PHA Aid	PHA Aid - Mod. Dev.
1 Administration:								
2 Nontechnical salaries	\$41,660	\$52,500		\$61,800	\$11,600	\$14,100	\$31,600	\$4,500
3 Technical salaries	6,300	6,300		6,000	1,800		4,200	
4 Legal expense	6,720	6,640		8,010	1,280	3,760	2,370	1,500
5 Employee benefit contributions	6,225	7,260		8,080	2,500	650	4,720	210
6 Other administration expense	5,255	5,370		6,400	1,150	RPO	3,900	470
7 Total Administration	66,260	78,070		91,190	18,230	19,290	46,790	6,680
8 Utilities:								
9 Water	325	410		450	130	45	260	15
10 Electricity	430	550		590	400	60	350	20
11 Gas	1,440	1,580		1,760	250	175	1,030	65
12 Fuel								
13 Other utilities expense	150							
14 Total Utilities	2,245	2,540		2,200	780	280	1,640	100
15 Ordinary Maint. & Operation:								
16 Labor	51,900	52,200	(Not applicable)	52,200	5,500		46,700	
17 Materials	25,720	25,630		29,920	2,730		22,190	
18 Contract costs								
19 Total Ordinary Maint. & Oper.	77,520	77,830		78,120	8,230		68,890	
20 General Expense:								
21 Insurance	7,720	7,010		6,270	2,600		4,370	
22 Payments in lieu of taxes								
23 Collection losses								
24 Other general expense		740		800		700		100
25 Total General Expense	7,720	7,750		7,770	2,600	700	4,370	100
26 Total Routine Expenditures	153,845	166,190		179,280	29,940	20,270	122,690	6,880
27 Nonroutine								
28 Extraordinary Maintenance								
29 Replacement of Equipment								
30 Outlays and Additions								
31 Other Nonroutine Expense								
32 Total Nonroutine Expenditures								
33 TOTAL OPERATING EXPENDITURE	153,845	166,190		179,280	29,940	20,270	122,690	6,880
DISTRIBUTION OF PHA-AIDED PROGRAM TO ANNUAL CONTRIBUTIONS CONTRACTS								
ANNUAL CONTRIBUTIONS CONTRACT NO.								
TOTAL	A-455	A-422	A-174					
Region Expenditures	122,690	68,700	12,270	41,720				
Nonroutine Expenditures								
COMMENTS:								
LHA ACTION								
Submitted By:					Approved for LHA By:			
Name _____					Name _____			
Title _____ Date _____					Title _____ Date _____			
Recommended By:								
Name _____								
Title _____ Date _____								

Line 31
Obtain costs and distribution to program by tabulating items from Schedule of Extraordinary Maintenance and of Betterments and Additions (PHA-2567).

Line 33
Obtain costs and distribution to program from Schedule of Extraordinary Maintenance and of Betterments and Additions (PHA-2567) and from Schedule of Ordinary Maintenance Materials and Contracts and Equipment Requirements (PHA-2568).

Line 34
Normally for actual costs such as casualty losses and not for estimates.

Distribute PHA-aided management program totals on a reasonable and equitable basis.

Lines 3, 4, 17
Obtain costs for each organizational unit and distributions by programs from Schedule of All Positions and Salaries (PHA-2666).

Lines 18, 19, 32
Obtain costs for each organizational unit and distribution to program from Schedule of Ordinary Maintenance Contracts and Equipment Requirements (PHA-2568). The latter amount can be obtained by tabulating the amounts in PHA-2568.

COMBINED NARRATIVE

ANYTOWN HOUSING AUTHORITY

For the Fiscal Year Ending December 31, 1959

Introduction. The program of the Anytown Housing Authority consists of PHA-aided project US-1, completed in December 1954. The project contains 50 units in one- and two-story row house and semi-detached type buildings. There is also a one-story combination administration and maintenance building.

The paid staff of the Anytown Housing Authority comprises the executive director and clerk-maintenance laborer, who are part-time employees. The clerk-maintenance laborer lives on the project and has an extension telephone from the office to his home in order to receive emergency maintenance calls.

Maintenance of the project is shared by the management and the tenants. All interior painting except turnover is performed by tenants. The tenants also maintain their own lawn areas. Most maintenance requiring skilled tradesmen such as plumbing and electrical work is performed under contract.

Budget Highlights and Explanations of Substantial Changes. The budget is based upon operating receipts of \$13,060 and routine expenditures of \$8,780 producing residual receipts (before nonroutine items and reserves) of \$4,280. In other words, the cost of normal operations requires about 67% of operating receipts. Salaries and expenses are based on present levels. The estimated volume of routine work and the labor and materials required are based on experience of previous years. Nonroutine expenditures of \$2,140 further reduce residual receipts to \$2,140, all of which will be applied to reserves. Such expenditures include \$300 for equipment replacement, \$200 for a power lawn mower, and \$1,640 for the project's share of street paving. A temporary increase in reserves of \$2,700 is being requested to provide for changes in the utility system when natural gas becomes available.

At present the project has 100% occupancy and practically no vacancy loss is expected. There are ten eligible applications on file. Minimum rent was increased on August 1, 1958 to \$18.00 gross, and it is anticipated that this will increase the average gross rent about \$1.00 PUM in the requested budget year. Rent collections are current except for a few charges for sales and services to tenants. Collection loss is expected to be about \$75 which has accumulated over past years and applies to vacated tenants. Approximately \$140 more in outstanding accounts of former tenants remains on the books but is deemed collectible.

The project continues in good physical condition except for the regular problem of dirt from the coal space heaters and the maintenance of water heaters. The requested budget provides for the replacement of five water heaters, which is the same number provided in our current budget. We have had to replace two in the first half of the current budget year.

Workload and Functions

The project is on a flat 6.3 acre site located at 5th and Thompson Streets. All floors are concrete. Exterior walls are brick and interior walls are painted concrete block. Ceilings are plaster. Roofs are pitched with composition shingles. Windows are aluminum casement with aluminum screens. Doors and interior trim are wood. Individual electric water heaters, coal space heaters, electric cooking ranges, and refrigerators are provided by the project.

Coal for heating and electricity for lighting, cooking, refrigerator, and water heating are supplied by tenants. Gross rent includes an allowance of \$6.00 PUM for these items. Water is furnished by the project.

Maintenance and operation of the project is divided between the executive director and the combination clerk-maintenance laborer as follows:

Executive Director (employed equivalent of 6 months)

1. Represents the Authority in all public relations and contacts with officials of the city and PHA (no appreciable time).
2. Collects rents, pays all bills, maintains prescribed accounting records, and prepares all operating and financial reports (approximately one-half of time).
3. Accepts and processes tenant applications, approximately 20 per year, investigating eligibility and making selections to fill vacancies; also conducts periodic tenant reexaminations (approximately one-quarter of time).
4. Supervises maintenance of project, obtaining participation of tenants and giving them instruction in such items as interior painting and lawn care; also arranges for and directs maintenance of project facilities, utility systems, and dwelling equipment (approximately one-quarter of time).

Clerk-Maintenance Laborer (employed equivalent of 9 months)

1. Assists the executive director in clerical and record keeping activities, including checking out dwellings of vacating tenants and checking in new tenants (approximately one-third of time).
2. Performs all routine maintenance including service calls from tenants (approximately four per week), maintenance of public areas, and making minor mechanical and structural repairs (approximately two-thirds of time).

PHA-2564
April 1958

Form Approved:
Bud. Bur. No. 63-R808.3

Contract No.	No. Units	Unit Months	Av. Contr. Date
D-123	50	600	2-28-59
TOTAL	50	600	XXXX

FISCAL YEAR ENDING 12-31-59

Name of Local Housing Authority: Anytown Housing Authority

Location: Anytown, U.S.A.

(1)	(2)		(3)		(4)		(5)	
	Last Fiscal Y.	Current Budget	PUM	Amount	PUM	Amount	PUM	Amount
1 OPERATING RECEIPTS								
2 Dwelling Rent Schedule	NA	\$20.00	\$21.00	\$12,600				
3 Less: Vacancy Loss	NA	.20	.20	120				
4 Dwelling Rental	19.50	19.80	20.80	12,480				
5 Excess Utilities								
6 Non dwelling Rental								
7 Total Rental Income	19.50	19.80	20.80	12,480				
8 Interest on General Fund Investments	.25	.28	.33	200				
9 Repayment of Off-Site Utilities								
10 Other Income	.60	.60	.64	380				
11 TOTAL OPERATING RECEIPTS	20.35	20.68	21.77	13,060				
12 OPERATING EXPENDITURES								
Routine								
14 Administration:								
15 Nontechnical salaries	4.00	4.00	4.00	2,400				
16 Technical salaries								
17 Legal expense	.03	.03	.04	25				
18 Employee benefit contributions	.90	.91	.95	570				
19 Other administration expense	4.93	4.94	4.99	2,995				
20 Total Administration								
21 Utilities:								
22 Water	1.80	2.00	2.00	1,200				
23 Electricity	.10	.10	.10	60				
24 Gas								
25 Fuel	.14	.15	.15	90				
26 Other utilities expense	2.04	2.25	2.25	1,350				
27 Total Utilities								
28 Ordinary Maintenance and Operation:								
29 Labor	1.95	2.00	2.00	1,200				
30 Materials	2.35	2.40	2.50	1,500				
31 Contract costs	.38	.40	.42	250				
32 Total Ordinary Maintenance and Operation	4.68	4.80	4.92	2,950				
33 General Expense:								
34 Insurance	.37	.37	.38	225				
35 Payments in lieu of taxes	1.75	1.76	1.85	1,110				
36 Collection losses	.10	.11	.12	75				
37								
38								
39 Other general expense	.11	.12	.12	75				
40 Total General Expense	2.33	2.36	2.47	1,485				
41 Total Routine Expenditures	13.98	14.35	14.63	8,780				
42 Nonroutine								
43 Extraordinary Maintenance			.50	300				
44 Replacement of Equipment		.50	3.07	1,840				
45 Betterments and Additions								
46 Other Nonroutine Expense		.50	3.57	2,140				
47 Total Nonroutine Expenditures	13.98	14.85	18.20	10,920				
48 TOTAL OPERATING EXPENDITURES	27.96	29.20	32.83	19,700				
49 RESIDUAL RECEIPTS BEFORE RESERVES	6.37	5.83	3.57	2,140				
50 Less: Provision for Reserves	3.17	5.83	3.57	2,140				
51 RESIDUAL RECEIPTS AFTER RESERVES	3.20	0	0	0				
52 FIXED ANNUAL CONTRIBUTION \$17,537								

Estimates of direct expenditures not provided for in other schedules will be based upon best information available with full consideration being given to past cost experience. Estimates should be based upon current price levels.

Since dwelling rent schedule and vacancy loss do not appear in the accounting records, amounts for these items may be omitted in the last fiscal year column.

Lines 15, 16, 29
Obtain costs from Schedule of All Positions and Salaries (PHA-2568).

Limited or controlled accounts.

Lines 30, 31, 44
Obtain costs from Schedule of Ordinary Maintenance Materials and Contracts and Equipment Requirements (PHA-2568).

Blank spaces provided for inserting such items as rental debt service, where applicable. Also include actual terminal leave payments, Col. (2) but do not estimate such payments.

Line 30
Normally for actual costs such as casualty losses and not for estimates.

Line 43
Obtain costs and distribution to program by tabulating items from Schedule of Extraordinary Maintenance and of Betterments and Additions (PHA-2567).

Line 45
Obtain costs and distribution to program from Schedule of Extraordinary Maintenance and of Betterments and Additions (PHA-2567) and from Schedule of Ordinary Maintenance Materials and Contracts and Equipment Requirements (PHA-2568).

*1/ Includes Miscellaneous Authority Expense as follows: .18 .19 .20 120

LHA Action

Recommended By:
Name _____
Title _____ Date _____

Approved for LHA By:
Name _____
Title _____ Date _____

PHA Action

Approved By:
Name _____
Title _____ Date _____

PHA Regional Director

LHA Chairman, preferably.

THIS IS THE OPERATING BUDGET WHICH THE PHA APPROVES.

NOTE: For typing convenience this portion of the form may be cut off if not used.

Fiscal Year Ending
12-31-59

Name of Local Housing Authority
Anytown Housing Authority
Location
Anytown, U.S.A.

Form Approved:
Sul. Bur. No. 43-40083
9-30-58

CONSOLIDATED LHA BUDGET
SCHEDULE OF ALL POSITIONS AND SALARIES

POSITION TITLE By Organizational Unit and Function	CURRENT BUDGET			REQUESTED BUDGET			ALLOCATION OF REQUESTED BUDGET BY PROGRAM					
	Present Salary Rate As of 9-30-58 (12)	Salary Rate (13)	Estimated Annual Amount (14)	Estimated Annual Amount (15)	Salary Rate (16)	Estimated Payment No. Months (17)	Estimated Payment Amount (18)	(19)	(110)	(111)	(112)	(113)
<u>Administration</u>												
Executive Director.....	\$3,600	\$3,600	6	\$2,800	\$3,600	6	\$1,800					
*Clerk-maintenance laborer.....	2,400	2,400	3	600	2,400	3	600					
Total (A-MT)	.....	.....	9	2,400	.....	9	2,400					
<u>Maintenance</u>												
*Clerk-maintenance laborer Total (M)	2,400	2,400	6	1,200	2,400	6	1,200					

"No. Mos." should include equivalent number of full months of employment for each type of position.

From latest available payroll.

All staff should be designated either as administrative - technical (A-MT), or maintenance - technical (M).

If desired, similar positions at same basic salary rate may be combined, in which case average salaries should be used for "salary rate."

Show all positions for current budget and for requested budget so that clerks for staff changes can be clearly indicated.

Seasonal temporary labor can be listed in a single line such as "casual labor (man months).....(amount)."

* The time of the clerk-maintenance laborer is divided between administration and maintenance.

This schedule covers all equipment replacements and new acquisitions of nonexpendable equipment.

PHA-2568 April 1958		Form Approved: Bud. Bur. No. 63-R 808.3			Fiscal Year Ending 12-31-59	
CONSOLIDATED LHA BUDGET SCHEDULE OF ORDINARY MAINTENANCE MATERIALS AND CONTRACTS AND EQUIPMENT REQUIREMENTS						
Name of Local Housing Authority Anytown Housing Authority				Location Anytown, U.S.A.		
ORDINARY MAINTENANCE & OPERATION MATERIALS Organizational Unit (1)		STOCK USE Requested Budget		VALUE-STOCK ON HAND - YEAR END		
		PJM (2)	Amount (3)	Last F.Y. (4)	Current Bud. (5)	Req. Bud. (6)
US-1		\$2.50	\$1,500	\$150	\$200	\$200
TOTAL		2.50	1,500	150	200	200
ORDINARY MAINTENANCE & OPERATION CONTRACTS Type of Contract		Organizational Unit				
		Total	US-1			
Plumbing		\$ 60	\$ 60			
Electrical		120	120			
Miscellaneous		70	70			
TOTAL		250	250			

List each type of routine maintenance contract and cost.

Item of equipment.

EQUIPMENT REQUIREMENTS By Major Item (List replacements separate from betterments and additions, showing subtotal for each.)	Project No. (2)	Current Budget No. Items (3)	NEW EQUIPMENT PLACED IN USE			NEW & USABLE EQUIPMENT NOT IN USE AT YEAR END		
			No. Items (4)	Unit Cost (5)	Total Cost (6)	Last F.Y. (7)	Cur. Bud. (8)	Req. Bud. (9)
Replacements								
Ranges.....	US-1					1	1	1
Refrigerators.....						1	1	1
Individual water heaters.....		5	5	\$50	\$250	1	1	1
Individual space heaters.....						2	2	2
Miscellaneous nonexpendable equipment.....					50			
					300			
Betterments and Additions								
Power lawn mower.....	US-1		1	200	200			

Show total for each major item (number only and not by project).

Even when no new equipment is to be placed in use, each budget should list the number of new and usable items on hand (not in use) of the following equipment:
 Ranges
 Refrigerators
 Individual water heaters
 Individual space heaters
 If substantial purchases of any equipment item other than these are planned, each such item should be listed in the same manner as ranges, refrigerators, etc.

Local Authority may estimate for both replacements and for betterments and additions a reasonable lump sum amount for miscellaneous small items of equipment.

PLAN OF OPERATION

Anytown, ANY-50-1

Fiscal Year Ending September 30, 1953

The Project continues in excellent physical condition. No vacancy loss is expected and rent collections are current except for several troublesome accounts which are being worked on. Tenant maintenance is well developed with most tenants taking care of minor repairs, grounds care and interior painting.

Nothing unusual is expected during the coming year. Salaries and other expenses are based on present levels. The volume of work estimated in the budget, and the labor and materials required, are based on experience of the past year. The project is entering its fifth year of operation. The employment of a part-time janitor has proven to be a satisfactory arrangement and is planned to be continued.

Dwelling Rental. The estimated dwelling rental is based on the rent roll in effect during the month of May 1952, adjusted slightly to take into account rent increases resulting from the recent reexamination of tenants' incomes.

Utilities. All accounts are estimated on the basis of utility bills for the twelve months ended in May 1952, except for Gas. In March 1952 the State Public Utilities Commission approved an increase in Gas rates which will average about 15% for the project.

SMALL LOW-RENT PROGRAMS-OPERATION

PNA-2297 Sheet 3 of 3 September 1952				HOUSING AND HOME FINANCE AGENCY PUBLIC HOUSING ADMINISTRATION		Bureau Budget No. 63-8795		PROJECT NO. <i>ANY-50-1</i> FISCAL YEAR ENDING <i>9-30-53</i>	
SUPPORTING SCHEDULE - OPERATING BUDGET OPERATING SERVICES AND RM & R ACCOUNTS (FOR SMALL LOW-RENT PROGRAMS)									
ACC'T 4496 - LABOR				ACC'T 4496 - CONTRACT WORK					
TITLE	RATE	MAN HOURS	AMOUNT	DESCRIPTION				AMOUNT	
Maintenance Aide Janitor (Part-time - approximately 1 day per week)	$\$4/hr.$	2080	\$ 2,080	1. Repair office equipment				\$ 10	
	$\$.30/hr.$	450	360	2. Repairs to project pickup truck.				100	
				3. Resurfacing of project maintained parking areas				300	
TOTAL			2530	TOTAL				\$ 410	
ACC'T 4497 - MATERIALS (Including Labor Distribution)				ACC'T 4497 - MATERIALS (Continued)					
DESCRIPTION OF WORK	MAN HOURS	AMOUNT FOR MATERIALS		DESCRIPTION OF WORK	MAN HOURS	AMOUNT FOR MATERIALS			
1. Cleaning vacated apt. 8 @ 6 hrs. each	480	\$ 10		14. Replace window shades 86 @ \$1.50	405	120			
2. Daily sweeping and cleaning of office & public spaces 1 hr. per day	2505	15		11. Exterior painting - trim on 4 buildings 15 gal. paint @ \$2.50 Brushes, thinner, etc.	4004	23			
3. Annual inspection of project.	304	-		12. Faucet & toilet repair	1954	30			
4. Grass seed & fertilizer for tenant use and project maintained grounds 45 lbs. grass seed @ \$1.00 2 tons fertilizer @ \$65	1003 1004	170		13. Annual check & adjustment of ranges, refrigerators	1954	20			
5. Repair 50 screens & doors 1500 sq. ft. screen cloth @ .07	1004	105		14. Repair & replacement of elec. switches, globes, fuses, & furnace control	2504	75			
6. Repair 1/2 of project windows	1004	10		15. Repair, adjust & sharpen project tools & equipment	504	15			
7. Routine repair of locks, cabinets & plaster patching	1604	25		16. Replace 100 ft. garden hose	-	10			
8. Replacement of 25 porch steps	2004	250		17. Gasoline & oil for pickup truck	-	100			
9. Interior painting (by tenants) 20 dwelling units 80 gal. paint @ \$4.00 Brushes, thinner, etc. @ \$4/unit	204	400		18. Replacement of small tools	-	20			
Interior painting (4 vacated units) 16 gal. paint @ \$4 Brushes, etc. @ \$4/unit	1404	80		19. Work shop supplies - nails, screws, etc.	-	15			
				20. Miscellaneous odd jobs	125 754	10			
				21. 2 weeks vacation	804	-			
TOTAL				TOTAL			2530	1,523	
ACC'T 7010 - PROVISION FOR OPERATING RESERVE									
Item							Amount		
1. Maximum Operating Reserve							13,500		
2. Reserve Balance at end of previous Fiscal Year							2,130		
3. Provision for Reserve in Current Year's Operating Budget							3,250		
4. Reserve Balance, end of Current Fiscal Year (2 plus 3)							12,380		
5. Balance of Reserve to be Achieved (1 minus 4)							1,120		
6. Residual Receipts before Provision for Reserve, this Budget							7,131		
7. Provision for Operating Reserve							1,120		

Control of Expenditures and Revision of Operating Budgets

1. Purpose. This Section sets forth policy on control of expenditures, and the procedure to be followed by Local Authorities in requesting revisions of approved Operating Budgets.

2. Control of Expenditures

a. First Operating Budget. The first Operating Budget for a Project becomes effective at the end of the Initial Operating Period (EIOP). The first Operating Budget, as approved by the PHA, shall, with appropriate seasonal adjustments, govern the operation of the Project under the following circumstances:

- (1) If a Fiscal Year has been established, the first Operating Budget shall govern (a) from EIOP until the beginning of the next Fiscal Year (with pro rata adjustments if the elapsed time is less than twelve months), and (b) for the next Fiscal Year if the elapsed time under (a) is less than twelve months. Thus, the first Operating Budget may cover a total period of 12, 15, 18, or 21 months.
- (2) If a Fiscal Year has not been established on or before EIOP, the first Operating Budget shall govern for twelve months after EIOP.

b. Subsequent Budgets. Operations for annual periods subsequent to those set forth in paragraph 2a above shall be governed by Operating Budgets approved by the PHA, as set forth in Section 4.1.

c. Account Limitations. In order to avoid a violation of the Contract, the Local Authority shall not, in any budget period, incur expenses in excess of the amounts included in an approved budget, or approved revisions thereof, for the following:

- (1) Total Management Expense;
- (2) Miscellaneous Authority Expense;
- (3) Provision for Reserves (see exception in paragraph 2e below);
- (4) Property Betterments and Additions (Operating Improvements);

(Cont'd)

(5) Total Operating Expenditures, before Provision for Reserves. Overruns of budgeted accounts other than those listed above may be incurred without prior PHA approval, provided such overruns are offset by under-runs in other accounts (exclusive of Provision for Reserves) so that the budgeted amount for "Total Operating Expenditures, Before Provision for Reserves" is not exceeded.

d. Emergency Expenditures. Expenses in excess of budget limitations may be incurred, without prior budget approval, in emergencies where necessary to eliminate an immediate serious hazard to life, health, or safety of the occupants of the project. Such excess expenditures shall be reported promptly to the PHA in the form of a budget revision, as provided for in paragraph 3 below.

e. Overruns in Provision for Operating Reserve and Provision for Betterments and Additions Reserve. The maximum amount of the Operating Reserve is established by Section 4.3. The maximum amount of a Betterments and Additions Reserve is established, when necessary, by an approved Operating Budget or budget revision. It is intended that such reserves be established as quickly as available funds permit. Therefore, overruns in the amounts of provision for reserves shown in an approved Operating Budget may be made without prior PHA budget approval, provided that the maximum authorized amounts for the respective reserve accounts are not exceeded.

3. Requests for Revision of Approved Budgets. When unforeseen conditions or other situations arise which make it impossible to operate within the requirements of paragraph 2 above, the Local Authority shall submit to the PHA Field Office an original and two copies of Form PHA-2296, Budget Revision (Exhibit 1). In the case of a first Operating Budget, should actual experience disclose that the first budget is so unrealistic as to require substantial revision, a completely revised budget should be prepared to govern operations until the end of the first full year of operation (see Section 4.1). Except in cases of emergency, every effort should be made to submit the request not later than fifteen days prior to the date of need. In no event, emergency expenditures excepted, shall funds be committed until after PHA approval of the budget revision.

4. Instructions for Preparation of Form PHA-2296

a. Heading and Part I. Self-explanatory.

b. Part II. Justification. Full justification and explanation of the proposed revision must be furnished. For example, in cases of RM&R work the justification should state clearly the need for

(Cont'd)

the work and should describe fully the work proposed, including labor and material estimates. Attach additional sheets, photographs, sketches, or other appropriate supporting material as may be necessary. If the budget revision proposes the establishment of a reserve for Betterments and Additions the justification should follow that prescribed for the Operating Budget (see Section 4.1).

c. Part III, Effect on Contribution Requirements. The purpose of this box is to show the effect of the budget revision on estimated contribution requirements. In the event that the budget revision will cause Total Operating Expenditures before Provision for Reserves to exceed Total Operating Receipts, thus requiring a withdrawal from the Operating Reserve, the budget revision should show in Part I the estimated amount of withdrawal, giving due consideration to changes in the previous estimate of Operating Receipts. Exhibit 1 illustrates the above. If the Contract does not provide for annual contributions (as in the case of a low-rent project leased to a Local Authority, or a PWA or Lanham project transferrēd to a Local Authority) substitute "Residual Receipts" for "Contribution" in Lines A and B and ignore Line C.

d. Submitted. This space should be signed by the duly authorized official of the Local Authority, usually the Executive Director.

e. Approved. This space and the blank space below are reserved for PHA Field Office use.

f. Revision Number. Enter there the number of the revision, beginning with "1" for the first revision of each Fiscal Year.

5. Notice of PHA Approval or Disapproval. After PHA approval, the original of the form will be returned to the Local Authority. In the event of disapproval of all or part of the proposed budget revision, the original and one copy, with attachments, will be returned to the Local Authority with an accompanying letter setting forth the reasons for disapproval.

Operating Reserve

1. Introduction. A reasonable amount of Operating Reserve is necessary to provide funds needed in connection with major repairs or replacements, other unusually high expenses, or unusually low receipts which might occur in any one year. The amount of reserve provided for in the policy set forth below is considered to be adequate for such purposes.
2. Basis for Operating Reserve. One Operating Reserve shall be established and maintained for all projects under the same contract which have reached the end of the Initial Operating Period, except that if during any period there are in an Annual Contributions Contract one or more Nonpermanently Financed projects which have reached the end of the Initial Operating Period, a separate Operating Reserve shall be maintained during such period for each project not Permanently Financed. No part of the Operating Receipts of any project accruing during the Initial Operating Period of any project shall be used to establish an Operating Reserve, nor shall the Operating Reserve be used to pay Operating Expenditures of any project which has not reached the end of the Initial Operating Period (see definition in Section 4.1).
3. Maximum Amount of Operating Reserve. The maximum amount of Operating Reserve for each project or group of projects for which a reserve is to be maintained will be accumulated over a five-year period commencing with the fiscal year in which the first project in the group reaches the end of its Initial Operating Period. The maximum amount shall be computed as follows:
 - a. First Fiscal Year to Fourth Fiscal Year After the End of the Initial Operating Period. The maximum amount for the respective years from the first fiscal year to the fourth fiscal year shall be $1/5$, $2/5$, $3/5$, or $4/5$ of the permanent maximum determined pursuant to paragraph 3b below. The interim period, if any, from the end of the Initial Operating Period to the end of the fiscal year shall be considered to be the first fiscal year for purposes of establishing Operating Reserves under this Section.
 - b. Permanent Maximum for Fifth and Subsequent Fiscal Years. For the fifth and subsequent fiscal years, the maximum amount of Operating Reserve for any project or group of projects for which a reserve is to be maintained shall be based on the total number of units in such

(Cont'd)

NOTE: This Section supersedes Section 4.3 dated 9-1-52. The release has been revised to require a five-year period for the accumulation of the maximum Operating Reserve in lieu of permitting the accumulation as quickly as funds were available. This revised policy shall be effective for all project fiscal years ending on and after September 30, 1955.

project or projects in accordance with the following schedule:

<u>Number of Units</u>	<u>Maximum Amount of Operating Reserve</u>
25 or less	\$200 per unit
26 to 50	\$5,000 plus \$180 per unit over 25
51 to 100	\$9,500 plus \$160 per unit over 50
Over 100	\$17,500 plus \$140 per unit over 100

4. Establishing and Maintaining the Operating Reserve. Any excess of Operating Receipts over Operating Expenditures (before provision for reserves) shall be used to build up the Operating Reserve to the maximum allowable amount. The reserve shall be drawn upon only when and to the extent that Operating Expenditures (before provision for reserves) exceed Operating Receipts. If the reserve is so drawn upon it shall be restored to the maximum as soon thereafter as possible. If at any time the reserve exceeds the maximum allowable amount, it need not be reduced until it is drawn upon to cover an excess of Operating Expenditures over Operating Receipts.

Capital Improvements

1. General

a. It sometimes becomes necessary to make Capital Improvements (called Betterments and Additions in the Accounting Manual) to a low-rent housing project to improve the project so that it will more effectively serve its purpose or to increase operating efficiency or economy. Capital Improvements cover all expenditures included in the definition of Account 7545 - Property Betterments and Additions (see Section 25-3-3). Capital Improvements thus differ from repairs, maintenance, and normal replacements, which are designed to counteract the effects of wear and tear on structures, equipment, and grounds, and to maintain the project in substantially its original state. Improvements, to be approved, should not exceed current PHA standards for the planning and design of new projects.

b. Capital Improvements may not be undertaken without prior approval by the PHA (see paragraph 3 below). Such approval will be granted only where the Local Authority can demonstrate to the PHA's satisfaction that the improvements are necessary or will achieve substantial economies. When an improvement is to be undertaken for reasons of operating economy, the amount of savings which are expected to result must be sufficient to offset the cost of the improvement within a reasonable period of years.

2. Financing Capital Improvements

a. In the case of newly constructed projects for which the Actual Development Cost Certificate has not been issued, cost of Capital Improvements shall be charged to development cost if:

- (1) A Final Budget (see Section 301.1) containing specific provision for such work has been approved, or
- (2) A Final Budget has not been approved but the time for submission of such Budget has not expired.

b. In all other cases the cost of Capital Improvements will normally be financed out of operating funds (see paragraph 2c below).^{1/} However, the
(Cont'd)

1/ In the case of projects for which no annual contribution is provided (e.g. projects for which residual receipts are paid to the PHA) Capital Improvements will in all cases be financed out of operating funds.

NOTE: This Section supersedes Section 4.4 dated April 1956. A last sentence has been added to paragraph 1a.

PHA will give consideration, on a case basis, to making available additional development funds where a necessary improvement is of substantial size.^{1/}

c. Where an improvement is to be financed out of operating funds and the cost thereof cannot be met from currently available operating funds without undue depletion of the operating reserve:

- (1) If the improvement can be postponed the PHA may authorize the creation of a reserve for Capital Improvements so that the required funds may be built up over a period of time; and
- (2) If the improvement cannot be postponed the PHA will consider making an administrative loan to the Local Authority.

3. Request for PHA Approval

a. For approval of improvements for newly constructed projects which fall under paragraph 2a above, the procedures set forth in Section 213.2, Supplementary Construction Work, should be followed.

b. Where the improvement is not of a substantial nature and should obviously be financed as an operating expenditure from the current year's operating receipts, the Local Authority's request for PHA approval shall be made with the request for approval of the operating budget or budget revision (see Sections 4.1 and 4.2).

c. Where the improvement is of a substantial nature, the Local Authority shall submit a request for approval by letter to the Regional Director. If the PHA agrees that the improvement is necessary the PHA will determine whether it shall be financed from operating receipts or from additional development funds. If from operating receipts, the Local Authority will be asked to submit a revision of the operating budget. If from development funds, it will usually be necessary to amend the Annual Contributions Contract.

d. Requests for approval shall be supported by (1) a narrative statement explaining in detail the reason for the improvement, (2) a detailed estimate of the cost, (3) photographs and sketches, where applicable, and (4) where the improvement is to be undertaken for reasons of operating economy, evidence that the savings to be realized will be sufficient to offset the cost of the improvement within a reasonable period of years. Where the request is for approval of the establishment of a reserve, the data shall also include a statement explaining the need for the reserve.

^{1/} It is within the sole discretion of the PHA to determine whether development funds will be reopened irrespective of the need for the improvement.

Definition of Leasing and Occupancy Terms

1. Purpose. The purpose of this Section is to define specifically the terms most commonly used in connection with income limits, dwelling rents, conditions for admission and continued occupancy, and selection of tenants.

2. Family
 - a. "Family" means (1) a group of two or more persons related by blood, marriage, or adoption, who will live regularly together in the same dwelling unit in the project, or (2) a single person 65 years of age or over. There may be also considered as part of a family other persons who will live regularly as a part of the family group (including foster children and members of the family temporarily absent) and whose income and resources are available for use in meeting the living expenses of the group. A group of unrelated persons under 65 years of age living together, or a single person under 65 years of age, does not constitute a family, nor may lodgers be included in the family.

 - b. For the purpose of applying preferences and waiving the previous housing requirement, an "Elderly Family" means a Family, as defined above, the head of which (or his spouse) is 65 years of age or over.

 - c. The above definition of "Family" does not exclude a person living alone during the temporary absence of a family member who will later live regularly as a part of the family.

 - d. A person necessarily residing with a family by reason of employment by or for such family (1) to permit the employment of a sole wage earner, or (2) for the health and welfare of a sick or incapacitated member of the family, need not be considered as a member of the family for the purpose of determining net family income or establishing rent. However, the necessity for such an arrangement must be evidenced by a doctor's certificate or must be deemed essential, and so certified, by welfare or other responsible sources. Under no circumstances may such an arrangement be continued longer than necessary or permitted only for the convenience of the tenant or such employee. This provision is applicable both for admission and continued occupancy and is not restricted to elderly families.

3. Head of the Family. The "Head of the Family" is that member of the group who is legally or morally responsible for the Family.

4. Veteran. For the purpose of applying preferences and waiving the previous housing requirement a "Veteran" means a person (man or woman) who has served in the active military or naval service of the United States at any time (a) on or after September 16, 1940, and prior to July 26, 1947, (b) on or after April 6, 1917, and prior to November 11, 1918, or (c) on
(Cont'd)

NOTE: These pages supersede pages 1-2 of Section 402.1 dated November 1955. Paragraph 2 has been revised to define "Family" and "Elderly Family" in accordance with the provisions of the Housing Act of 1956 and to include other policies relating to family status.

or after June 27, 1950, and prior to February 1, 1955, and who shall have been discharged or released therefrom under conditions other than dishonorable.

5. Serviceman. For the purpose of applying preferences and waiving the previous housing requirement a "Serviceman" means a person (man or woman) in the active military or naval service of the United States who has served therein at any time (a) on or after September 16, 1940, and prior to July 26, 1947, (b) on or after April 6, 1917, and prior to November 11, 1918, or (c) on or after June 27, 1950, and prior to February 1, 1955.
6. Family of a Veteran or Serviceman
 - a. A family is a "Family of a Veteran or Serviceman" when:
 - (1) The head of the family is a Veteran or Serviceman;
 - (2) A member of the family, related to the head by blood, marriage, or adoption, is a Veteran or Serviceman;
 - (3) The former head of the family is a deceased Veteran or Serviceman provided the spouse has not remarried; or
 - (4) A former member of the family, related to the head by blood, marriage, or adoption, is a deceased Veteran or Serviceman and was a member of the family at the time of death.
 - b. To qualify a family as the "Family of a Veteran or Serviceman" the Veteran or Serviceman, unless deceased, must be living with the family or be only temporarily absent unless:
 - (1) The Veteran or Serviceman, formerly the head, is permanently absent because of hospitalization, separation, or desertion;
 - (2) The Veteran or Serviceman, formerly the head, is divorced, provided there remains in the family one or more persons for whose support he is still legally or morally responsible and provided that the spouse has not remarried; or
 - (3) The Veteran or Serviceman, not the family head, is permanently hospitalized provided that he was a member of the family at the time he was hospitalized and provided further there remain in the family two or more persons related to him by blood, marriage, or adoption.
7. Military or Naval Service of the U. S. "Military or Naval Service of the U. S." means only the Army, Navy, Air Force, Marine Corps, Coast Guard and, since July 29, 1945, the commissioned corps of the U. S. Public Health Service. Such Service does not include Merchant Marine, Red Cross, ICA, or any other organization not actually part of the Military or Naval Service of the United States.
8. Minor. "Minor" means a person $\frac{1}{2}$ less than twenty-one years of age.
9. Utilities. "Utilities" means water, electricity, gas, other heating and cooking fuels, and other utilities. Other utilities include, but are not necessarily limited to, ice and any sewerage, garbage or trash collection

(Cont'd)

1/ An unborn child may not be counted as a Minor.

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PETTY CASH SLIP

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to acc't of _____

amt _____

or _____

Signed _____

O. K.'d by _____

service ^{1/} for which a separate charge is made to the tenant by the Local Authority or by others. Telephone service may not be included as a utility.

10. Contract Rent. "Contract Rent" means the rent charged a tenant for use of the dwelling accommodation, equipment, services, and utilities supplied by the project. Contract Rent does not include charges for utilities which may be purchased by the project and sold to the tenant as a transaction separate from the payment of such rent, charges for excess utility consumptions, or miscellaneous charges.
11. Gross Rent. "Gross Rent" means Contract Rent plus the Local Authority's estimate of the value or cost to the tenant for reasonable amounts of utilities not included in the Contract Rent. (Unless there exist substantial differences in the cost of value of utilities due to variations in unit sizes, it is recommended that such cost or value be estimated at a uniform amount for all the dwellings in a project.)
12. Aggregate Family Income 2/ (See Exhibit 1)
 - a. "Aggregate Family Income" means all the income from any source whatsoever, before deductions or exemptions, anticipated to be received during the twelve months following admission or redetermination of Net Family Income (as the case may be) by all persons including minors, actually occupying, or who are actually to occupy the dwelling, and by a family head temporarily separated from the group.
 - b. Aggregate Family Income shall include but need not be limited to:
 - (1) The full amount, before any payroll deductions, of wages and salaries, including compensation for overtime and all other compensation for personal services (such as commissions, fees, tips, and bonuses), the cash value of any compensation in kind (such as meals), and allowance for carfare.

(Cont'd)

- 1/ Although garbage and trash collections are treated as utilities for this purpose, the cost to the project of providing any such services is charged to Account 4210 - Janitorial.
- 2/ The Annual Contributions Contract requires approval by PHA of "a statement of standards for determining Net Family Income." Adoption by the Local Authority of this definition of Aggregate Income and the following definition of Net Family Income with such of the deductions set forth in paragraph 13b as the Local Authority elects to allow will not require such approval.

NOTE: These pages supersede the corresponding pages of Section 402.1 dated November 1955. Paragraphs 12c and 13b(6) have been revised to permit the exemption of scholarships for tuition, fees, and books under certain specified conditions. Paragraph 12b(10) (including footnote 1) has been deleted.

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- (2) Net income from the operation of a business or profession. 1/
 - (3) Interest, dividends, and net income of any kind from real or personal property.
 - (4) The full amount received from annuities, periodic payments derived from insurance policies, retirement income, pensions, periodic benefits for disability or death, and other similar types of periodic receipts.
 - (5) Payments in lieu of earnings, such as unemployment and disability compensation, social security benefits, workmen's compensation and dismissal wages, excluding, however, lump-sum payments under health and accident insurance and under workmen's compensation.
 - (6) Cash relief receipts and the value of determinable relief allowances in kind, including rental allowances.
 - (7) Periodic and determinable allowances, such as alimony and regular contributions or gifts, including amounts received from any persons not residing in the dwelling.
 - (8) The full amount received for the care of foster children.
 - (9) All regular pay, special payments, and allowances (such as longevity overseas duty, rental allowances, allowances for dependents, etc.) received by a member of the armed forces who is the head of the family, whether or not he is living in the dwelling, or by any other member of the armed forces who is living in the dwelling.

c. The following are not considered as income by the PHA but may be included in Aggregate Family Income if the Local Authority so desires:

- (1) Amounts which are specifically received for, or are a reimbursement of, the costs of illness or medical care.
- (2) Casual and irregular gifts.
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments, capital gains, and settlements for personal or property losses. (If such sums are substantial, the family may be ineligible if the Local Authority has established a net asset test for eligibility.)

(Cont'd)

1/ Expenditures for business expansion or amortization of capital indebtedness shall not be considered as expenses in determining net income.

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- (4) Amounts paid by the United States Government to a Veteran for use in meeting costs of tuition, fees, and books, to the extent that such amounts are so used. 1/
 - (5) Amounts of educational scholarships which are paid directly to the educational institution for use in meeting the cost of tuition, fees, and books, to the extent that such amounts are so used. 1/
 - (6) Amounts of educational scholarships paid directly to the student under conditions that such amounts be used to meet the cost of tuition, fees, and books, to the extent that such amounts are so used. 1/

13. Net Family Income 2/

a. "Net Family Income" means "Aggregate Family Income" less deductions allowed by the Local Authority, pursuant to paragraph 13b below, and anticipated during the twelve months' period for which Aggregate Family Income is estimated.

b. Any of the following deductions, but no others, may be made by the Local Authority at its discretion; however, it must in any event apply the deductions so determined uniformly to all applicants for or tenants of projects under its jurisdiction.

- (1) Special occupational expenses necessary to employment and for which no reimbursement is made by the employer, but only to the extent by which such expenses exceed normal and usual expenses incident to employment, i.e. special tools and equipment, miners' explosives, transportation in excess of that normal to employment in the locality.
- (2) Deductions from wages, if required by law or required by the employer as a condition of employment, such as deductions for social security, pension, retirement funds or death benefits, or for health, accident, or medical benefit plans; except as provided in 13c below.
- (3) Amounts paid, if reasonable and necessary for the support of a person or persons not residing with the family but for whose support one or more members of the family are legally or morally responsible; but not including expense incurred for the support of children away from home for purpose of normal and voluntary education.

(Cont'd)

1/ Any of such amounts not so used and any amounts available for subsistence are to be included in Aggregate Family Income.

2/ See footnote 2/ on page 3.

NOTE: These pages supersede pages 5-6 of Section 402.1 dated June 1956. Paragraph 13b(4) has been revised.

(4) Amounts paid, if reasonable, for the care of children or sick or incapacitated family members (a) when determined to be necessary to permit employment of family members and provided the amount deducted is not greater than the amount of income produced by the family member thus released, or (b) when there is no member of the family physically or otherwise able to provide care determined to be necessary by medical, welfare, or other responsible sources.

(5) Predictable medical expenses for continuing illness, if determined by the Local Authority to be proper and reasonable, in excess of 3% of the aggregate income of the family and where not specifically compensated for or covered by insurance.

(6) In the case of a Veteran who is the family head, who is absent from home, and who is receiving U. S. Government allowances for education or training, an amount for living expenses not in excess of \$110 per month 1/ less the amount exempted for tuition, fees, and books, pursuant to paragraph 12c(4) above.

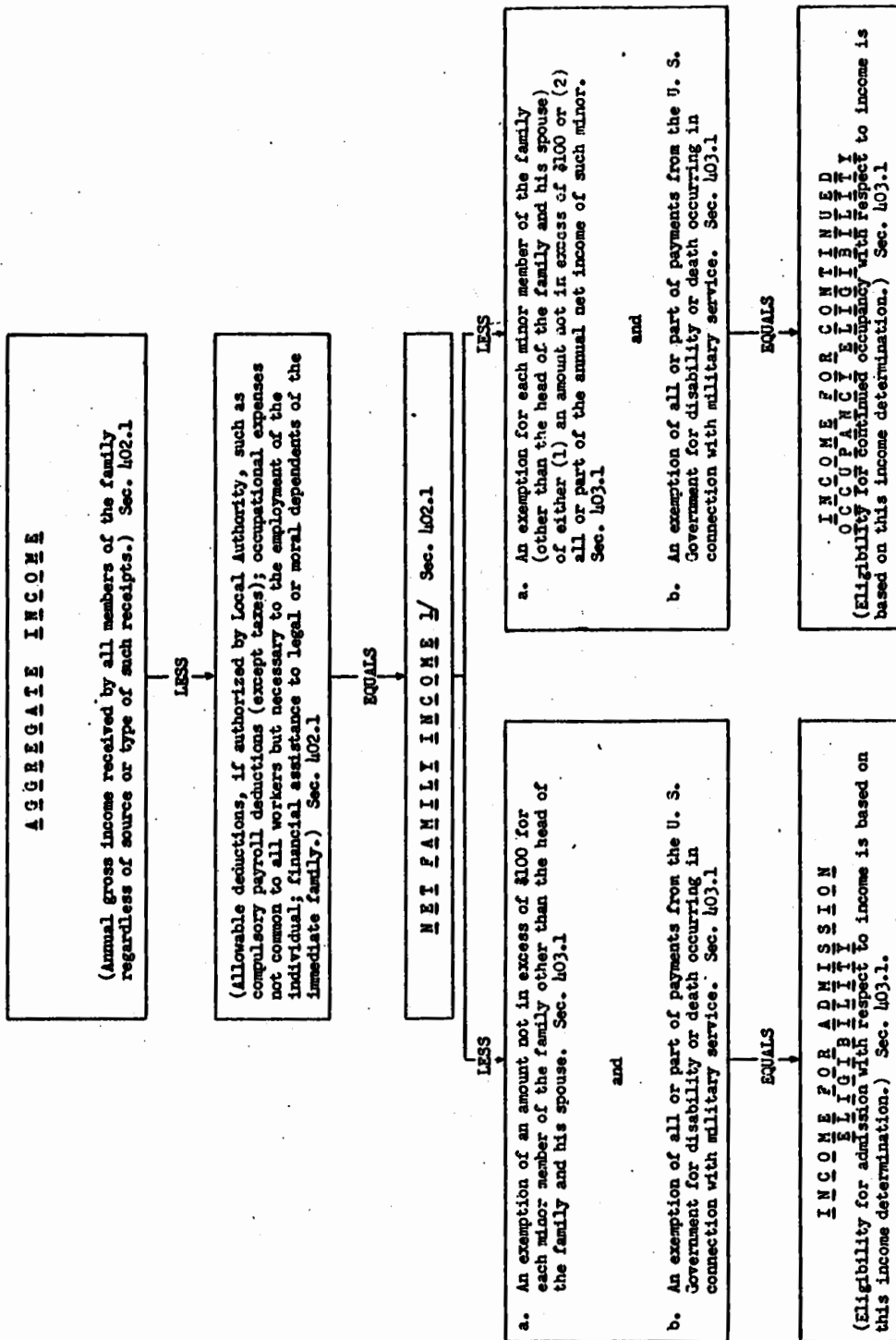
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(7) A reasonable amount to cover personal expenses if the head of the family is in the Armed Services and stationed away from home. This deduction should not, of course, exceed the balance of the serviceman's pay after his portion of the dependents' allowance has been deducted. The PHA recommends that in no event a deduction in excess of \$100 per month be made for this purpose.

c. In no event shall the following items be allowed as deductions:

- (1) Payments of income tax, including payroll deductions therefor.
- (2) Payments for savings bonds, or the acquisition of other assets, including payroll deductions therefor.
- (3) Payroll deductions for pensions or other purposes not required by law or by the employer as a condition of employment.
- (4) Payments on or garnishments for installment purchases, repayment of loans, or interest and finance charges on such items.
- (5) Any other items not specifically enumerated in paragraph 13b above.

1/ \$110 per month is the allowance which would be received by a Veteran without dependents under the Veterans' Readjustment Act of 1952.



1/ This is the income figure to be used when determining rent from Rent Schedules prepared in accordance with Sec. 405.1 which incorporate the exemption of an amount not in excess of \$100 for each minor member of the family other than the head of the family and his spouse.

NOTE: This Exhibit supersedes Exhibit 1 to Section 402.1 dated November 1955.

Conditions Governing Eligibility for Admission and Continued Occupancy

1. Introduction. To provide decent, safe, and sanitary dwellings within the financial reach of families of low income is the stated purpose of and justification for a subsidized public housing program. To serve this purpose, each Local Authority shall establish specific policies which conform to the provisions of the U.S. Housing Act, as amended, and its Annual Contributions Contract. These policies shall be followed in determining the eligibility of each family prior to its admission, and periodically thereafter. This Section sets forth the conditions established in the Act and the Contract which govern eligibility for admission and continued occupancy. Where these conditions are not specifically defined in the Act or Contract or other Sections of this Manual, this Section suggests implementing and amplifying criteria to be used in making determinations of eligibility.

2. Uniform Application. The specific policies governing eligibility adopted by the Local Authority are to be applied uniformly to all families applying for admission to or living in all low-rent projects of the Local Authority. Alternatives provided by the law or by regulation, such as exempting all or part of the income of a minor in determining eligibility for continued occupancy, give a Local Authority the right to establish a specific policy within the applicable provisions. Thus, the Local Authority may elect to exempt (a) all minors' income, (b) a limited amount of minors' income, (c) no minors' income, (d) income of employed minors, etc., but having chosen, for example "a," it must accord this exemption to every family with minors having income. Similarly, having established a policy on deductions to be allowed in determining Net Family Income, every family entitled to a particular deduction must be accorded it.

3. Contract Requirements Relating to Conditions Governing Eligibility for Admission. The Local Authority shall admit as tenants of its Projects only Families of Low Income who, at the time of admission, meet all of the following requirements:
 - a. Who qualify as a Family (see Section 402.1);
 - b. Whose Net Family Income, less
 - (1) an exemption to be established by the Local Authority not in excess of \$100 for each minor member of the family other than the head of the family and his spouse; and

(Cont'd)

NOTE: This Section supersedes Section 403.1 dated October 1955. The proviso to paragraph 3c and paragraph 4a have been revised to conform to the provisions of the Housing Act of 1956. Former paragraphs 3d, 4c, and 6 have been deleted.

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- (2) An exemption to be established by the Local Authority of all or part of amounts paid by the U.S. Government for disability or death occurring in connection with military service 1/

Does not exceed the applicable income limit for admission established by the Local Authority and approved by the PHA;

c. Who are:

- (1) living in unsafe, insanitary, or overcrowded dwellings (see paragraph 5 below), or
- (2) to be displaced by any low-rent housing project or by any public slum clearance, redevelopment, or urban renewal project, or through action of a public body or court either through the enforcement of housing standards or through the demolition, closing, or the improvement of a dwelling unit or units 2/, or

(Cont'd)

1/ Military service as used in this connection includes peacetime service and is not confined to the periods of service used to determine preference or waiver of the previous housing requirement. It is intended that U.S. Government periodic insurance payments for service-connected deaths or disabilities may be exempted from income for the purpose of determining eligibility, pursuant to this provision. At no time have lump sum insurance settlements of whatever nature been considered as income but rather as an addition to a family's net assets.

2/ This provision is in accordance with an amendment to the United States Housing Act contained in PL-560 (83d Congress) and is somewhat broader than the corresponding provision in contracts entered into before its enactment. This amendment extends this provision to families which are to be displaced through other public actions. Thus, the same provision is applicable to families who are to be displaced because a building, health, sanitary, or other code relating to housing standards prohibits the family from living in that particular dwelling for reasons such as overcrowding or failure of the dwelling to meet minimum standards of light, air, sanitation, etc.; or through closing of the dwelling through public action because it is unfit; or through demolition of the dwelling by public action for the construction or widening of a highway or bridge even though not connected with redevelopment or urban renewal. The provision is also applicable to families who are required to move because they cannot afford the increased rent caused by improvement of a dwelling unit to bring it into compliance with housing standards prescribed by laws or codes. This provision is applicable to families required to vacate war or veterans reuse housing to permit its removal.

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- (3) actually without housing, due to causes other than the fault of the tenant 1/, or
 - (4) about to be without housing as the result of a court order of eviction due to causes other than the fault of the tenant: 2/

Provided, that the requirements contained in this paragraph 3c need not be made applicable by the Local Authority in the case of:

- (1) a family of any Veteran or Serviceman (or of any deceased Veteran or Serviceman) where application for admission to such housing is made not later than March 1, 1959; or
- (2) an Elderly Family, with respect to a unit suitable to its needs.

4. Contract Requirements Relating to Conditions Governing Eligibility for Continued Occupancy. The Local Authority shall allow to continue in occupancy in its Projects only Families of Low Income who, at the time of reexamination, meet all of the following requirements:

- a. Who qualify as a Family, or who is the remaining member of a tenant family;
- b. Whose Net Family Income, less

- (1) an exemption to be established by the Local Authority of either

- (a) an amount not in excess of \$100 for each minor member of the family other than the head of the family and his spouse, or

(Cont'd)

1/ Being without housing for willful or deliberate failure to pay rent or to carry out other normal obligations of tenancy cannot be interpreted as due to causes other than the fault of the tenant and therefore does not qualify an applicant under this provision. However, if a substantial reduction in a family's income, or an increase in rent beyond its reasonable ability to pay, have resulted in loss of accommodations, the Local Authority may consider these as causes other than the fault of the tenant. Further, families who do not have accommodations in the locality or within normal commuting distance thereof may be considered as without housing.

2/ The mere prospect of eviction is not sufficient to qualify a family under this provision. A court order of eviction must actually have been received by the family and it must have been issued for causes not construed to be the fault of the tenant, as defined in footnote 1/ above.

(b) an amount equal to all or any part of the income of such minor 1/ less any deductions in connection with such minor's income which were taken into account in determining the Net Family Income, and

(2) an exemption to be established by the Local Authority of all or any part of amounts paid by the U.S. Government for disability or death occurring in connection with military service 2/

does not exceed the applicable income limit for continued occupancy established by the Local Authority and approved by the PHA.

5. Unsafe, Insanitary, or Overcrowded Dwellings. The PHA considers the existence of any of the following conditions an adequate basis for determining that a dwelling is unsafe, insanitary, or overcrowded. The Local Authority may establish additional criteria or modify these criteria as necessary to meet local conditions.

a. Location. The location of the unit is such that it creates a health, fire, or safety hazard for the occupants of such dwelling unit.

b. Condition of Structure. The condition of the structure is such as to create serious safety or health hazards by reason of structural deficiencies or of continuous dampness or exposure, brought about by neglect or dilapidation.

c. Water Supply. Lack of potable running water within the dwelling unit.

d. Sewage System. No connection between plumbing fixtures and adequate sewage disposal system.

e. Toilet Facilities. No flush toilet in the dwelling unit, or, if present, unfit for use.

f. Bath Facilities. No bathtub or shower in the dwelling unit, or, if present, unfit for use.

g. Kitchen Facilities. Lack of permanent, safe, and reasonably efficient kitchen facilities within the dwelling unit, including sink with running water and provisions for a cooking stove.

h. Lighting Facilities. Dwelling not wired or inadequately wired for electric lighting.

(Cont'd)

1/ Income of a minor includes payments made to the family for the minor or his care.

2/ See footnote 1/ on page 2.

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- i. Heating Facilities. Heating facilities inadequate or unsafe.
- j. Light and Ventilation. Living room, bedroom, or kitchen with no windows, or with windows opening on an airshaft; or toilet or bathroom without adequate ventilation.
- k. Overcrowding. The number of persons occupying a dwelling unit exceeds the maximum occupancy limits established by a Local Authority for continued occupancy in its projects (see Section 406.1), or when two or more families are occupying a dwelling unit designed for single-family occupancy.
6. Net Assets. Each Local Authority should consider the establishment of criteria with respect to the net assets of an applicant or tenant family for the purpose of ensuring that families will not be admitted to, or be permitted to remain in, its projects, whose net assets are so large that, if the assets were used to supplement income, the families would be enabled to obtain decent, safe, and sanitary housing from private enterprise.
7. Locally Established Eligibility Requirements. A Local Authority may elect to establish other requirements, such as length of residence in the locality, but no requirements may be established which contravene the provisions of the Act or the Annual Contributions Contract.

Conditions Governing Eligibility for Admission and Continued Occupancy

1. Introduction

a. This Supplement is applicable only to Local Authorities which, if permitted under State law, elect to allow any or all of the additional exemptions authorized under the Housing Act of 1957 to be made from the net incomes of families in determining eligibility for admission to and continued occupancy in low-rent housing.

b. This Supplement, until rescinded, waives contract provisions to the extent necessary to permit any Local Authority, at its option, in making determinations of eligibility to allow additional exemptions from Net Family Income as indicated herein, Provided: That, for purposes of determining eligibility, no exemptions shall be granted which in any case would result in admission to or continued occupancy of low-rent projects by any family which is not of low income within the meaning of the laws of the State.

2. Uniform Application. In determining eligibility a Local Authority may allow these additional exemptions in amounts up to the limits specified in paragraphs 3 and 4 below, provided that the amounts decided upon are exempted uniformly for all applicants and tenants of like circumstances.

3. Additional Exemptions for Determining Eligibility for Admission ^{1/}. Subject to the proviso stated in paragraph 1 above in determining eligibility for admission, in addition to the exemptions authorized in paragraph 3b of Section 403.1, a Local Authority may also exempt:

a. An amount not in excess of \$100 for each adult dependent family member other than the head and his spouse, having no income; and

b. An amount not in excess of \$600 of the income ^{2/} of each family member (adult or minor ^{3/}) having income, other than the principal income recipient, Provided: That for minor family members there may not be

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^{1/} Exhibit 1 to this Supplement presents in table form all exemptions permitted under the U. S. Housing Act, as amended, in determining rent and eligibility for admission and continued occupancy.

^{2/} This means the income remaining to a member after any deductions in connection with such income were taken into account in determining Net Family Income.

^{3/} If a Local Authority, pursuant to Supplement 1 of Section 405.1, adopts a policy of exempting any part of minors' income in determining rents, the PHA will not approve the exemption, as minors' income, either in setting rent or in determining eligibility, of any amounts paid to a family head or guardian specifically for the care of a minor but over which the minor has no control (e.g. SS benefits, ADC, and payments for support). For such cases, the previously stated PHA policy permitting exemption of such payments in determining eligibility for continued occupancy is hereby revoked. If, however, a Local Authority adopts a policy of exempting minors' income for eligibility purposes only, it may, at its option exempt such payments as minor's income.

allowed both an exemption from income and the \$100 exemption authorized by paragraph 3b(1) of Section 403.1.

4. Additional Exemptions for Determining Eligibility for Continued Occupancy (See Exhibit 1). Subject to the proviso stated in paragraph 1 above in determining eligibility for continued occupancy, in addition to the exemptions authorized in paragraph 4b of Section 403.1 1/ a Local Authority may also exempt:
- a. An amount not in excess of \$100 for each adult dependent family member, other than the head and his spouse, having no income; and
 - b. An amount not in excess of \$600 of the income 2/ of any adult family member, other than the principal income recipient.

1/ See footnote 3 on page 1.

2/ See footnote 2 on page 1.

Exemptions Authorized Under the U. S. Housing Act
as Amended (1957)

Category	Rent	Eligibility ^{1/}	
		Admission	Cont'd Occupancy
<u>Family Head or Spouse</u> (Adult or Minor)			
1. Principal Income Recipient	None	None	None
2. Other			
a. With Income	\$600 of Income	\$600 of Income	\$600 of Income
b. Without Income	None	None	None
<u>Adults (Not Head or Spouse)</u>			
1. Principal Income Recipient	None	None	None
2. Other			
a. With Income	\$600 of Income	\$600 of Income	\$600 of Income
b. Without Income & Dependent	\$100	\$100	\$100
<u>Minors (Not Head or Spouse)</u>			
1. Principal Income Recipient	\$100	\$100	All of Income
2. Other			
a. With Income of \$100 or More	\$600 of Income ^{2/}	\$600 of Income	All of Income
b. With Income Less Than \$100	\$100	\$100	\$100

^{1/} All or any part of U. S. military service-connected disability or death payments may be exempted in addition to any other exemptions allowed.

^{2/} If a Local Authority elects to exempt any part of minors' income in determining rents, the PHA will not approve the exemption, as minors' income, either in setting rent or in determining eligibility, of any amounts paid to a family head or guardian specifically for the care of a minor but over which the minor has no control (e.g. SS benefits, ADC, and payments for support). If, however, a Local Authority adopts a policy of exempting minors' income for purposes of eligibility only, it may, at its option, exempt such payments as minor's income.

Occupancy in Low-Rent Projects by Local Authority Employees

1. Purpose. It is the purpose of this Section to establish the policy of the PHA with respect to the occupancy of dwellings in low-rent projects by Local Authority employees, and to recommend a rental policy applicable to such employees.

2. Policy Relating to Occupancy by Local Authority Employees
 - a. If a Local Authority determines that residence in a low-rent project by an employee is essential to the efficient, safe, and economical operation of such project to provide necessary services at unusual or irregular hours or in the event of emergencies, or to comply with applicable ordinances or statutes relating to property management, it may authorize and require such residence subject to the following conditions:
 - (1) Only essential maintenance employees may be required to live in low-rent projects to render the above services or to comply with applicable statutes;
 - (2) No maintenance employee may be required to live in a project of less than 100 dwellings, nor more than one such employee in a project of 100 or more dwellings, without prior PHA approval obtained in accordance with paragraph 3 below; and
 - (3) Since maintenance employees who are required to live in a project are not deemed to be tenants of a Local Authority in the usual sense, they shall be selected solely on the basis of their fitness to perform the necessary services. They need not be subject, at the time of admission or at any time thereafter, to the occupancy conditions and regulations applicable to low income families.
 - b. Any employee of a Local Authority not required to live in a low-rent project pursuant to policy established herein but who applies for admission, or is living in the project as a low income family, shall be subject to all regulations applicable to other applicants and tenants.

3. Procedure for Obtaining Approval to House Maintenance Employees. Requests for approval to house maintenance employees considered necessary to project operation, in excess of the above limit, shall be made in writing to the appropriate PHA Field Office. The letter must contain (a) a description of the situation at the project and the nature of the operational problems which make it necessary to house maintenance employees in excess of the established limit; and (b) a description of the employee's responsibilities which make such residence necessary. Field Office Directors are authorized to act upon such requests.

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4. Rent to be Charged Resident Maintenance Employees

a. Since the conditions and practices relating to the employment of resident maintenance employees may vary substantially in different localities, a rigid rental policy applicable to all such employees is not considered feasible. It is the recommendation of the PHA, however, that these employees be charged rent in accordance with their incomes up to full rent for comparable accommodations on an extension of the Schedule of Rents applicable to the project. In the event this recommendation is contrary to local practices applicable to resident maintenance employees, the PHA will offer no objection to a Local Authority conforming its policy to the established local practice, provided that if such practice calls for full or partial remission of rent for resident employees, or the payment of a token rent, the amount of the remitted rent will be taken into account by the Local Authority in establishing the employee's compensation.

b. When Local Authorities charge resident maintenance employees rents on a basis different from that derived from the Schedule of Rents applicable to the project, the rent charged such employees shall be incorporated in the Schedule of Rents (see Section 405.2) as a separate section.

Establishment and Revision of Maximum Income Limits for Admission to and Continued Occupancy of Low-Rent Public Housing Projects

1. Purpose. This Section sets forth the policies of the PHA on initial and revised maximum income limits for all low-rent public housing projects administered under the Act.
2. Time of Submission And Form of Proposal To Establish or Revise Income Limits
 - a. Initial. A Proposal for Schedule of Maximum Income Limits must be submitted by a Local Authority not more than six months after award of the Main Construction Contract for the initial project of the low-rent program in any locality.
 - b. Revisions. As a general rule, income limits should not be revised within one year following approval by the PHA of a previous schedule. The Local Authority may, however, submit a Proposal for revision of income limits at any time it believes a revision necessary to meet the housing problems of low-income families in the locality.
 - c. Form. Proposals must be submitted in an original and three copies to the PHA Regional Office and must be in the form prescribed by Form PHA-2533, Model Form of Proposal for Schedule of Maximum Income Limits, a copy of which can be obtained from the Regional Office.
3. Application of Established Income Limits to New Projects. To ensure uniform income limits for all projects in a locality, approved income limits applicable to older projects in the locality must be applied initially to any new project except when the twenty-percent gap determination contained in the approved Development Program for any new project indicates that a downward revision of maximum income limits is necessary. In this case, a new Proposal must be submitted for all projects in the locality.
4. Terms in Which Maximum Income Limits Are Established
 - a. Uniform Income Limits. One set of maximum income limits for admission and continued occupancy is to be established for all low-rent projects in a locality and they must be applied uniformly to all families. (See Section 403.1.)

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NOTE: This Section supersedes Section 404.1 dated 5-3-52 and Supplement 1 to Section 404.1 dated 6-4-52. Both procedural and substantive changes have been made.

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b. Net Income Less Exemptions. Maximum income limits for admission and continued occupancy are to be set in terms of Net Family Income (see Section 402.1) less any exemptions to be allowed by the Local Authority within statutory limitations. Exemption policies must be stated specifically, and, when adopted, they must be applied uniformly so as to ensure all families being treated alike under like circumstances (see Section 403.1).

c. Grouping by Number of Persons. The PHA recommends that maximum income limits for admission and continued occupancy be established in terms of the number of persons in the family because budgetary and space requirements are directly related to the number of persons in the household.

5. Establishment of Maximum Income Limits for Admission. Maximum income limits are set to restrict occupancy of low-rent public housing to families of low income who are defined in Section 2(2) of the Act, as "families who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use."

a. Upper Limitation of Twenty-Percent Gap. The maximum income limits for admission may not exceed the amounts determined by applying the statutory rent-income ratio (State or Federal, whichever is more restrictive) to the maximum rents for admission that have been determined pursuant to the twenty-percent gap limitation. This is an absolute upper limitation upon maximum income limits for admission, and on the maximum rents that may be charged at the time of admission, except in the case of a family receiving a U. S. benefit payment for disability or death of a veteran or serviceman. There must be submitted as part of every Proposal a twenty-percent gap determination prepared in accordance with Section 206.5. If this determination was previously approved for use in a Development Program or in a previous Proposal for schedule of maximum income limits, it may be presented by summarizing the conclusions reached and identifying its date, provided not more than one year has elapsed since the date of the previously approved determination and the Local Authority certifies that the lowest rents at which a substantial supply of standard private housing is being made available currently are at least as high as they were at the time of the gap determination. For this purpose, the date on the gap determination itself and the date on the current Proposal for schedule of income limits will be controlling.

b. Criteria for Establishing Maximum Income Limits for Admission. There is no formula or any one set of data that will automatically determine maximum income limits for admission. They must be determined on the basis of judgment with respect to various criteria, a number of which are described below. Proposed limits must be thoroughly documented from authentic sources.

(1) Criterion of Incomes of Families in Substandard Housing. The level of incomes of families in substandard housing is an important guide to the determination of an appropriate income limit since the

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great majority of these families cannot afford standard private housing being made available in their communities.

(2) Criterion of Annual Earnings of Lowest-Paid Male Workers. Maximum income limits for admission should not be so low as to exclude families supported by regularly employed male workers in the lowest-paid group in the locality. While public housing is available to families whose incomes are so low that they require public assistance to bring them up to a minimum subsistence level, including the rent that must be charged in low-rent public housing, it must also be available to those lowest-paid workers in the locality who are trying to maintain their families solely through their own efforts but whose incomes are insufficient for a minimum adequate standard of living, including payment for decent, safe, and sanitary housing being provided by private enterprise. It should be noted that this criterion gives results in terms of individual rather than family income. Total family income will be higher when there are workers in addition to the principal wage earner. This criterion, therefore, is used to test the extent to which families of regularly employed male wage earners who have no other income would be excluded at a given income limit. The data, by themselves, should not be used to determine an appropriate income limit.

(3) Criterion of Annual Minimum Adequate Family Budget. This criterion is the annual minimum adequate budget for an average-size family (a four-person family comprised of parents, one of whom is a male wage-earner, one child under and one child over 10 years of age). This budget indicates the annual income required by the family to maintain itself at a minimum adequate standard of living and to pay the rent which must be charged in low-rent public housing. Obviously, therefore, the budget used as criterion must not be a bare subsistence budget or a relief budget unless the latter provides a minimum adequate standard of living. In many localities, the relief allowance is based solely on the amount of welfare funds available without regard to actual family requirements.

(4) Criterion of Liability for Support. In many localities the courts, and in some States the legislatures or administrative agencies, have fixed a scale of incomes establishing legal responsibility for support of a dependent parent or other related indigent person. Data should be obtained, if possible, on the minimum income at which liability for support of indigent relatives is incurred by a person having a family of average size. This figure is one of the guides to establishing the maximum income limit for admission of the average-size family, since it represents official opinion of the income necessary to the family before a member is liable for support of an indigent relative.

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(5) Criterion of Ineligible Tenant and Applicant Families. Although not conclusive evidence, the incomes of ineligible applicants and ineligible tenant families may indicate a need to revise maximum income limits and may be a guide, in combination with other data, to an appropriate level. The Local Authority may wish to submit data of this kind.

c. Adjustment for Families of Various Sizes. Data submitted under the various criteria relate directly to or can be adjusted to represent the situation of families of average size (three or four persons). Since it is recommended that separate limits be established by size of family in order to give differentials for larger and smaller families, it is necessary, after determining the appropriate limit for a family of average size, to adjust this figure for the smaller and larger families. Budget studies show a somewhat larger differential in cost for each person above the average-size family than for each person below. The differentials adopted, however, will have to be determined on the basis of local conditions.

d. Conclusion of the Local Authority as to Maximum Income Limits for Admission. Based upon the limitations of the twenty-percent gap, the criteria described above, the adjustments made according to paragraph 5c above, any other pertinent data, and whatever restrictions are imposed by State law, the Local Authority must reach a conclusion as to the maximum income limits it will propose for admission to low-rent public housing in the locality.

6. Special Admission Income Limits for Displaced Families

a. Many localities are undertaking urban renewal programs and other programs of public improvement. Most of these involve the displacement of families from their dwellings through public action. Of course, not all displaced families are low-income families within the meaning of the Act and, therefore, eligible for low-rent housing. In order to facilitate the rehousing of displaced low-income families, the Act provides a special preference in admission to families displaced by:

- (1) any low-rent housing project or by any public slum clearance, redevelopment, or urban renewal project, or
- (2) action of a public body or court through:
 - (a) the enforcement of housing standards, or
 - (b) the demolition, closing, or improvement of a dwelling unit or units.

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b. In view of the special hardships faced by displaced low-income families and in furtherance of the provisions and objectives of the Act, Local Authorities may wish to establish somewhat higher admission income limits for these families than for other low-income families.

c. The PHA will give consideration to a Local Authority's proposal for special admission income limits for families displaced by public action provided such limits:

- (1) restrict admission to families of low income as defined by the Act, and
- (2) are not in excess of the corresponding maximum income limits for continued occupancy applicable to other low-income families.

Any special income limits proposed for admission of displaced families are to be stated in the Proposal.

7. Establishment of Maximum Income Limits for Continued Occupancy. Maximum income limits for continued occupancy are established in order to permit families who have been admitted to remain in low-rent public housing notwithstanding modest increases in family income. The PHA will approve maximum income limits for continued occupancy that ensure non-competition of low-rent housing with standard private housing available in substantial supply. In general continued occupancy limits should be approximately twenty-five percent above justified admission limits.
8. Approval of Proposal for Schedule of Maximum Income Limits. When a Proposal has been approved by the Commissioner, a copy (to which has been attached an endorsement by the Commissioner of the maximum income limits he has approved) will be returned to the Local Authority through the PHA Regional Office. Upon receipt of this document, but not until then, the Local Authority may put the approved income limits into effect.

Establishing Rents and Other Charges

1. Introduction. To ensure the accomplishment of the basic purpose of the Act, which is to provide decent, safe, and sanitary dwellings within the financial reach of families of low income, rents to be charged tenants must be established in relation to the incomes of the tenant families. Thus, tenants pay rents in accordance with their incomes without regard to the size unit they need to meet the requirements of their families. Furthermore, the proportion of income paid for rent is maintained so that when a family's income is very low it pays a very low rent but when its income increases the rent is increased, reducing the subsidy accordingly. And finally, the fixed minimum rent-income ratio established by law makes it necessary to vary rent in accordance with the income of each family in order to serve the broadest group of low-income families without requiring any family to pay an extortionate portion of its income in order to live in public housing.

2. Summary. This Section sets forth the Contract requirements and related policies for the establishment of schedules of dwelling rents and other charges to tenants, together with recommended procedures for the preparation of such schedules and for testing their financial feasibility.

3. Contract Requirements Relating to Rents
 - a. The Contract requires Local Authorities to establish schedules of rents. The rent, including the value or cost to the tenant of water, electricity, gas, other heating and cooking fuels, and other utilities, designated as "Gross Rent" in such schedules, shall be related to Net Family Income, and may also be related to the number of minors in the family, or the number of persons in the family, or both. The Gross Rent for each family shall be so established as to be within the financial reach of such family, but shall not be less than one-fifth of the Net Family Income at the time of admission or of any redetermination of Net Family Income less authorized exemptions established by the Local Authority. For continued occupancy the Gross Rent may be limited to the Gross Rent of comparable privately owned housing in the locality.

 - b. Such rent schedules and all revisions thereof shall be subject to approval by the PHA before being put into effect. The PHA will approve schedules of rents which meet the requirements of the Act and of the Contract and which reasonably ensure the financial solvency of the projects to which they are applied.

4. Establishing Schedules of Dwelling Rents. The recommendations and suggested procedures contained in this Section are designated to assist Local Authorities in preparing schedules which will (i) meet the
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NOTE: This Section supersedes Section 405.1, pages 1-2 and 5-11 dated July 17, 1951, and pages 3-4a dated May 1957. The Section has been revised throughout.

requirements of applicable Federal and State statutes and of the Contract relative to dwelling rents; and (ii) obtain sufficient rental income to ensure the financial solvency of the projects. Exhibit 1 to Section 405.2 is the form which Local Authorities should use as a guide in preparing rent schedules for submittal to the PHA for approval.

a. Gross and Contract Rents. Dwelling rents must be established in terms of Gross Rent, which is defined in paragraph 3 above, and Contract Rent. Contract Rent is the Gross Rent less the estimated cost or value to the tenant, as determined by the Local Authority, of utilities supplied by the tenant. The PHA strongly urges that Local Authorities establish Gross Rents that will be uniform in relation to family incomes for all the low-rent projects within a locality.

b. Ratio of Rent to Income

(1) Under the Act, the term "low-rent housing" means "decent, safe, and sanitary dwellings within the financial reach of families of low income, . . ." It must be assumed that the 20% ratio of Gross Rent to income less the exemptions permitted by the Act will meet this requirement. The Local Authority may establish a higher ratio if it is satisfied that with such ratio the dwellings will still be within the financial reach of the families to be served. Single persons and families with no minors might be expected to pay a higher ratio than normal families. The Local Authority may be forced to consider a ratio higher than the minimum permitted by the Act to ensure the financial solvency of the project or projects involved.

(2) If the ratio is established at 20% as permitted by the Act, it will result in \$1.00 per month in Gross Rent for each \$60 or fraction thereof of the annual income figure upon which the rent is based. A ratio of 21.8% will result in \$1.00 per month for each \$55 or fraction thereof of the annual income figure on which the rent is based.

(3) State statutes vary in dealing with ratios of rent to income and allowable exemptions. Some correspond to the Federal law; some provide that Gross Rent shall be at least one-fifth of specified income irrespective of the number of minors. Where State laws contain requirements at variance with the Federal law, the Local Authority shall establish its rental policy to conform to the more restrictive requirements of both State and Federal laws. For example, to conform to a State law requiring that the rent be at least one-fifth of the Net Family Income for families with less than 3 minors and 1/6 of Net Family Income for families with 3 or more minors, the lowest Gross Rent that could be charged to a family with two minor members and a Net Family Income of \$1500 a year would be one-fifth of \$1500 or \$300 per year. In this case the lowest Gross Rent permissible under the

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Federal law, however, would be one-fifth of \$1300 (\$1500 less \$100 for each of the two minors) or \$260 annually. The Local Authority must charge at least the rent required by the State law, which is \$300. Under the same State law for a family with a Net Family Income of \$2400 and 3 minor members, the lowest Gross Rent permissible would be one-sixth of \$2400 or \$400 per year. Under the Federal law, the lowest Gross Rent permissible would be one-fifth of \$2100 (2400 less \$100 for each of the 3 minors) or \$420 annually. In this case the Local Authority must charge at least the rent required by the Federal law, which is \$420.

c. Rent Intervals. The PHA recommends that Local Authorities establish rents at intervals of \$1.00 throughout the rent schedule. Intervals of greater than \$1.00 cause inequities which fall hardest on the families with the lowest income. For example, if rents were based on a rent to income ratio of 20 percent at the top of each rent grade and rent intervals of \$5.00 were used, it is obvious that there may be a spread just under \$300 ($\60×5) between the incomes of two families paying an identical rent. With rents determined in conformance with such a schedule, a family with a Net Family Income, after the established exemption for minors, of \$1500 would pay \$25 per month Gross Rent and its rent-income ratio would be 20%. However, a second family of like composition with a Net Family Income, after the established exemption for minors, of \$1201 would also pay \$25 per month Gross Rent and its rent-income ratio would be nearly 25%. Further, another family of like composition with an income of exactly \$1200 would only have to pay \$20 or 20%.

d. Minimum Rents. The maximum amount of subsidy provided is not sufficient in most localities to permit the charging of rents below some minimum level which must be determined for each individual locality. The minimum Contract Rent for any family may not be below an amount which, taken with the rents charged other tenant families, will yield sufficient income to operate the housing. Moreover, it is not the function of public housing to subsidize low-income families' budgets with respect to items other than housing. Welfare agencies usually provide these other budgetary items, as well as necessary amounts for the payment of rent and utilities, for families with inadequate resources in private or public housing. (See Welfare Rents, paragraph 4f below.) Therefore, the minimum Gross Rent for the average size unit 1/ should not be established at an amount which is less than would be produced by the higher of the two following criteria:

- (1) An amount representing the gross rent appropriate to the income required to maintain a minimum subsistence level of living, i.e.
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1/ This represents the rent for a 2-BR unit and may be used as the minimum rent for all size units, or it may be adjusted upward and downward for larger and smaller units. Such an adjustment has the advantage of establishing lower rents for the 0-BR and 1-BR units usually occupied by persons dependent on small fixed pensions.

the income required to provide shelter, utilities and food 1/. Since the Act requires a minimum ratio of Gross Rent to income of 20%, the remaining 80% of subsistence income would be available for food, and 20% being one fourth of 80% the appropriate minimum gross rent will be one fourth of the amount required for food. Therefore, to arrive at a criterion to compare with the one in (1) below use 25% of the food budget for an average size family consisting of two parents and two children 2/.

- (2) An amount equal to two-thirds of the average shelter cost (operating cost less the cost of project-supplied utilities), plus the full cost of or allowance for both project- and tenant-supplied utilities. This amount may be determined as follows:
- (a) From the Current Operating Budgets obtain the aggregate Operating Expenditures, before provision for reserve, for all low-rent projects in the local program. From this aggregate figure deduct any amounts included for Operating Improvements and if the budgets provide for any very major repairs and replacements, such as replacement of underground mains, such amounts also should be deducted. If cyclic painting causes the current budget to vary substantially from the normal, such expenditures should be adjusted to an approximate average annual cost. From this adjusted aggregate of Operating Expenditures deduct the sum of the amounts included in all budgets for project-supplied utilities, to obtain an aggregate shelter cost.
- (b) Take two thirds of the aggregate shelter cost arrived at from (a) above and add in (i) the aggregate amount previously deducted for project-supplied utilities and (ii) the aggregate of allowances for any tenant-supplied utilities. (To obtain the latter it will be necessary to multiply each dollar allowance for tenant-supplied utilities by the number of units to which such allowance applies.) The resulting sum, converted to a per unit month and rounded to the nearest dollar shall be the minimum Gross Rent unless the amount computed under (1) above is higher.

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1/ In many States welfare payments provide for more than such a minimum subsistence. In any event the minimum rent merely establishes a "floor" for, where income warrants, the rent charged is in accordance with the regular schedule or a special schedule negotiated with the welfare agency (see Welfare Rents, paragraph 4f below).

2/ If the amount arrived at by (1) is the criterion to be used and the Local Authority wishes to reflect a differential for family size, the same formula may be applied to the food allowances for various size families in arriving at the appropriate rents.

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e. Ceiling Rents

(1) For continued occupancy Local Authorities may establish ceiling rents at not less than the amounts which would be charged for comparable privately owned housing which is not subsidized (see Section 405.4 for procedures for establishing ceiling rents). Ceiling rents may apply both to families eligible for continued occupancy and families not eligible for continued occupancy or may be applied only to families eligible for continued occupancy.

(2) Ceiling rents, when established, must be set sufficiently high so as to maintain the statutory rent income ratio at the time of admission except in the case of families who are eligible for admission because of the exemption of military disability or death benefits.

f. Welfare Rents 1/. The PHA urges that wherever possible Local Authorities negotiate special agreements with relief agencies, providing for flat amounts for rent, which amounts such agencies will include in the total grants to their clients 2/. It is believed these special agreements will be mutually advantageous and that Local Authorities should be able to obtain such agreements in all localities except those where funds available for welfare purposes fall so far short of requirements that all families, in both public and private housing, are receiving grossly inadequate grants.

(1) Where flat welfare rents can be negotiated:

- (a) A special table showing the amounts of rent to be charged welfare families shall be incorporated as a part of the rent schedule.
- (b) The amount of rent to be charged such families shall not be less than the rent which the Local Authority charges non-relief families with the same amount of income. In no event may such rent be less than the established minimum rent.
- (c) It is not the function of the PHA to augment or supplement the funds of local relief agencies by providing housing for welfare recipients at lesser amounts than such agencies are allowing for private housing. Therefore, flat welfare rent schedules negotiated by Local Authorities should at least approximate the average rents the welfare agency is allowing for private housing. Where feasible the average rent the welfare agency is paying for
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1/ In submitting flat welfare rent schedules for PHA approval Local Authorities must indicate how the rents in the special welfare schedules were determined.

2/ May be based on unit size if desirable.

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private housing should be computed by the welfare agency from its actual case records. Where this information is not available the allowances for shelter and utilities in the State Welfare Department's standard monthly family budget and the maximum allowances for shelter and utilities established by the State may be found helpful as guides in determining rents which approximate the average the welfare agency is paying for private housing.

(2) Where Local Authorities presently are unable to negotiate special agreements with relief agencies, rents for welfare recipients shall be determined in the same manner as for non-welfare families, i.e. by applying the approved rent schedule to Net Family Income. In computing Net Family Income for such families the grants for rent and other necessities, as well as income from all other sources, must be included. Local Authorities should make clear to welfare agencies who do not enter into agreements that it may be necessary to limit the admission of both welfare and non-welfare families in the lower rent grades to ensure project solvency.

g. Project Supplied Utilities. Where gas or electricity for use in the dwellings is to be supplied by the project, there should be established the quantities which will be supplied as a part of the Contract Rent.

h. Tenant Supplied Utilities. Where utilities are to be supplied by the tenant, there must be established the estimated cost or value to tenants of each such utility. In the event that the estimated average cost or value of any utility varies substantially according to the size of unit, the Local Authority should establish cost or values related to unit sizes. Amounts so determined are deducted from Gross Rent to establish Contract Rent.

5. Other Charges. It is recommended that other charges be based on the following policies:

a. Excess Utility Charges. Where gas or electricity is supplied by the project for use in the dwelling and where Public Service Commission regulations permit, charges should be made for quantities used in excess of amounts included in the Contract Rent, unless the Local Authority determines that the cost of administration will be greater than the additional income to be derived. Such charges should be established at not less than the cost to the project.

b. Miscellaneous Charges. Tenants should be charged for (1) damages to equipment or property due to tenants' negligence, normal wear and tear excepted, and (2) supplies provided or services rendered which are not included in the Contract Rent. Such charges should approximate the cost of providing the item or service and should be published for the information of all tenants.

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6. Factors To Be Considered in Formulating a Rent Schedule

a. In establishing a rent schedule in accordance with the foregoing provisions, the Local Authority must formulate a schedule which will result in sufficient rental income to ensure the financial solvency of each Contract. To ensure the solvency of each such group of projects, it is obvious that the aggregate Contract Rent to be obtained from the tenants occupying them must at least equal the total Lowest Possible Contract Rent of all the projects in such group. (See Section 405.3.)

b. Before a rent schedule can be set up, the Local Authority must act on each of the following matters:

- (1) Determine upon income limits for admission and for continued occupancy (see Section 404.1);
- (2) Decide upon the ratio of Gross Rent to income, establish policy with respect to the minimum Gross Rent to be charged tenants, and the rent interval to be used in the schedule (see paragraph 4 above);
- (3) Establish the cost or value of tenant-supplied utilities, if any, to determine the specific Contract Rents which will be charged tenants in all instances when Contract Rents differ from Gross Rents.

7. Determining Monthly Contract Rent. After the Local Authority has completed the actions specified in paragraph 6b above, it shall prepare a tentative schedule. In order to make a determination with respect to the financial feasibility of this tentative schedule for each Contract, the Local Authority must forecast the monthly Contract Rent which will be produced. The procedures to be followed in making such calculations may vary for individual projects covered by the Contract depending upon whether the forecast of monthly Contract Rent is being made with respect to projects under construction or with respect to projects in occupancy. Procedures for each type of forecast follow:

a. Projects Under Construction

(1) This paragraph establishes the procedures to be followed in estimating monthly Contract Rent for projects not yet occupied. In this situation, the Local Authority must necessarily base its forecast of future rental income on potential tenants. Since it is presumed that tenant families living in substandard housing will make up the bulk of eligible applicants, the calculation of average monthly Contract Rent shall be based on data relating to such families. These data are available to the Local Authority through Special Census Tabulations or through Special Housing Surveys. For projects not yet occupied, the estimate of rental income does not include any revenue which may be derived from families in continued

(Cont'd)

occupancy grades since from the time initial tenant selection is completed until at least the time of the first periodic reexamination, the only predictable income available to meet operating expenses will be that from families eligible for admission.

(2) The use of survey data becomes extremely involved and complicated if an attempt is made to set up for a low-rent project a distribution of dwelling units to rent grades related to families of different sizes. Therefore, families of average size should be assumed to be representative as to income of all families to be housed, and computations to establish a distribution of project dwelling units according to tenants' incomes and related rents should be based on such average size families. Tenant families in substandard housing have on the average about two minors; thus, the average size family to be housed may be assumed to consist of four persons (2 adults and 2 minors). For the purposes of these computations, the following further assumptions are made: (i) that families will apply for admission with equal readiness from all income levels, and (ii) that families will be selected in direct proportion to their respective numbers in each income level. If any project will not be available to all races the data used in making the estimate of income for that project must be based on data applicable to the racial group to be served by the project.

(3) Where special field surveys of housing, e.g. the Community Housing Survey (see Section 204.2) or the Family Income and Rent Survey (see Section 404.2) are more current than Census data, the survey data should be used. However, where current special surveys are not available Census data may be adjusted as outlined in paragraph (3)(c) below. The following is an illustrative example of the method of forecasting monthly Contract Rent from 1950 Census data relating to a locality:

(a) Assume an instance in which the Special Census Tabulation gives for the locality the following distribution by incomes of all tenants' families living in substandard housing:

<u>Annual Income</u>	<u>All Families</u> Percent
\$999 or less	2.0%
1000 to 1249	4.8
1250 to 1499	3.4
1500 to 1749	10.9
1750 to 1999	12.5
2000 to 2249	12.1
2250 to 2499	10.4
2500 to 2749	9.4
2750 to 2999	6.7
3000 to 3999	18.5
4000 to 4999	7.0
5000 or more	2.3
	<u>100.0</u>

(Cont'd)

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- (b) To determine the portion of the distribution applicable to the admission of tenants, assume that the admission income limit for a 3-4 person family has been established at \$3000. Therefore, the highest Net Family Income which the average size family may have and be eligible for admission, not taking into account any exemptions from such Net Family Income other than \$100 for each of two minors $\frac{1}{2}$, would be \$3200 (3000 plus \$200). The cut-off point to be used is the top of the income interval nearest to such Net Family Income. In this case the top of the closest income interval would be \$3249. However, Census data intervals change from \$250 to \$1000 at the \$3000 income level and it is necessary to interpolate. \$3249 is one-fourth of the way between \$3000 and \$3999. Reference to the example of the Special Census Tabulation above reveals that 18.5 percent of all tenant families living in substandard housing have incomes within the \$3000 to \$3999 interval. For our purpose we can assume that the families are distributed equally throughout the interval. Therefore, we interpolate by taking one-fourth of 18.5 percent, or 4.6 percent. In other words, we conclude that 4.6 percent of the families in that interval have incomes between \$3000 and \$3249.
- (c) The next step is to adjust the percentages in the distribution below the cut-off point so they more nearly reflect the current distribution of families to the various income levels. Current information on renter families living in substandard housing is not generally available. However, Current Population Reports of the Bureau of the Census list the changes in income given below for 1956, for all families in the United States. Although it is not entirely accurate to assume that the rate of change for renter families living in substandard housing parallels that of all families, nor that such rate of change is the same for all localities, it is felt that in most instances adjustments made on that basis will result in distributions which are more nearly correct than those based on unadjusted 1950 Census data. Local Authorities who do not have current special housing surveys should make the adjustments outlined herein unless they can show that such adjustments are not applicable to their localities.

(Cont'd)

1/ This disregards the exemptions authorized by the Housing Act of 1957. If the State law permits such exemptions and if the Local Authority wishes to allow any or all of them such situations will have to be handled on a case basis.

Distribution of all Families
by Income Groups
1956 as Percent of 1950

<u>Income</u>	
Under \$999	56.5%
1000 to 1499	71.0
1500 to 1999	64.5
2000 to 2499	56.7
2500 to 2999	57.3
3000 to 3499	53.4
3500 to 3999	70.0
4000 to 4499	101.3
4500 to 4999	121.0

<u>Income</u>	<u>Census Data for 1950</u>	<u>1956 as Percent of 1950</u>	<u>Adjusted Census Data</u>
\$999 or less	2.0%	56.5%	1.1%
1000 to 1249	4.8	71.0	3.4
1250 to 1499	3.4	71.0	2.4
1500 to 1749	10.9	64.3	7.0
1750 to 1999	12.5	64.3	8.0
2000 to 2249	12.1	56.7	6.9
2250 to 2499	10.5	56.7	6.0
2500 to 2749	9.4	57.3	5.4
2750 to 2999	6.7	57.3	3.8
3000 to 3249	4.6	53.4	2.5

(d) The next step is to convert the adjusted percentages in the distribution below the cut-off point to a 100 percent total and to distribute project dwelling units in proportion to the resulting percentages as follows:

<u>Income</u>	<u>Adjusted Data</u>	<u>46.5% Converted to 100%</u>	<u>Distribution of Units for Assumed 200 Unit Projects</u>
\$999 to less	1.1%	2.4%	5
1000 to 1249	3.4	7.3	15
1250 to 1499	2.4	5.2	10
1500 to 1749	7.0	15.0	30
1750 to 1999	8.0	17.2	34
2000 to 2249	6.9	14.8	30
2250 to 2499	6.0	12.9	26
2500 to 2749	5.4	11.6	23
2750 to 2999	3.8	8.2	16
3000 to 3249	2.5	5.4	11
	<u>46.5</u>	<u>100.0</u>	<u>200</u>

(Cont'd)

(e) Compute the monthly Contract Rent that would be produced through application of the tentatively proposed rent schedule by relating the numbers of families in the various income groups to the appropriate rents. In the illustration being used here, the proposed rent schedule is derived from the exhibit to Section 405.2 with the assumptions that the Local Authority has proposed to establish a \$25 minimum Gross Rent and that the estimated value of tenant-supplied utilities averages \$6.00 per unit per month. The illustrative computations are as follows:

<u>Income Group</u>	<u>Gross Rent Associated With Midpoint of Each Income Group 1/</u>	<u>Number of Units</u>	<u>Total Monthly Gross Rent</u>
\$1749 or less	\$25 (Min.)	60	\$1500
1750 to 1999	28	34	952
2000 to 2249	33	30	990
2250 to 2499	36	26	936
2500 to 2749	41	23	943
2750 to 2999	45	16	720
3000 to 3249	49	<u>11</u>	<u>539</u>
		200	\$6580
Total Monthly Value of Tenant-supplied Utilities (6.00 x 200 units)			<u>1200</u>
Total Monthly Contract Rent			\$5380

(4) Where estimates of rental income are being made for two or more unoccupied projects under a single Annual Contributions Contract and such projects will serve the same racial group or groups, a single estimate of income may be made based on the total number of units in such projects.

(5) In forecasting monthly Contract Rent in accordance with the procedures illustrated above, the Local Authority should use Special Census Tabulations or the results of Special Surveys. Where these are not available for a locality, the Local Authority may obtain assistance from the PHA Regional Office in estimating the distribution to be used.

b. Occupied Projects

(1) This paragraph establishes the procedures to be followed in estimating monthly Contract Rent to be derived in an occupied project. In such project it may be assumed that the Local Authority can base
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1/ It will be noted, by reference to the Exhibit that these represent the rents appropriate to the "average" family of 2 adults and 2 minors.

its forecast of future rental income largely on eligible families now living in the project. Using data which are available in its own files of tenant records, the Local Authority should first calculate the total monthly Contract Rent which would be obtained from families eligible for continued occupancy on the basis of the tentative schedule. Where the project or projects for which the rent schedule is being formulated have a total of not more than 250 dwelling units, all eligible tenants shall be included in the estimate of monthly Contract Rent. In a larger program, if the Local Authority elects to base its estimate on a representative sample of eligible tenants, such sample should not be smaller than 250 cases or 15% of the total number of eligible tenants, whichever figure is the greater.

(2) To the total monthly Contract Rent to be obtained from units occupied by eligible families should be added the total monthly Contract Rent which would be obtained from all units now vacant or occupied by ineligible families. This estimate should be based on the assumption that such units will be filled by families distributed so as to reflect a cross-section of families living in substandard housing whose incomes are within the income limits for admission. However, where the number of such units represents only a small proportion of all the units in the project, as is usually the case, this calculation may be simplified by multiplying the number of such units by the rent which is midway between the minimum rent and the rent applicable to a family of average size with an income corresponding to the approximate maximum income limit for admission.

8. Determining the Financial Feasibility of the Proposed Rent Schedule. The financial feasibility of the proposed schedule with respect to any Contract may be considered by the Local Authority to be established if the total monthly Contract Rent, as forecast through the appropriate method, is found to be not less than the total Lowest Possible Contract Rent. If solvency is ensured for each Contract, the proposed schedule is financially feasible and may be submitted to the PHA for approval. If the solvency of one or more Contracts would be jeopardized through application of the proposed schedule, further action on the part of the Local Authority will be necessary to formulate a feasible schedule.
9. Actions To Be Taken When the Proposed Schedule is Found To Be Not Financially Feasible. If for any Contract the tentatively proposed schedule would produce insufficient income to ensure the solvency of such Contract, the Local Authority must determine upon suitable action that will ensure obtaining the required income. This may be accomplished by one or more of the following actions:

a. Adjustment of Distribution of Units

- (1) The first type of possible adjustment is to vary the distribution of families to be selected for occupancy from a typical cross section

(Cont'd)

of such families. Given below are the standards which should be followed in making this type of adjustment.

(a) In order to maintain reasonable representation throughout all rental ranges, the number of units in any rent range should not be reduced by more than one-half.

(b) When it is necessary to adjust the distribution, of course no more units may be shifted to any rental range than can be expected to be filled promptly from families who would fall within such range. Accordingly, the number of units in any rent range should not be more than 50% of the number of tenant families living in substandard housing whose incomes are such that they would pay rents falling in such range, except that the number may be more than 50% when the Local Authority justifies the larger number on the grounds of insufficient coverage of survey data or other factors.

(2) The following is an example of how the adjustment is made: Suppose, using the data from paragraph 7a(3)(e) above it was found that the Lowest Possible Monthly Contract Rent was \$5,950 for the 200-unit project as against \$5,380 monthly Contract Rent from the proposed schedule, a deficit of \$570 which has to be made up. The total monthly Gross Rent required is then \$6,580 plus \$570 or \$7,150. The average Gross Rent in the original schedule is \$32.90 per unit per month whereas it is necessary to achieve an average Gross Rent of \$35.75. Assume further that there are 980 tenant families living in substandard housing within the income limits for the locality.

<u>Income Groups</u>	<u>Gross Rent</u>	<u>Units Proposed Schedule</u>	<u>Minimum Potential Applicants</u>	<u>Adjusted Distribution</u>	<u>Total Monthly Gross Rent</u>
1. \$1749 or less	\$25	60	263	30	\$ 750
2. 1750 to 1999	28	34	157	25	700
3. 2000 to 2249	33	30	150	30	990
4. 2250 to 2499	36	26	140	41	1476
5. 2500 to 2749	41	23	140	38	1558
6. 2750 to 2999	45	16	100	21	945
7. 3000 to 3249	49	<u>11</u>	<u>30</u>	<u>15</u>	<u>735</u>
		<u>200</u>	<u>980</u>	<u>200</u>	<u>\$ 7154</u>

(3) Although there are numerous ways in which the necessary adjustment can be made, it is clear that it must come from the very lowest grades. Accordingly, the lowest grade was reduced by 50 percent or 30 units, and 9 units were taken from the next grade, making a total of 39 units to be shifted above the average; 15 of these were placed

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on line 4, 15 were placed on line 5, 5 units were placed on line 6 and 4 were placed on line 7. Note that no more units could have been placed on line 7 because the 15 units are already 50 percent of the 30 minimum potential applicants.

(4) Whenever upward adjustments in the distribution are necessary with respect to any contract, a downward adjustment in other Contracts should be made, if financially feasible, so that the entire program may serve a representative cross section of low-income families.

b. Adjustment of Rent-Income Ratios

(1) If it is necessary to achieve financial solvency, consideration should be given to moderate increases in the rent-income ratio. For example, increase the ratio of rent to income to a higher percentage such as 21.8% (\$1.00 of rent for each \$55 of Net Family Income less exemptions established for minors).

(2) It must be noted that any upward adjustment of the rent-income ratio will in almost all cases reduce the number of families who will probably apply for housing. Whenever the ratio of potentially eligible families to the units to be occupied is low, extreme caution must be exercised in increasing the rent-income ratio.

c. Adjustment of Income Limits for Admission. If the Local Authority had chosen to establish maximum income limits for admission less than those that could be justified in accordance with Section 404.1, it may request an upward revision of such limits to achieve financial solvency. This should not be done if solvency can be achieved by reasonable adjustment of distribution and rent-income ratios.

d. Adjustment of Minimum Rent. Minimum rents should meet the requirements of paragraph 4d. Thereafter, further adjustment should be resorted to only after exhausting all of the above adjustments.

Authorization of Additional Exemptions From Income in Establishing Rents

1. Introduction

a. This Supplement is applicable only to Local Authorities which, if permitted under State law, elect to allow any or all of the additional exemptions authorized under the Housing Act of 1957 to be made from the net incomes of families in determining the rents they shall pay in low-rent housing.

b. This Supplement, until rescinded, waives contract provisions to the extent necessary to permit any Local Authority, at its option, in making determinations of rent, to allow additional exemptions from Net Family Income as specified in paragraph 3 below, Provided: That, for rental purposes, no exemptions may be allowed which will (1) result in a rent which would be less than the minimum required under applicable State laws, or (2) jeopardize project solvency. In establishing the exemption policy for rental purposes Local Authorities may elect to use an amount which is less than the authorized maximum.

2. Uniformity of Application. Exemption allowances shall be uniformly applied to all applicants and tenants of like circumstances.

3. Additional Exemptions for Determining Rent at Admission and for Continued Occupancy 1/. Subject to the proviso in paragraph 1 above the following exemptions in addition to that authorized in paragraph 3a of Section 405.1 may be made for rental purposes:

a. An amount not in excess of \$100 for each adult dependent family member, other than the head and his spouse, having no income; and

b. An amount not in excess of \$600 of the income 2/ of each family member (adult or minor 3/) other than the principal income recipient, Provided: That for minor family members there may not be allowed both an exemption from income and the \$100 exemption authorized by paragraph 3a of Section 405.1.

(Cont'd)

1/ Exhibit 1 to Supplement 1 of Section 403.1 sets forth exemptions permitted under the U. S. Housing Act as amended (1957) in determining rent and eligibility for admission and continued occupancy.

2/ This means the income remaining to a member after any deductions in connection with such income were taken into account in determining Net Family Income.

3/ Amounts paid to a family head or guardian specifically for the care of minors and over which minors have no control are not exemptible as minors' income in determining rent (see footnote 3 on page 1 of Supplement 1 to Section 403.1).

4. Revision of Schedules of Rent To Reflect Additional Exemptions

a. If a Local Authority elects to allow these additional exemptions for rent, a revision of its Schedule of Rents to reflect such exemptions is required and is subject to approval by the PHA before being put into effect. It is expected that allowance of additional exemptions will result in an immediate reduction in project income. Therefore, an estimate of the amount of reduction resulting from the application of the proposed exemptions to the existing tenant body together with a Demonstration of Financial Feasibility, as prescribed in Sections 405.1 and 405.2, must accompany the proposed revision.

b. Where State law does not prescribe any minimum rent-income ratio or if such law has been amended to authorize the additional exemptions, a table of rents may be prepared by one of the following methods:

- (1) If the Local Authority elects to allow any or all of the additional exemptions the table of rents should provide for a single income column, Net Income less allowable exemptions $\frac{1}{5}$, and a Gross Rent column. Such a table should be based on the rent-income ratio (20%, 21.5%, etc.) adopted by the Local Authority.
- (2) If a Local Authority's present table of rents is based on the number of minors (similar to the Exhibits in Section 405.2) and it elects to allow in addition to the present \$100 exemption for minors, only the \$100 exemption for each adult dependent having no income (other than the head of the family and spouse), the schedule may be revised to reflect the added exemption for dependents merely by redesignating the present "Minors" column as "Minors and Dependents."

c. Where State law does not permit the use of the additional exemptions but prescribes a rent-income ratio of less than $\frac{1}{5}$ for some or all families, it will be necessary to prepare two tables of rent as follows:

One table should reflect the Federal law and should be prepared on the basis of net income after exemptions as described in paragraph 4b(1) above. The other should reflect the State law. If the State law permits ratios of $\frac{1}{5}$ th for families with less than three dependents and $\frac{1}{6}$ th for three or more but does not authorize any exemptions the State law table would consist of a net income column (before exemptions) and two gross rent columns, one based on $\frac{1}{5}$ th and the other on $\frac{1}{6}$ th. If the State law permits a single ratio of less than $\frac{1}{5}$ th for all families only one rent column would be necessary. The rent to be charged a family will be the higher of the two obtained by applying (1) the income for rent (net after exemptions) to the Federal table, and (2) the Net Income (before exemptions) to the State table.

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1/ Supplements 1 to Exhibits 1 of Sections 408.1 and 410.1, the Application for Admission by Prospective Tenant and Application for Continued Occupancy by Tenant, respectively, provide a means of arriving at income after exemptions.

d. Each Regional Office will provide assistance as needed in connection with special problems encountered in revising Schedules of Rents. Care must be taken in all cases to ensure that each schedule will comply in all respects with rent-income ratios prescribed by Federal and State laws.

Preparation and Approval of Schedule of Rents

1. Submission and Approval

a. In order to obtain the approval of the PHA, the Local Authority shall submit to the PHA an original and two copies of the following:

- (1) Schedule of Rents. This schedule is to be prepared in the form shown as Exhibit 1.
- (2) Demonstration of Financial Feasibility. For each group of projects under one contract, a Demonstration of Financial Feasibility including for each project (i) an estimate of Lowest Possible Contract Rent (See Section 405.3) and (ii) an estimate of the Contract Rent which would be obtained by use of the schedule. This submittal is to be prepared in the form shown as Exhibit 5.

b. Revisions to previously approved documents shall be submitted in the same manner except that if no reduction in income is involved the Demonstration of Financial Feasibility may be omitted.

c. The PHA will return one copy of the Schedule of Rents with its approval. No proposed Schedule of Rents or revision thereof may be put into effect until a formal notice of approval by the PHA is received. The Local Authority shall notify the PHA of the date the schedule or revision thereof is put into effect.

d. Ordinarily there should be included in the submission only projects which are under construction or which are occupied. However, if in any group of projects under one contract there are also one or more projects for which construction contracts have not been awarded and there is reason to believe that the revenue to be obtained from such projects will be less than the Lowest Possible Contract Rents for such projects, then such projects must be included in the submission. In such case, the estimate of Lowest Possible Contract Rent in Part VIII of the Development Program should be used in lieu of an estimate prepared in accordance with the instructions in this Section.

e. When a new project is to be opened for occupancy and the Local Authority has, pursuant to this Section, previously obtained approval of a rent schedule for its other projects, then in order to apply such schedule to the new project the Local Authority need only submit the following:

- (1) A Demonstration of Financial Feasibility covering the new project only except that if the new project is not itself financially feasible the demonstration must cover all the projects included in the contract.
- (2) Items 2, 3, and 4 of the Schedule of Rents for the new project. If any of these items are the same as for any projects for which a Schedule of Rents has been approved, this may be done by reference.

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2. Preparation of the Schedule of Rents

a. A single Schedule of Rents (see Exhibit I for illustrative example) may be prepared to cover all PHA-aided low-rent projects which are operated by a Local Authority. However, when two or more projects are included in one schedule, data which are not uniformly applicable to all projects shall be given separately and the project to which they apply shall be clearly labeled.

b. The Schedule of Rents must contain details with respect to each of the following items:

- (1) Table of Gross Rents. The table should start at the minimum Gross Rent and should extend at least to and preferably somewhat beyond the Gross Rents which would be charged a family receiving no exemptions for the income of minors and no exemptions for military disability or death benefits and whose income is equal to the maximum income limit for continued occupancy for the largest size family to be housed. To assist Local Authorities in preparing such tables, there are included, as exhibits, examples of tables which may be used as follows:
 - (a) Example 1. (included in Exhibit 1) Where the State law conforms to the Federal law with respect to the ratio of Gross Rent to income or where the State law has no provisions in this respect and the Local Authority has determined that it will establish the lowest ratio of Gross Rent to income permitted by the Federal law.
 - (b) Example 2. (See Exhibit 2) Where the State law requires a 5 to 1 ratio of income to Gross Rent for families with less than three minors and a 6 to 1 ratio for families with three or more minors and the Local Authority has determined that it will establish the lowest Gross Rents permitted by the Federal law to the extent that such rents are not less than the lowest Gross Rents permitted by the State law.
 - (c) Example 3. (See Exhibit 3) Where the State law conforms to the Federal law with respect to the ratio of Gross Rent to income or where the State law has no provisions in this respect and the Local Authority has determined that it will establish Gross Rent at 21.8% of income less \$100 for each minor.

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- (d) Example 4. (See Exhibit 4) Where the State law requires a 5 to 1 ratio of income to Gross Rent for families with less than three minors and a 6 to 1 ratio for families with three or more minors and the Local Authority has determined that it will establish Gross Rents at 21.8% of income less \$100 for each minor to the extent that such rents are not less than the lowest Gross Rents permitted by the State law.

The table of Gross Rents must also include a statement showing the method of determining the Gross Rents for families whose net incomes exceed the highest net income shown in the table. In the event the Local Authority charges ineligibles, pending their removal, a higher ratio of rent than is charged eligible tenants, the method of computing rents for ineligibles should also be shown. It should be noted in Examples 3 and 4 that the basic ratio is set at 21.8% and that all other ratios are raised above those in examples 1 and 2. It should not be inferred from these examples that it is not possible to raise the ratio for 0-minor families without raising the ratio for families with minors accordingly. In example 3 it would be possible (see Exhibit 3) to have \$825 (21.8%) for 0 minors at a \$15 rent but to have \$1000 for 1 minor, \$1100 for 2 minors, etc. This would be a combination of Examples 1 and 3.

- (2) Contract Rent. If the Contract Rent differs from Gross Rent, the method of computing Contract Rent for each project should be shown.
- (3) Ceiling Rents. In the event ceiling rents are established, the highest Contract Rent to be charged for each unit size should be shown for each project with appropriate phrasing to indicate whether the project is subject to rent control or whether the Local Authority has elected to limit the highest rents which it will charge to figures not less than the rents being charged for comparable accommodations privately owned.
- (4) Project Supplied Utilities. The Local Authority should show the utilities included in the Contract Rent. For gas and electricity there should also be shown the purpose for which the utility is furnished and the quantities to be supplied.
- (5) Excess Utility Charges. Where gas or electricity is supplied by the project for use in the dwelling, the Schedule of Rents should include in this section for each such utility the method of

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determining the quantity used in excess of the amounts included in the Contract Rent and the rates at which charges are to be made for such excess. If the Local Authority determines that the cost of administration will be greater than the additional income to be derived or if Public Service Commission regulations prohibit such charges, a statement to this effect should be included in lieu of the amounts to be charged.

- (6) Welfare Rents. In the event the Local Authority has entered into special agreements with relief agencies by which the relief agencies agree to include a flat amount for rent in the family budgets, the rentals agreed upon should be shown.

3. Preparation of the Demonstration of Financial Feasibility. A Demonstration of Financial Feasibility must be prepared for each group of projects under one contract and shall include the following data.

- a. Summary. The summary shall indicate for each project and in aggregate the total Lowest Possible Monthly Contract Rent and the total estimated monthly Contract Rent.
- b. Estimates of Lowest Possible Contract Rent. An estimate of Lowest Possible Contract Rent shall be included for each Project. Instructions for preparation of such estimates are included in Section 405.3.
- c. Estimates of Total Monthly Contract Rent. An estimate of total monthly Contract Rent shall be included for each Project. Instructions for preparation of such estimates are included in Section 405.1.

SCHEDULE OF RENTS

Project Numbers

Example 1

Name of Local Authority _____ Date: _____

1. Table of Gross Rents. This table is used solely for determining rent and not for determining eligibility. (This is an example of a schedule of Gross Rents which may be established where the State law conforms to the Federal law with respect to the ratio of Gross Rent to income or where the State law has no provisions in this respect and the Local Authority has determined that it will establish the lowest ratio of Gross Rent to income permitted by the Federal law. (See Exhibits 2, 3, and 4 for alternate examples of Tables of Gross Rents).

Monthly Gross Rent	HIGHEST ANNUAL NET FAMILY INCOME FOR RENT SHOWN							
	0 Minors	1 Minor	2 Minors	3 Minors	4 Minors	5 Minors	6 or More Minors	
15	900	1000	1100	1200	1300	1400	1500	
16	960	1060	1160	1260	1360	1460	1560	
17	1020	1120	1220	1320	1420	1520	1620	
18	1080	1180	1280	1380	1480	1580	1680	
19	1140	1240	1340	1440	1540	1640	1740	
20	1200	1300	1400	1500	1600	1700	1800	
21	1260	1360	1460	1560	1660	1760	1860	
22	1320	1420	1520	1620	1720	1820	1920	
23	1380	1480	1580	1680	1780	1880	1980	
24	1440	1540	1640	1740	1840	1940	2040	
25	1500	1600	1700	1800	1900	2000	2100	
26	1560	1660	1760	1860	1960	2060	2160	
27	1620	1720	1820	1920	2020	2120	2220	
28	1680	1780	1880	1980	2080	2180	2280	
29	1740	1840	1940	2040	2140	2240	2340	
30	1800	1900	2000	2100	2200	2300	2400	
31	1860	1960	2060	2160	2260	2360	2460	
32	1920	2020	2120	2220	2320	2420	2520	
33	1980	2080	2180	2280	2380	2480	2580	
34	2040	2140	2240	2340	2440	2540	2640	
35	2100	2200	2300	2400	2500	2600	2700	
36	2160	2260	2360	2460	2560	2660	2760	
37	2220	2320	2420	2520	2620	2720	2820	
38	2280	2380	2480	2580	2680	2780	2880	
39	2340	2440	2540	2640	2740	2840	2940	
40	2400	2500	2600	2700	2800	2900	3000	
41	2460	2560	2660	2760	2860	2960	3060	
42	2520	2620	2720	2820	2920	3020	3120	

(Cont'd)

1. Table of Gross Rents (Cont'd)

Monthly Gross Rent	HIGHEST ANNUAL NET FAMILY INCOME FOR RENT SHOWN						
	0 Mino.	1 Minor	2 Minors	3 Minors	4 Minors	5 Minors	6 or More Minors 1/
43	2580	2680	2780	2880	2980	3080	3180
44	2640	2740	2840	2940	3040	3140	3240
45	2700	2800	2900	3000	3100	3200	3300
46	2760	2860	2960	3060	3160	3260	3360
47	2820	2920	3020	3120	3220	3320	3420
48	2880	2980	3080	3180	3280	3380	3480
49	2940	3040	3140	3240	3340	3440	3540
50	3000	3100	3200	3300	3400	3500	3600

families with incomes in excess of those shown above will be charged an additional \$1.00 per month for every additional \$60 of annual Net Family Income or part thereof.

2. Contract Rent. Project _____: Contract Rent per month is established at \$ _____ less than Gross Rent which represents the estimated average cost, or value, of tenant supplied utilities as follows:

<u>Utility</u>	<u>Monthly Cost or Value</u>	<u>Purpose</u>
(Oil) _____	\$ _____	(space heating) _____
_____	_____	_____
_____	_____	_____
Total _____	\$ _____	_____

Project _____: Contract Rent includes all utilities and equals Gross Rent.

3. Ceiling Rents. In no event shall the Contract Rents exceed the following amounts (which are the ceiling rents registered under rent control) (which have been determined as the rents of comparable privately owned housing in this locality):

Project _____	Project _____
1-BR _____	1-BR _____
2-BR _____	2-BR _____
3-BR _____	3-BR _____
	4-BR _____

(Cont'd)

1/ The Local Authority may stop its schedule at less than 6 minors or extend it beyond 6 minors to conform with the size of family who will occupy the largest unit in the local program.

4. Project Supplied Utilities.

Project _____

(Gas for cooking and water heating and electricity for lighting and refrigeration in the following quantities will be furnished and included in the Contract Rent:)

Utility	Period	Maximum Quantity Allowed Per Quarter by Size of Dwelling		
		1-BR	2-BR	3-BR
Gas (cu.ft.)	Jan.Feb.Mar.	_____	_____	_____
	Apr.May June	_____	_____	_____
	July Aug.Sept.	_____	_____	_____
	Oct.Nov.Dec.	_____	_____	_____
Electricity (KWH)	Jan.Feb.Mar.	_____	_____	_____
	Apr.May June	_____	_____	_____
	Jul.Aug.Sept.	_____	_____	_____
	Oct.Nov.Dec.	_____	_____	_____

Project _____

(Space and water heating and gas for cooking and electricity for lighting and refrigeration in the following quantities will be furnished and included in the Contract Rent:)

Utility	Period	Maximum Quantity Allowed Per Quarter by Size of Dwelling			
		1-BR	2-BR	3-BR	4-BR
Gas (cu.ft.)	Jan.Feb.Mar.	_____	_____	_____	_____
	Apr.May June	_____	_____	_____	_____
	Jul.Aug.Sept.	_____	_____	_____	_____
	Oct.Nov.Dec.	_____	_____	_____	_____
Electricity (KWH)	Jan.Feb.Mar.	_____	_____	_____	_____
	Apr.May June	_____	_____	_____	_____
	Jul.Aug.Sept.	_____	_____	_____	_____
	Oct.Nov.Dec.	_____	_____	_____	_____

(Cont'd)

5. Excess Utility Charges. Tenants will be charged for utilities used in excess of the amounts specified in paragraph 4, above.

<u>Utility</u>	<u>Rate</u>	<u>Method of Determining Excess Use</u>
Gas	\$ ___ for each ___ cubic _____	(Quarterly reading of check _____
	feet or fraction thereof	meters of all units) _____
Electricity	\$ ___ for each ___ Kilowatt _____	(Quarterly reading of check _____
	hour or fraction thereof	meters of all units) _____

Example 2 of Table of Gross Rents

1. Table of Gross Rents. This table is used solely for determining rent and not for determining eligibility. (This is an example of a Schedule of Gross Rents which may be established where the State law requires a 5 to 1 ratio of net income to Gross Rent for families with less than 3 minors and a 6 to 1 ratio for families with 3 or more minors and the Local Authority has determined that it will establish the lowest Gross Rents permitted by the Federal law to the extent that such rents are not less than the lowest Gross Rents permitted by the State law.)

Monthly Gross Rent	HIGHEST ANNUAL NET FAMILY INCOME FOR RENT SHOWN							
	0 Minors	1 Minor	2 Minors	3 Minors	4 Minors	5 Minors	6 or More Minors	1/
15	900	900	900	1080	1080	1080	1080	
16	960	960	960	1152	1152	1152	1152	
17	1020	1020	1020	1224	1224	1224	1224	
18	1080	1080	1080	1296	1296	1296	1296	
19	1140	1140	1140	1368	1368	1368	1368	
20	1200	1200	1200	1440	1440	1440	1440	
21	1260	1260	1260	1512	1512	1512	1512	
22	1320	1320	1320	1584	1584	1584	1584	
23	1380	1380	1380	1656	1656	1656	1656	
24	1440	1440	1440	1728	1728	1728	1728	
25	1500	1500	1500	1800	1800	1800	1800	
26	1560	1560	1560	1860	1872	1872	1872	
27	1620	1620	1620	1920	1944	1944	1944	
28	1680	1680	1680	1980	2016	2016	2016	
29	1740	1740	1740	2040	2088	2088	2088	
30	1800	1800	1800	2100	2160	2160	2160	
31	1860	1860	1860	2160	2232	2232	2232	
32	1920	1920	1920	2220	2304	2304	2304	
33	1980	1980	1980	2280	2376	2376	2376	
34	2040	2040	2040	2340	2440	2448	2448	
35	2100	2100	2100	2400	2500	2520	2520	
36	2160	2160	2160	2460	2560	2592	2592	
37	2220	2220	2220	2520	2620	2664	2664	
38	2280	2280	2280	2580	2680	2736	2736	
39	2340	2340	2340	2640	2740	2808	2808	
40	2400	2400	2400	2700	2800	2880	2880	

(Cont'd)

Monthly Gross Rent	HIGHEST ANNUAL NET FAMILY INCOME FOR RENT SHOWN						
	0 Minors	1 Minor	2 Minors	3 Minors	4 Minors	5 Minors	6 or More Minors ^{1/}
41	2460	2460	2460	2760	2860	2952	2952
42	2520	2520	2520	2820	2920	3020	3024
43	2580	2580	2580	2880	2980	3080	3096
44	2640	2640	2640	2940	3040	3140	3168
45	2700	2700	2700	3000	3100	3200	3240
46	2760	2760	2760	3060	3160	3260	3312
47	2820	2820	2820	3120	3220	3320	3384
48	2880	2880	2880	3180	3280	3380	3456
49	2940	2940	2940	3240	3340	3440	3528
50	3000	3000	3000	3300	3400	3500	3600

All families with incomes in excess of those shown above will be charged an additional \$1.00 per month for every additional \$60 of net annual income or part thereof.

(Cont'd)

^{1/} The Local Authority may stop its schedule at less than 6 minors or extend it beyond 6 minors to conform with the size of the family which will occupy the largest unit in the local program.

Example 3 of Table of Gross Rents

1. Table of Gross Rents. This table is used solely for determining rent and not for determining eligibility. (This is an example of a schedule of Gross Rents which may be established where the State law conforms to the Federal law with respect to the ratio of Gross Rent to income or where the State law has no provisions in this respect and the Local Authority has determined that it will establish Gross Rent at 21.8% of income less \$100 for each minor.)

Monthly Gross Rent	HIGHEST ANNUAL NET FAMILY INCOME FOR RENT SHOWN							
	0 Minors	1 Minor	2 Minors	3 Minors	4 Minors	5 Minors	6 or More Minors	1/
15	825	925	1025	1125	1225	1325	1425	
16	880	980	1080	1180	1280	1380	1480	
17	935	1035	1135	1235	1335	1435	1535	
18	990	1090	1190	1290	1390	1490	1590	
19	1045	1145	1245	1345	1445	1545	1645	
20	1100	1200	1300	1400	1500	1600	1700	
21	1155	1255	1355	1455	1555	1655	1755	
22	1210	1310	1410	1510	1610	1710	1810	
23	1265	1365	1465	1565	1665	1765	1865	
24	1320	1420	1520	1620	1720	1820	1920	
25	1375	1475	1575	1675	1775	1875	1975	
26	1430	1530	1630	1730	1830	1930	2030	
27	1485	1585	1685	1785	1885	1985	2085	
28	1540	1640	1740	1840	1940	2040	2140	
29	1595	1695	1795	1895	1995	2095	2195	
30	1650	1750	1850	1950	2050	2150	2250	
31	1705	1805	1905	2005	2105	2205	2305	
32	1760	1860	1960	2060	2160	2260	2360	
33	1815	1915	2015	2115	2215	2315	2415	
34	1870	1970	2070	2170	2270	2370	2470	
35	1925	2025	2125	2225	2325	2425	2525	
36	1980	2080	2180	2280	2380	2480	2580	
37	2035	2135	2235	2335	2435	2535	2635	
38	2090	2190	2290	2390	2490	2590	2690	
39	2145	2245	2345	2445	2545	2645	2745	
40	2200	2300	2400	2500	2600	2700	2800	

(Cont'd)

Monthly Gross Rent	HIGHEST ANNUAL NET FAMILY INCOME FOR RENT SHOWN							
	0 Minors	1 Minor	2 Minors	3 Minors	4 Minors	5 Minors	6 or More Minors	1/
41	2255	2355	2455	2555	2655	2755	2855	
42	2310	2410	2510	2610	2710	2810	2910	
43	2365	2465	2565	2665	2765	2865	2965	
44	2420	2520	2620	2720	2820	2920	3020	
45	2475	2575	2675	2775	2875	2975	3075	
46	2530	2630	2730	2830	2930	3030	3130	
47	2585	2685	2785	2885	2985	3085	3185	
48	2640	2740	2840	2940	3040	3140	3240	
49	2695	2795	2895	2995	3095	3195	3295	
50	2750	2850	2950	3050	3150	3250	3350	

All families with incomes in excess of those shown above will be charged an additional \$1.00 per month for every additional \$55 of net annual income or part thereof.

(Cont'd)

1/ The Local Authority may stop its schedule at less than 6 minors or extend it beyond 6 minors to conform with the size of the family which will occupy the largest unit in the local program.

Example 4 of Table of Gross Rents

1. Table of Gross Rents. This table is used solely for determining rent and not for determining eligibility. (This is an example of a schedule of Gross Rents which may be established where the State law requires a 5 to 1 ratio of net income to Gross Rent for families with less than 3 minors and a 6 to 1 ratio for families with 3 or more minors and the Local Authority has determined that it will establish Gross Rents at 21.8% of income less \$100 for each minor to the extent that this does not produce rents less than the lowest Gross Rents permitted by the State law.)

Monthly Gross Rent	<u>HIGHEST ANNUAL NET FAMILY INCOME FOR RENT SHOWN</u>						
	<u>0 Minors</u>	<u>1 Minor</u>	<u>2 Minors</u>	<u>3 Minors</u>	<u>4 Minors</u>	<u>5 Minors</u>	<u>6 or More Minors 1/</u>
15	825	900	900	1080	1080	1080	1080
16	880	960	960	1152	1152	1152	1152
17	935	1020	1020	1224	1224	1224	1224
18	990	1080	1080	1290	1296	1296	1296
19	1045	1140	1140	1345	1368	1368	1368
20	1100	1200	1200	1400	1440	1440	1440
21	1155	1255	1260	1455	1512	1512	1512
22	1210	1310	1320	1510	1584	1584	1584
23	1265	1365	1380	1565	1656	1656	1656
24	1320	1420	1440	1620	1720	1728	1728
25	1375	1475	1500	1675	1775	1800	1800
26	1430	1530	1560	1730	1830	1872	1872
27	1485	1585	1620	1785	1885	1944	1944
28	1540	1640	1680	1840	1940	2016	2016
29	1595	1695	1740	1895	1995	2088	2088
30	1650	1750	1800	1950	2050	2150	2160
31	1705	1805	1860	2005	2105	2205	2232
32	1760	1860	1920	2060	2160	2260	2304
33	1815	1915	1980	2115	2215	2315	2376
34	1870	1970	2040	2170	2270	2370	2448
35	1925	2025	2100	2225	2325	2425	2520

(Cont'd)

Monthly
Gross

Rent	HIGHEST ANNUAL NET FAMILY INCOME FOR RENT SHOWN							
	0 Minors	1 Minor	2 Minors	3 Minors	4 Minors	5 Minors	6 or More Minors	1/
36	1980	2080	2160	2280	2380	2480	2580	
37	2035	2135	2220	2335	2435	2535	2635	
38	2090	2190	2280	2390	2490	2590	2690	
39	2145	2245	2340	2445	2545	2645	2745	
40	2200	2300	2400	2500	2600	2700	2800	
41	2255	2355	2455	2555	2655	2755	2855	
42	2310	2410	2510	2610	2710	2810	2910	
43	2365	2465	2565	2665	2765	2865	2965	
44	2420	2520	2620	2720	2820	2920	3020	
45	2475	2575	2675	2775	2875	2975	3075	
46	2530	2630	2730	2830	2930	3030	3130	
47	2585	2685	2785	2885	2985	3085	3185	
48	2640	2740	2840	2940	3040	3140	3240	
49	2695	2795	2895	2995	3095	3195	3295	
50	2750	2850	2950	3050	3150	3250	3350	

All families with incomes in excess of those shown above will be charged an additional \$1.00 per month for every additional \$55 of net annual income or part thereof.

(Cont'd)

1/ The Local Authority may stop its schedule at less than 6 minors or extend it beyond 6 minors to conform with the size of the family which will occupy the largest unit in the local program.

DEMONSTRATION OF FINANCIAL FEASIBILITY

1. Summary

<u>Project Number</u>	<u>Total Lowest Possible Monthly Contract Rent</u>	<u>Total Estimated Monthly Contract Rent</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	_____	_____

2. Estimates of Lowest Possible Monthly Contract Rents

- a. Project No. _____
- | | |
|---|------------------------------------|
| (1) One-twelfth of Total Operating Expense per
Operating Budget for Period _____ - _____ | <u>Total per Month</u>
\$ _____ |
| (2) Adjustment (Explain _____

_____) | _____ |
| (3) Adjusted Total Monthly Operating Expense | _____ |
| (4) Vacancy Loss (2% of (3)) | _____ |
| (5) Lowest Possible Monthly Contract Rent ((3) + (4)) | \$ _____ |

- b. Project No. _____
 (Same as 2a, above)

3. Estimates of Total Monthly Contract Rent

- a. Project No. _____. (This example shows the form for the submission of the data for each unoccupied project. Note that in accordance with Par. 7a (4) of Sec. 405.1 a single estimate for all unoccupied projects under a single contract may be made under certain circumstances.)

(Cont'd)

Income Groups (1)	Gross Rent (2)	Minimum Potential Applicants		Proposed Distribution of Units		Total Monthly Gross Rent (7)
		No. (3)	% (4)	No. (5)	% (6) 1/	
\$___ or less	_____	_____	_____	_____	_____	\$_____
___ to \$___	_____	_____	_____	_____	_____	_____
___ to ___	_____	_____	_____	_____	_____	_____
___ to ___	_____	_____	_____	_____	_____	_____
___ to ___	_____	_____	_____	_____	_____	_____
___ to ___	_____	_____	_____	_____	_____	_____
___ to ___	_____	_____	_____	_____	_____	_____
X X X	XXX	=====	=====	=====	=====	=====

Total Monthly Value of Tenant Supplied Utilities (b) _____

Total Estimated Monthly Contract Rent ((a) - (b))..... \$_____

b. Project No. _____

(Same as a. above)

c. Project No. _____ (This example shows the form for the submission of the data for each occupied project)

(1) Total Monthly Contract Rent which would be obtained from families eligible for continued occupancy \$_____

(2) Total Monthly Contract Rent from dwellings now vacant or occupied by ineligibles 2/ (____ Units @ \$_____ per month) \$_____

(3) Total Estimated Contract Rent \$_____

d. Project No. _____

(Same as 3c, above)

1/ The percentages in this column will be the same as those in column (4) unless a departure from a cross section of the market is to be made to assure financial solvency.

2/ If there are a substantial number of such units show the proposed distribution as in a. above.

Estimate of Lowest Possible Contract Rent for Projects Which are Under Construction or Which are Occupied

1. Introduction

a. In fixing rents (see Section 405.1) and in selecting tenants (see Section 407.1) it is necessary to know the total contract rents which must be obtained from tenants to maintain the financial solvency of the project.

b. An estimate of lowest possible rent is required with the Development Program (see Section 205.3) as part of a demonstration that the proposed project can achieve rents within the financial reach of eligible families of low income. However, such an estimate, while sufficient for its purposes, is necessarily not as accurate as an estimate made on the basis of definitive development and management plans or on the basis of actual operating experience for the project involved.

c. The lowest possible contract rent for a project should be computed on the amounts necessary to cover average expenses for the next five years of operation in order to provide a factor of safety for possible increases in repair, maintenance and replacement expense due to aging of the project.

d. Debt service (including interest and amortization on the development cost of a project) is not taken into account in this computation because the debt service under permanent financing will be arranged so as to be just covered by the maximum annual contributions payable by the Federal Government.^{1/} In years when actual rents exceed the lowest possible rent or in years when the operating expenses are less than the estimated expenses, the balance of rents after payment of operating expense is applied to debt service and the annual contribution paid by the Federal Government is correspondingly reduced.

2. Preparation of Estimate for Projects Under Construction. The estimate should be made in the form indicated in item 2.a. of the Demonstration of Financial Feasibility - Exhibit 5 to Section 405.2. The following instructions apply to that form:

Item (1) "One-twelfth of Total Operating Expense per Operating Budget for Period". After "Period" insert "First". In total column insert one-twelfth of the total Annual Operating Expense as shown on such budget.

(Cont'd)

1/ In the case of some projects which are already under permanent financing the Maximum Annual Contribution does not quite equal the Debt Service. In such cases the difference between these two items should be added to the operating expenses in computing the Lowest Possible Rent.

Item (2) "Adjustment (explain)". An amount must be added to Item (1) to approximate the average expense over the first five years of operation and to allow for building up the Operating Reserve, provision for which is not shown in the operating budgets for individual projects. This may be done with sufficient accuracy for this purpose by increasing the operating expense as shown in Item (1) by 30% - 20% for increases in operating expense plus 10% for provision for the Operating Reserve. Operating Expense, rather than RM&R expense alone, is used as the base for making this calculation for new projects due to the difficulty of accurately anticipating RM&R expense for the first year when no operating experience is available. Therefore, insert in the total column 30% of Item (1). Note that an additional factor of safety results from the fact that, for projects under construction, the estimated income used to test financial feasibility is based solely on families eligible for admission. After initial occupancy the project income will increase as families move into the continued occupancy brackets.

Item (3) "Adjusted Total Monthly Operating Expense". Insert the total of Items (1) and (2).

Item (4) and (5). These items are self-explanatory.

3. Estimates for Occupied Projects. The estimate should be made in the form indicated in item 2.a. of the Demonstration of Financial Feasibility - Exhibit 5 to Section 405.2. The following instructions apply to that form:

Item (1) "One-twelfth of Total Operating Expense per Operating Budget for Period _____". After "Period" insert the beginning and ending dates of the period covered by the latest approved Operating Budget. In total column insert one-twelfth of the total annual Operating Expense as shown on such budget.

Item (2) "Adjustment (explain)". This item should include adjustments to Item (1) as necessary to reflect an approximate average expense for RM&R over the next five years and, if required, to provide for the operating Reserve. To adjust to an average expense for the next five years first adjust the budget for RM&R to a normal year's operation by (i) excluding any amounts included for the correction of construction deficiencies and (ii) adjusting the budgeted amount for painting and decorating expense to an average amount if the cost of painting and decorating does or will vary substantially from year to year. The RM&R expense for normal year's operation should then be increased by 25% to approximate an average expense over the next

(Cont'd)

five years if the project is less than 20 years old or has not completed a replacement cycle of household equipment. An adjustment for provision for the Operating Reserve (see paragraph 2, item 2) will normally be necessary only if the project has been operated for less than five years from the end of the Initial Operating Period, in which case 10% of Item (1) should be added. Insert in the total column the total adjustment, taking care as to whether the adjustment for repairs, maintenance and replacements is upward or downward.

Item (3) "Adjusted Total Monthly Operating Expense". Insert the total of Items (1) and (2) unless Item (2) is a net downward adjustment, in which case deduct Item (2) from Item (1).

Items (4) and (5). These items are self-explanatory.

Determination and Approval of Schedules of Ceiling Rents for Low-Rent Projects

1. Purpose. This Section sets forth the policies and procedures applicable to the determination and approval of schedules of ceiling rents in low-rent projects, based upon the rents charged for comparable privately owned housing in the locality, in the event a Local Authority elects to establish such schedules pursuant to paragraph 4e of Section 405.1.

2. Policies Applicable to Determination and Approval of Ceiling Rents

a. Each Local Authority which has in effect a schedule of ceiling rents, considered to be comparable rents, shall within three months from the date of this release make a survey, as described herein, to determine whether the schedule in use is in fact at the levels being charged for comparable private accommodations. If this survey discloses that revision of the schedule of Ceiling Rents, Item 3 of the approved Schedule of Rents, is required to bring it into line with comparable rents, the proposed revision, with the survey data as documentation, shall be submitted to the PHA in accordance with paragraph 1 of Section 405.2. If revision of Item 3 of the Schedule is not required, copies of the survey data shall be submitted to the PHA for approval as to retention of the Schedule at the established levels.

b. Each Local Authority which proposes, in the future, to establish a schedule of ceiling rents shall make a survey, as described herein, to determine the rents which are being charged at that time for comparable private accommodations and shall submit the results of the survey in substantiation of the Schedule it proposes to establish.

c. Schedules of ceiling rents established as above and approved by the PHA may remain in effect until changes in rents for comparable private accommodations warrant revisions, or unless changes are made in the utilities or amenities provided by the project and adjustments are required in the Schedule to reflect these changes. Local Authorities should keep alert for changes in the local rental market in order that revisions in schedules may be initiated as necessary to maintain comparability. In the event the PHA has knowledge that a Local Authority's approved schedule does not reflect comparability, it may require the Local Authority to review the local rental market and initiate revisions as necessary.

3. Procedure for Making Determinations of Comparable Rent

a. Where there are private units in a locality comparable to or so closely comparable to dwellings in the low-rent project(s) that reasonable adjustments will bring them to comparability ^{1/}, determination of comparable rents involves the following five steps:

(Cont'd)

1/ If the adjustments for private units for factors other than utilities exceed 20 percent of the contract rent, the units are to be considered so far from comparable that reasonable adjustment cannot be made.

-
- (1) Selecting and inspecting of a sample of private two-bedroom units, vacant or occupied, which are of such type 1/ as to be considered comparable to the two-bedroom project units;
 - (2) Determining the rents charged for the private units inspected, including any utilities furnished, and adding to such rent the cost to the project of any utilities not included in the private rent but included in the project rent 2/, and deducting from such rent the estimated cost to the private management of providing any utilities included in the private rent but not included in the project rent;
 - (3) For the rent so determined or adjusted, noting and making appropriate monetary adjustments to reflect the differences between the public and private units with respect to amenities, equipment, utilities, and any other factors affecting rent;
 - (4) Based upon the comparable rent established through inspection of two-bedroom private units, determining the rent for each of the other size units in the project by adding to or subtracting from this rent an appropriate rent differential for each of the other size units, making adjustments for utilities as appropriate; 3/ and
 - (5) Checking the results so obtained with several responsible sources familiar with local rental conditions for reasonableness.

(Cont'd)

- 1/ If a project consists of row-houses and duplexes, private units of this type should be selected for inspection; if it consists of apartments in high-rise buildings, similar units should be inspected. Private two-bedroom units located in free-standing houses, as compared with units in a high-rise building, for example, would require such extensive adjustments to approach "comparability" that their designation as comparable would not be considered justified.
 - 2/ When there is more than one low-rent project in a Local Authority's program and utility costs per unit for any utility vary as between projects the amounts to be added for such utility for any project need not equal the actual cost to such project of the utility involved, provided that the total amounts added for all projects equal the total cost of such utility for all projects. This will permit the establishment of equitable contract rents as between projects irrespective of actual costs of a specific utility to each project.
 - 3/ Although it is not recommended, a Local Authority may establish a single ceiling rent applicable to all size units in all projects. In such event, the single rent must represent the comparable rent for the largest size unit in the best project to comply with the Contract requirement that any limitation upon gross rent shall be not less than the gross rent of comparable privately owned housing.
-

b. When it is determined that there are no private units in the locality sufficiently comparable to the project units to make inspection and comparison of units and amenities possible, the Local Authority shall, after consultation with sources familiar with the local rental conditions, determine the rent which it is believed the two-bedroom units in the project would bring in the private housing market in the locality and then proceed with step 3a(4) above.

4. Consultation With Local Sources

a. Advice and assistance, as may be required pursuant to paragraph 3 above, should be obtained from local real estate men with general knowledge of private accommodations in the local rental market which are most nearly comparable to project accommodations. If the degree of assistance required would involve a substantial expenditure of time and effort on the part of the persons consulted, payment for their services may be necessary. If necessary assistance would make but slight demands upon the sources, payment likely would not be required or appropriate.

b. In the event the procedure outlined in paragraph 3a above is to be followed, to provide a reliable basis for their adjustments, comparisons, opinions, etc., any real estate men from whom an opinion or assistance is sought, if not already thoroughly familiar with the projects, should be required to make an inspection of the project(s) including the interiors of typical units. Any such inspection of project units, as well as any inspection of private units, should be made in the company of a Local Authority official, in order that differences of opinion may be thoroughly discussed and clarified.

c. It should be made clear to any persons from whom opinion or assistance is sought that they are not being asked to fix the ceiling rents for the Local Authority but rather to advise or assist with respect to determinations which the Local Authority must make.

5. Recording, Evaluation, and Use of Survey Data

a. When private units are to be inspected for the purpose of determining comparability, a report form providing, as a minimum, the information contained in Form PHA-2434 (see Exhibit 1), is to be prepared for each private unit inspected. 1/ Such form should provide space for recording the actual rents charged, utilities, and services furnished and differences between the private and the project units with respect to neighborhood, living space, equipment, and the physical condition of the unit inspected, compared to the project.

(Cont'd)

1/ It is also suggested that applicable portions of the survey form be used as a check list in inspecting the project units. This will assure a thorough review of the pertinent features, including advantages and disadvantages of the project.

b. Upon completion of the inspections, the differences in amenities, age, condition, location, space, etc., of the units inspected should be considered to determine whether differences were so substantial as to make the units invalid for comparability purposes (see footnote 2, paragraph 3a(1) above), or whether they were of such nature as to require or permit of reasonable adjustments. Such facilities as stoves, refrigerators, and space and water heaters would represent variations in comparable units which could be given a definite money value. For other items, it may be possible to assign a monetary value to each major amenity as provided in the attached form or it may be desirable to assign a single overall adjustment without allocating a value to each variable item.

c. The opinions of the local persons consulted should be obtained as to the appropriate rent differential for larger or smaller units in the project than the two-bedroom unit. These opinions, together with data obtained and recorded in the form as to actual differentials found to exist in the buildings inspected, will form the basis for establishing differentials for the project units of various size.

d. Where there is more than one low-rent project in the locality and the projects are of different quality, construction, or desirability, private units comparable to a typical two-bedroom unit in each project should be inspected, if available. If there are no private units comparable with each type of low-rent project, one or more of the low-rent projects may be taken as "base" projects, with comparable private units inspected and rent determined for these projects only, and the other projects rated according to relative quality and worth to the "base" projects. For example, project "A" may be the most desirable of three projects and, following the inspection of comparable private units, the comparable rent for two-bedroom units determined to be \$80. Project "B" may be considered to be less desirable, with its accommodations rated only ninety percent in relation to Project "A," and Project "C," only eighty percent in relation to Project "A." With \$80 as the comparable rent determined for Project "A," comparable rent for a two-bedroom unit in Project "B" would be ninety per cent of \$80 or \$72, and rent for a two-bedroom unit in Project "C," \$64. If this latter method is used, the local real estate men consulted should be asked to assist in this relative rating of projects.

6. Documentation of Survey. Inspections and all data and findings pertaining to determination of comparable rent shall be documented by inspection forms, narrative, charts, tabulations, photographs, etc., as necessary. Particular attention shall be given in each report to establish the fact that the private units selected for inspection were in fact comparable, or so nearly so as to make adjustments reasonable, and that such units were the bases for adjustments, if any.

PNA-2434
October 1954

COMPARABILITY SURVEY INSPECTION REPORT
FOR PROJECT NO. _____

Prepared by _____ Date of Inspection _____
 Names of Consultants _____
 Address of Property _____ Owner's Name _____

Type of Connt. _____ Est. Age _____ No. Stories _____ Row _____ Apt. _____ Duplex _____ Other _____
 No. & Av. Cont. Rents All Units at Property: _____ OFRS _____ IFRS _____ OFRS _____ OFRS _____ OFRS _____

1. Average Contract Rent 2 FR Unit \$ _____

2. Utilities and Services (Est. Cost).	In Private	In Public
	Not in Public	Not in Private
a. Water _____		
b. Heat _____		
c. Electricity _____		
d. Hot Water _____		
e. Cooking Fuel _____		
f. Other _____		
3. Adjustment for Dif. in Util. or Serv. - \$ _____	+\$ _____	..... + or - \$ _____

4. Contract Rent after Adjustment for Utilities and Services \$ _____

5. Amenity Adjustment for Comparability with 2 FR PHA Project Unit:

a. Location: (Noting the following indicate as "Same", "Better" or "Worse" than the Project. Residential, Industrial, Undeveloped; Distance to places of Employment, Schools, Churches, Shopping; Presence of Nuisances, Blight, or Health Problems; Transportation Cost if Materially Different from Project.)

Adjustment + or - \$ _____

b. Living Space: (Indicate as "Same", "Better" or "Worse" than Project Unit.)

Room sizes _____ Light _____ Ventilation _____
 Privacy _____ Closet Space _____ Elec. Outlets _____

Adjustment + or - \$ _____

c. Physical Condition: (Describe Condition of Structure, Decorating, Floors etc., and indicate as "Same", "Better" or "Worse" than Project.)

Adjustment + or - \$ _____

d. Equipment: (Indicate as "Same", "Better" or "Worse" and describe.)

	Comparison with Project	Comments
(1) Heating		
(2) H. Water		
(3) Cooking		
(4) Refrig.		
(5) Plumbing		
(6) Laundry		
(7) Other		

Adjustment + or - \$ _____

6. Total Amenity Adjustments (5. a. + b. + c. + d.) + or - \$ _____

7. Rent Adjusted to Comparability (4 + or - 6) \$ _____

Occupancy Standards for Public Low-Rent Housing Projects

1. Introduction. Overcrowding is one of the major factors contributing to undesirable housing conditions. In recognition of this fact the Act includes overcrowding as one of the criteria for determining if an applicant family is living under substandard housing conditions. To prevent overcrowding, and at the same time to prevent waste of space, the Local Authority shall establish and maintain maximum and minimum occupancy standards for admission and continued occupancy.

2. Contract Requirements Relating to Occupancy Standards
 - a. The Local Authority shall assign to tenants dwelling accommodations consisting of the number of rooms necessary (but no greater than necessary) to provide decent, safe, and sanitary accommodations for the proposed occupants thereof without overcrowding.

 - b. If, upon reexamination, it is found that the size or composition of the family has changed so that the dwelling occupied by the family contains a number of rooms less or greater than necessary to provide decent, safe, and sanitary accommodations for the occupants thereof without overcrowding, the family shall be required to move into a dwelling of appropriate size as soon as such a dwelling becomes available.

3. Recommended Occupancy Standards
 - a. The PHA recommends the following occupancy standards:

<u>Number of Bedrooms</u>	<u>Number of Persons</u>	
	<u>Minimum</u>	<u>Maximum</u>
0	1	1
1	1	2
2	2	4
3	4	6
4	6	8
5	8	10
6	10	12

- b. Dwellings should be so assigned that it will not be necessary for persons of opposite sex, other than husband and wife, to occupy the same bedroom.

(Cont'd)

NOTE: This Section supersedes Section 406.1 dated November 1955. Recommended occupancy standards for 0-BR units have been included in paragraph 3a and a new paragraph 5 has been added.

c. Dwellings should also be so assigned as not to require use of the living room for sleeping purposes, except in the case of zero and one-bedroom units.

d. In applying the above standards, every member of the family, regardless of age, should be considered a person.

4. Accommodation of Oversize Families

a. Admission. Families whose size is in excess of the maximum number of persons established by the Local Authority for a dwelling unit may be permitted, if so decided by the Local Authority, to occupy two units (preferably contiguous) provided such units contain no more rooms than necessary to accommodate the family without overcrowding.

b. Continued Occupancy. Families of a size too great to be accommodated in the largest size unit provided may, if permissible under the established policy of the Local Authority and provided such family is otherwise eligible for continued occupancy, be allowed:

- (1) To remain as a tenant of the project even though overcrowded in the largest size unit provided; or
- (2) To occupy two units as specified in paragraph 4a above.

c. Rental Charges for Multi-Unit Occupancy. The rent for a family occupying more than one unit shall be related to its net family income and not to the number of units occupied.

5. Use of One Unit for Two or More Unrelated Elderly Single Persons or Remaining Members Of Tenant Families

a. Admission or Continued Occupancy. Where the Local Authority has determined that two or more unrelated elderly single persons or remaining members of tenant families are each eligible as individuals for admission or continued occupancy, as the case might be, but in the interest of conserving space, wishes to require such persons to live in the same unit it may do so even though the combined income of the group may exceed the limit for a family of the same number of persons. ^{1/}

b. Rent Charges. In cases of such occupancy rents must be determined separately for each person in accordance with the approved rent schedule and separate leases executed with each.

(Cont'd)

^{1/} This is not intended to preclude the Local Authority's treating two or more unrelated elderly persons or remaining members of a tenant family as a single family where the income and resources of each person would be available for the group. The above may not be applied to groups of related persons nor at admission to a group which contains a non-elderly person.

c. Special Lease Provisions. In cases of such joint occupancy of a dwelling, each lease should provide that the unit is leased to all occupants as tenants in common of the entire unit and that each tenant should have the right to the use and occupancy of the entire unit in common with his co-tenant(s).

PUBLIC HOUSING ADMINISTRATION

HOUSING AND HOME FINANCE AGENCY

WASHINGTON 25, D. C.

CIRCULAR
7- 14-61

TO: Central Office Division, Office and Branch Heads
Regional Directors
Local Authorities


SUBJECT: Line References on the Form Attached to Commissioner's
Circular of July 11, 1961

The subject form entitled: Computation of Additional Subsidy for Elderly Tenants, contains three line references which refer to a revised version of PHA-2599, Statement of Operating Receipts and Expenditures, which is being issued to reflect the additional administration expense accounts.

The changes necessary to make the elderly subsidy form applicable to the existing Form PHA-2599, dated September 1958, are as follows:

1. Part I, line 1, change the reference from "Line 67 plus Line 69" to "Line 64 plus Line 66."
2. In Part I, line 4, change the reference from "Line 12" to Line 13."

This form was attached to the Circular of July 11, 1961 for informational purposes. A revised form is being prepared to include specific instructions as well as a form of voucher. The revised form and voucher will be available prior to the time any Local Authority can request additional subsidy for the elderly.


Assistant Commissioner
for Management

Computation of Additional Subsidy for Elderly Tenants

Name of Local Authority _____ Contract No. _____

Project Nos. _____ No. of Dwelling Units _____ F. I. End _____

PART I Computation of Minimum Annual Dwelling Rental
to Avoid a Deficit Operation on the Contract
(From Form PHA-2599, Statement of Operating Receipts and Expenditures)

- 1. Total Expenditures (Line 67 plus Line 69)..... \$ _____
- 2. Plus Deficiency in Normal Operating Reserve..... _____
- 3. Total..... _____
- 4. Less Total Operating Receipts (Line 12) and Surplus from IOP.. _____
- 5. Total Deficit..... _____
- 6. Plus Dwelling Rental (Line 1)..... _____
- 7. Minimum Annual Dwelling Rental required to avoid a deficit
operation (Breakeven Rent)..... \$ _____

PART II Computation of Annual Breakeven Rents
for Units Occupied by Elderly Tenants

- 1. Number of units occupied by Elderly tenants on last day of
Fiscal Year..... _____
- 2. Number of all units occupied (Elderly and Non-elderly) on last
day of Fiscal Year..... _____
- 3. Line 1 divided by line 2..... _____
- 4. Annual Breakeven Rent for units occupied by Elderly (Line 3
above times Line 7 of Part I)..... \$ _____

PART III

Annual Dwelling Rental from Elderly Tenants in occupancy on
last day of Fiscal Year (Total of Monthly Rental Rates for
Elderly Tenants in effect on last day of Fiscal Year times 12) \$ _____

PART IV Additional Subsidy for Elderly
(Lowest of 1, 2, or 3 Below)

- 1. Deficit attributable to Elderly Tenants (Part II, Line 4,
minus Part III)..... \$ _____
- 2. Total deficit for Annual Contributions Contract (Part I,
Line 5)..... \$ _____
- 3. \$120 per unit times number of units occupied by Elderly..... \$ _____

NOTES:

A separate form shall be prepared for each Annual Contributions Contract.

If all units are occupied by Elderly tenants, omit Part II. In such cases, Part IV,
Line 1, will be equal to Part I, Line 7, minus Part III.

If any project reached the end of the Initial Operating Period during the Fiscal
Year and produced a surplus for such period, include the amount of the surplus in
Total Operating Receipts (Line 4, of Part I). Do not include a deficit from the
Initial Operating Period since such deficit is charged to Development Cost. If a
project reached the end of the Initial Operating Period not later than the end of
the second quarter of the Fiscal Year, include rent and occupied units as of the
last day of the year in Parts II, III, and IV; otherwise omit. All operations
subsequent to EIOP are included in the amounts shown on Form PHA-2599 and will
automatically be included in Part I.

PUBLIC HOUSING ADMINISTRATION

HOUSING AND HOME FINANCE AGENCY

WASHINGTON 25, D. C.

**CIRCULAR
8-14-56**

**TO: Central Office Division and Branch Heads
Regional Directors
Local Authorities With Low-Rent Programs
Housing Managers of Low-Rent Projects**

SUBJECT: Admission of Elderly Persons and Families to Low-Rent Housing

Pursuant to amendments to the U. S. Housing Act of 1937 contained in the Housing Act of 1956, Local Authorities are authorized in respect to dwelling units suitable to the needs of elderly families:

1. To extend a prior preference to elderly single persons and families provided that as among them first preference shall be given to displaced persons or families;
2. To admit single elderly persons or groups of unrelated elderly persons;
3. To waive with respect to elderly persons or families the requirements of Section 15(8)(b)(ii) of the U. S. Housing Act relating to previous housing conditions.

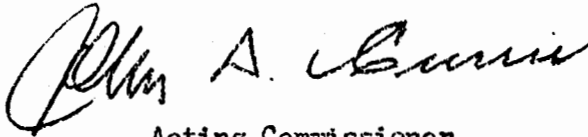
Elderly families and persons mean families whose head (or his spouse) is 65 years of age or over and single persons 65 years of age or over.

Pending approval by the PHA of specific income limits for admission of single elderly persons, temporary income limits for admission of such persons not in excess of 80% of the regular and any special admission income limits now in effect for two-person families may be established.

In most cases Local Authorities do not now have any single-person units. The special preference and eligibility provisions of Clauses 1 and 3, above, are applicable only to units suitable to the needs of elderly families and, accordingly, may not be applied to the admission of single elderly persons to units designed for two-person occupancy. However, where there are no two-person families currently eligible for admission or where there is a pressing need to rehouse an elderly individual from a site which is being cleared, the PHA will have no objection to the admission of single elderly persons to units designed for two-person occupancy if this can be done without the use of such special preference and eligibility provisions.

This Circular waives the provisions of existing contracts to the extent necessary to permit any Local Authority, at its option, to take the actions authorized above.

The above-cited amendments to the Act also contain provisions with respect to the construction of housing designed specifically for the elderly; such provisions will be the subject of a separate Circular.

A handwritten signature in cursive script, appearing to read "Philip A. Curran".

Acting Commissioner

Selection of Tenants From Eligible Applicants

1. Introduction. The history of the Act shows the Congress to be aware that extending the preferences to be used in selecting tenants without any restraints might prevent the housing of a representative cross-section of low-income families or jeopardize the solvency of the project. To safeguard against such contingencies, the Act provides that the preferences which it enumerates shall be applied among applicants eligible for dwellings "at specified rents."

2. Contract Requirements Relating to the Selection of Tenants. The Annual Contributions Contract provides that the Local Authority shall select families for admission to dwellings of given sizes and at specified rents in accordance with certain preferences which are enumerated in paragraph 4 below. It also interprets the requirement that preferences shall be given "at specified rents" to mean that a Local Authority may initially establish two or more ranges of specified rents (see paragraph 4 below) within which the preferences are to be applied, in which event the total number of units in the projects are to be allocated among such ranges as provided below so as to serve as nearly as possible a representative cross-section of eligible Families of Low Income in the locality with due regard to the financial solvency of the projects: Provided, that if a Local Authority does not initially establish two or more ranges of specified rents, it must establish two or more appropriate ranges in the event that, due to the exercise of the preferences (a) the projects are not being occupied by a representative cross-section of eligible Families of Low Income in the locality, or (b) the financial solvency of the projects is jeopardized. The Contract further provides that in the selection of tenants the Local Authority shall not discriminate against families, otherwise eligible for admission to the projects, because their incomes are derived in whole or in part from public assistance; and in initially selecting families for admission to dwellings of given sizes and at specified rents the Local Authority shall (subject to the preferences prescribed in paragraph 5 below) give preference to families having the most urgent housing needs, and thereafter, in selecting families for admission to such dwellings, shall give due consideration to the urgency of the families' housing needs. The purpose of the following provisions is to assist the Local Authority in carrying out the intent of the Act and in discharging the contractual obligations referred to above with respect to serving a representative cross-section and maintaining financial solvency.

(Cont'd)

NOTE: This Section supersedes Section 407.1 pages 1-2 dated February 1957 and pages 3-4 dated December 1955. Exhibits 1 and 2 have not been changed and are not being reissued. Changes have been incorporated providing for making annual comparisons of actual and cross-section distributions and outlining a slightly different method for establishing ranges of specified rents for occupied projects.

3. Serving a Representative Cross-Section of Families of Low Income

a. To determine where it stands with respect to serving a representative cross-section in occupied projects, the Local Authority should make a comparative study each year, preferably following the time of the annual reexamination, showing the actual distribution of all tenant families to rent ranges and the distribution based on serving a representative cross-section of all low-income renter families in the locality. Since regulation of admissions provides the only effective control of the number of families occupying each rent range, the number of units for which a distribution is shown should be limited in both instances to those occupied by families whose incomes are within the established income limits for admission ^{1/}. The study should include computations of revenue attributable to both distributions. If any part of the program is not available to all races separate distributions based on the data applicable to the racial group to be served by such projects will have to be made, even though they are under the same Annual Contributions Contract. These studies should be dated and held in the Local Authority's files for PHA review at the time of the Occupancy Audit.

b. If the comparative studies reveal a lack of essential agreement between actual distributions of tenant families and cross-section distributions, taking into account any necessary adjustments made in the cross-section distributions to ensure solvency, the following steps and such other measures as the Local Authority deems necessary should be taken to correct the situation:

- (1) Establish ranges of specified rents if none were established initially, or revise ranges already established if they have not served the purpose.
- (2) Draw up and put into effect a plan, including a time table, for achieving as closely as possible a cross-section distribution. In drawing up the plan the Local Authority should take into consideration the extent to which actual distributions deviate from the cross-section, the availability of vacancies, rate of turnover, availability of applicants eligible for the underpopulated rent ranges, and other factors which will affect the rapidity with which the cross-section can be achieved.
- (3) To the greatest extent possible, concentrate on admissions to the underpopulated ranges. However, dwelling units should not be allowed to remain vacant if there are no eligible applicants for such ranges. In those instances eligible families should be selected for ranges which are the least overpopulated.

(Cont'd)

1/ For a new project just entering initial occupancy the distribution to rent ranges will cover all units in the project, and should be made well in advance of the opening of the project.

(4) Make a sustained effort to encourage applications from families who would occupy underpopulated ranges. (See Bulletin No. LR-31 for some suggestions for encouraging applications.)

4. Establishing Ranges of Specified Rents. Establishing ranges of specified rents which will reasonably ensure housing a representative cross-section of low-income renter families in the locality requires the use of the latest available data in a manner similar to that used to test the feasibility of the rent schedule (see Section 405.1). However, as stated in paragraph 3a above, the cross-section distribution of units to ranges of specified rents for occupied projects shall cover only the number of dwelling units under each Annual Contributions Contract occupied by families having incomes which are within the admission limits. For example, assume that the Local Authority's entire program consists of the 200-unit project illustrated in paragraph 7a(3)(d) of Section 405.1, and that it is an occupied project having 175 families with incomes within the admission limits. To determine the distribution of units to ranges of specified rents, the adjusted Census data, or where available the current special survey data, shall be applied to the 175 units rather than the full 200 units. Any vacant units or units occupied by ineligible families should be added to the number occupied by families whose incomes are within the admission limits before making the distribution, e.g. if 5 units are vacant the 175 units to be distributed would be increased to 180. Making the same assumptions and using the same data used in the illustration in Section 405.1, with the modification described above, the rent ranges and distribution of the 175 units is as follows:

<u>Income Groups</u> <u>(From Census Table)</u>	<u>Ranges of Specified</u> <u>Gross Rents Associated</u> <u>With Income Groups</u>	<u>Distribution</u> <u>for 175 Units</u>
\$1749 or less		
1750 to 1999	\$25 (Min.) - \$29	82
2000 to 2249	30 to 34	26
2250 to 2499	35 to 38	23
2500 to 2749	39 to 42	20
2750 to 2999	43 to 46	14
3000 to 3249	47 and over	10
		<u>175</u>

If the revenue from such a distribution, plus that derived from families having incomes within the continued occupancy grades, is insufficient to ensure solvency the distribution must be adjusted. In that event the procedure outlined in paragraph 9a of Section 405.1 shall be followed. If distributions to the appropriate cross-section no longer reflect economic conditions in the community revised distributions are to be made as provided in Section 405.1. In any event, such revisions are to be made following the availability of regular ten-year Census data, or special surveys, and adjusted no less frequently than each five years following the receipt of such data.

(Cont'd)

5. Order of Preference in the Selection of Tenants (see Exhibits 1 and 2 for Graphic Presentation). Where ranges of specified rents have not been established, the Local Authority shall apply the order of preference set forth in paragraphs 5a and 5b below to all applicant families who are determined to be eligible for admission to available dwelling units of suitable sizes. Notwithstanding this requirement, the Local Authority may, if it so elects, extend prior preference to Elderly Families (see Section 402.1) for dwelling units suitable to their needs: 1/ Provided, that as among such Elderly Families the preferences set forth in paragraph 4a shall apply. Where ranges of specified rents have been established, the preferences shall be applied within each such range.

a. First preference shall be given to families which are to be displaced by any low-rent housing project or by any public slum clearance, redevelopment, or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: 2/ Provided, that as among such projects or actions, the public housing agency may from time to time extend a prior preference or preferences. For example, if there is a particularly pressing problem of rehousing families displaced by clearance of a bridge approach such families may be given a prior preference over other displaced

(Cont'd)

1/ The special preference and eligibility provisions of the Housing Act of 1956 for Elderly Families are applicable only with respect to units suitable to their needs. Only O-BR and 1-BR units are to be considered suitable to the needs of elderly single persons.

2/ This provision is in accordance with an amendment to the United States Housing Act contained in PL-560 (83d Congress) and is somewhat broader than the corresponding provision in contracts entered into before its enactment. This amendment extends the preference provision to families displaced through other public actions. Thus the same preference is applicable to families displaced because a building, health, sanitary, or other code relating to housing standards prohibits the family from living in that particular dwelling for reasons such as overcrowding or failure of the dwelling to meet minimum standards of light, air, sanitation, etc.; or through closing of the dwelling through public action because it is unfit; or through demolition of the dwelling by public action for the construction or widening of a highway or bridge even though not connected with redevelopment or urban renewal. The preferences are also applicable to families required to move because they cannot afford the increased rent caused by improvement of a dwelling unit to bring it into compliance with housing standards prescribed by laws or codes. This preference is applicable to families required to vacate war or veterans reuse housing to permit its removal.

families for a period sufficient to rehouse them. Among families within any such preference group first preference shall be given to families of disabled Veterans whose disability has been determined by the Veterans Administration to be service connected; second preference shall be given to families of deceased Veterans and Servicemen whose death has been determined by the Veterans Administration to be service-connected; and third preference shall be given to families of other Veterans and Servicemen.

b. Second preference shall be given to families of Veterans and Servicemen not qualifying as displaced families as in paragraph 5a above. As among such families first preference shall be given to families of disabled Veterans whose disability has been determined by the Veterans Administration to be service connected, and second preference shall be given to families of deceased Veterans and Servicemen whose death has been determined by the Veterans Administration to be service-connected.

c. Within each of the preference groups set forth in paragraphs 5a and 5b above, and as among other eligible applicant families, the Local Authority in selecting families for admission shall, until the End of the Initial Operating Period, give preference to families having the most urgent housing need determined in accordance with criteria established by the Local Authority (see paragraph 7 below), and thereafter, in selecting families for admission to such dwellings, shall give due consideration to the urgency of the families' housing need. The distinction in consideration of housing need during and after the End of the Initial Operating Period means that in selecting tenants after the end of such period, the Local Authority may take into consideration the date of application.

d. In the event a unit becomes occupied subsequent to its having been vacated by a family entitled to preference pursuant to paragraph 5a above, such new occupant shall not also be entitled to preference even though it may become necessary to serve him with an official notice to vacate.

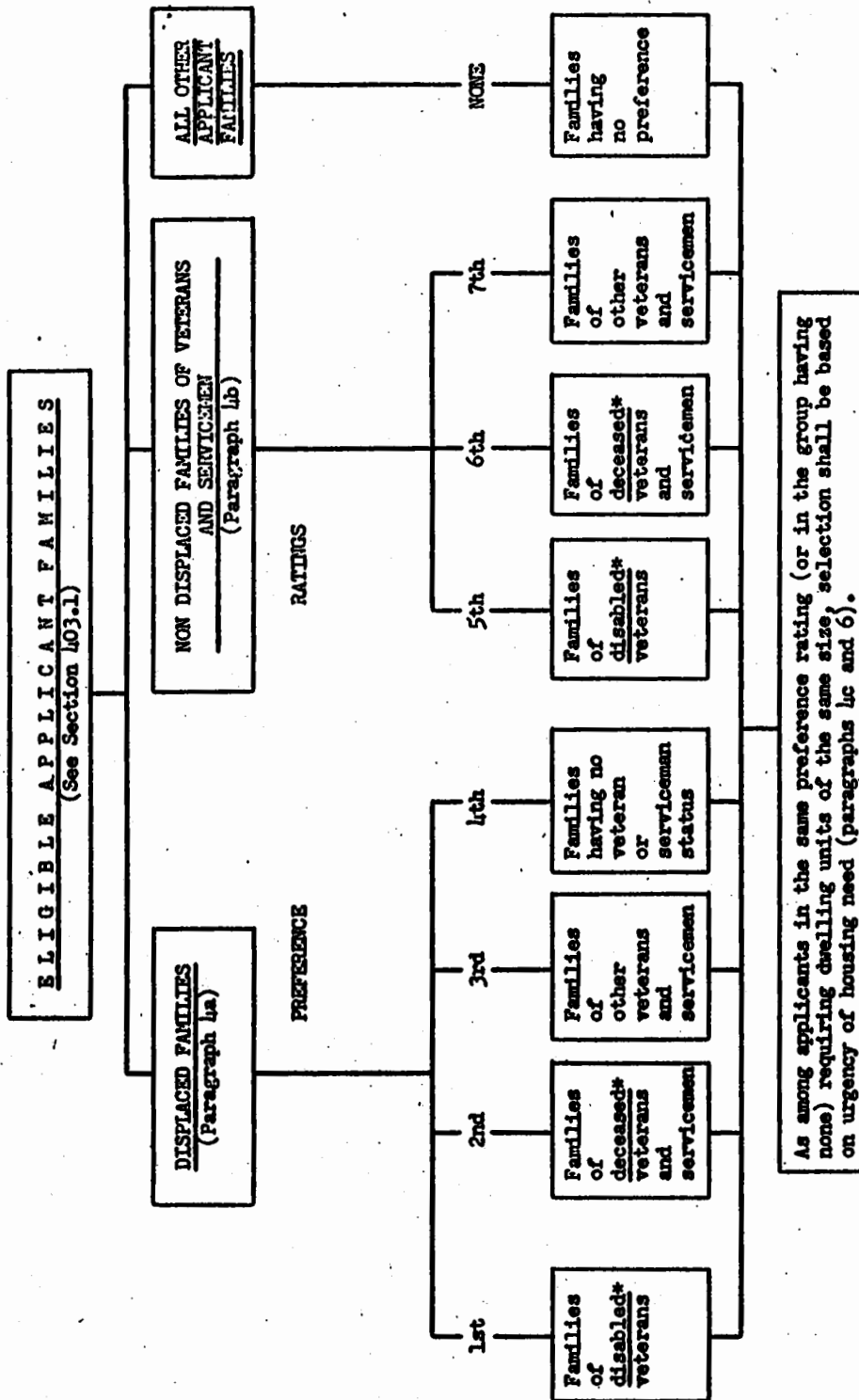
6. No Discrimination Against Relief Families. In the selection of tenants, the Local Authority shall not discriminate against families, otherwise eligible for admission, because their incomes are derived in whole or in part from public assistance. The Local Authority shall not establish quotas, except as necessitated by allocation of units to ranges of specified rents, nor adopt other devices to limit the number of relief families.

7. Determination of Urgency of Housing Need. Criteria used in determining the relative urgency of housing need within preference groups shall take into account the absence of housing or prospect thereof, overcrowding, or the characteristics of the dwelling occupied by the family, and may take into account other factors such as the number of children, and the physical and health conditions of the family.

(Cont'd)

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8. Transfer of Tenants. Transfer of a family within a low-rent project aided by the PHA or transfer to such a project from any other low-rent project operated by the Local Authority, when such family is eligible for continued occupancy in the dwelling to which it is transferred, shall not for any purpose be deemed to be an admission to the project. Housing projects constructed under the provision of the Lanham Act and related Federal statutes are not considered low-rent housing projects for this purpose, except, of course, where permanent Lanham projects have been conveyed to Local Authorities for low-rent use. However, where families are required to vacate Lanham Act housing to permit its removal, the sub-standard housing requirement is waived and if such families are otherwise eligible they are entitled to a preference for admission to low-rent housing.

GRAPHIC REPRESENTATION OF PREFERENCES



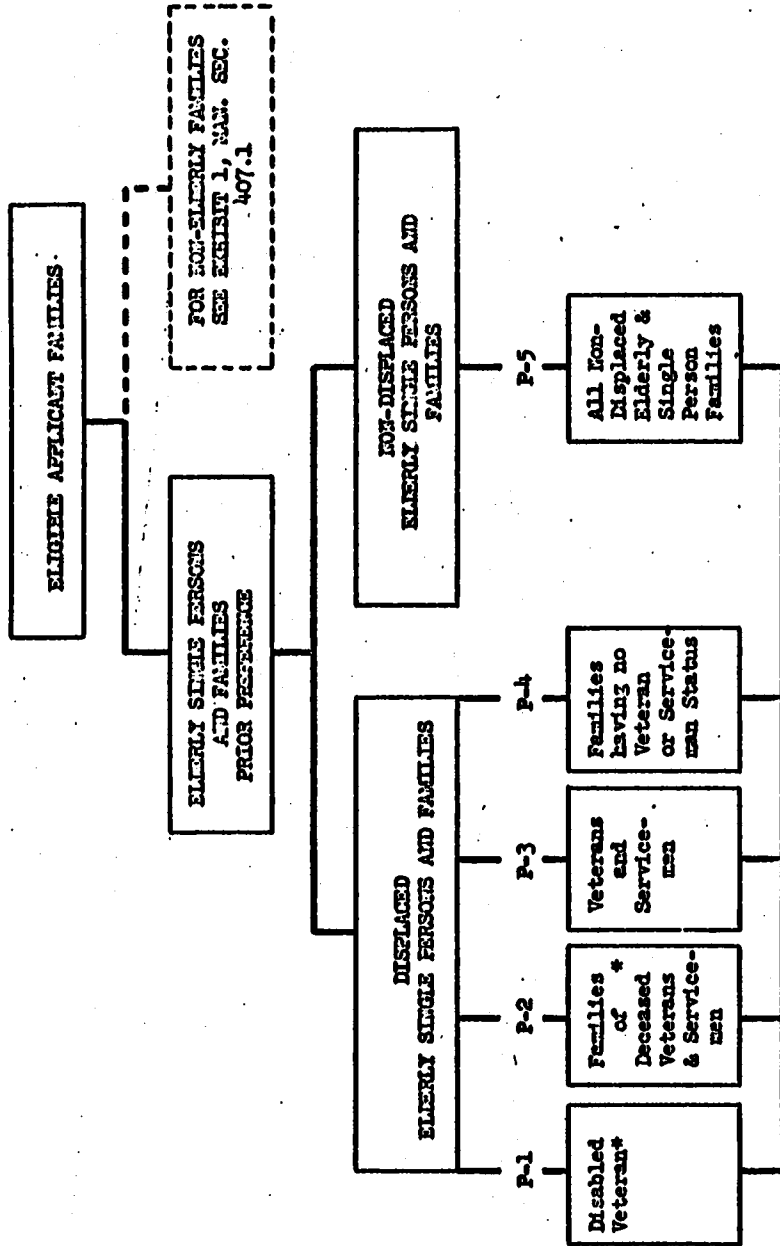
As among applicants in the same preference rating (or in the group having none) requiring dwelling units of the same size selection shall be based on urgency of housing need (paragraphs 4c and 6).

*Disability or death must have been determined by the Veterans Administration to have been service connected.

NOTE: This Exhibit supersedes Exhibit 1 to Section 407.1 dated 5-3-52

**GRAPHIC REPRESENTATION OF PREFERENCES
 (Units suitable for the Elderly)**

This chart illustrates the order of preferences to be used in filling units suitable to the needs of elderly persons or families where the Local Authority elects to extend prior preference to elderly single persons and families.



FOR NON-ELDERLY FAMILIES
 SEE EXHIBIT 1, PAR. SEC.
 407.1

As among applicants in the same preference rating requiring dwelling units of the same size, selection shall be based on urgency of housing need.

* Disability or death must have been determined by the Veterans Administration to have been service connected.

Report on Initial Occupancy of Low-Rent Projects, Form PHA-2209

1. Introduction. Form PHA-2209 (Exhibit 1) is a periodic report on the status and progress of initial occupancy activities. It will serve to keep the Local Authority and the PHA currently informed on the volume of applications received, and the rate of progress being made in processing applications and leasing units. Such information when related to the scheduled date of initial occupancy and the scheduled release of subsequent blocks of units will be of assistance in determining what, if any, action is needed to ensure full occupancy being promptly achieved. Specifically, the form is also intended to:
 - a. Make possible, on a regular basis, a review and analysis of occupancy and rental revenue in terms of requirements for project solvency;
 - b. Indicate the necessity for establishing ranges of rent, where they have not been established initially, in order to achieve project solvency;
 - c. Indicate the need for obtaining additional applications from families for dwellings of a particular size; and
 - d. Indicate whether and when a change in the pace of tenant selection activities is needed.
2. Projects Covered by Report. A separate report shall be submitted for each project in the Initial Operating Period. When tenant selection is centralized, it should be noted that application data for all such projects (Items numbered 5, 6, and 7(e) and (f)) should be entered on the report and numbers of all projects which are in initial occupancy should be listed in Item h.
3. Initiation of and Period for Reporting. The first report shall cover the first semi-monthly period during which applications for occupancy are accepted, and in any event shall begin at least two months prior to the anticipated date of initial occupancy. The reporting shall continue semi-monthly thereafter through whichever of the following dates is earlier:
 - (a) the end of the reporting period in which 95% occupancy is achieved;
 - or (b) the end of the quarter which is 6, 7, or 8 months past the date of full availability. Beginning with the EIOP date, reporting on Form PHA-1235, Report on Occupancy, is required. (See Section h07.h for reporting requirements for projects which continue in low occupancy status after EIOP.)
- h. Submittal of Reports. The original and two copies of the report are to be prepared in accordance with the instructions on the back of the form and submitted to the appropriate Regional Office following the 15th and last day of each month.

NOTE: This Section supersedes Section h07.2 dated September 1957. Paragraphs 2 and 3 have been revised to clarify reporting requirements.

PHA 2209 September 1957 HOUSING AND HOME FINANCE AGENCY PUBLIC HOUSING ADMINISTRATION	Bureau Budget No. 43-8573-3 Approval Expires 6-30-59	Project Number _____ Location _____ LHA _____ Semi-Monthly Report Period _____ Ending _____, 195__
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REPORT ON INITIAL OCCUPANCY OF LOW-RENT PROJECTS

1. Date of: a. First Application _____; c. Date Low Occupancy Status Ended _____
 b. (Expected) (Actual) Initial Occu. _____;
2. Estimated Average Monthly Contract Rent \$ _____ PUM
3. Average Monthly Contract Rent from Current Leases \$ _____ PUM
4. Is Tenant Selection Centralized for a group of projects? Yes No . If yes list all such Projects in Initial Occupancy Stage:
 Project No. _____ Units _____; Project No. _____ Units _____;
 Project No. _____ Units _____; Total Units _____
5. Total Active Application on File (W _____ N _____ O _____)
6. Apparently Elig. Appls. Pending Verification _____ (Pref. _____ No Pref. _____)
7. Number of DU's, Leases, and Verified Elig. Applications by Bedroom Size:

Number of Bed-Rooms	DU's in Project (a)	DU's Available (b)	DU's Leased (c)	DU's Not Leased (d)-(b-c)	Verified Elig. Appls.	
					Pref. (e)	No Pref. (f)
1-BR						
2-BR						
3-BR						
4-BR						
5-BR						
Total						
8. Total Occupied Units (include Units under Lease Effective at End of Period) _____
 a. By Tenants _____ (W _____ N _____ O _____) (Pref. _____ No Pref. _____)
 b. By Maintenance Employees Required To Live on Project _____
9. Units Vacated by Occupants (Inc. employees): This Period _____; Since Initial Occupancy _____

Remarks: _____

Submitted by: _____ (Name) _____ (Title)

(Cont'd)

NOTE: This Exhibit supersedes Exhibit 1 to Section 407.2 dated June 1956. Form PHA-2209 has been revised and copies of the previous version should no longer be used.

Instructions for preparing Form PIA-2209

General: This report is to be submitted to the appropriate PIA Regional Office in an original and two copies for each project. Each report shall cover a semi-monthly period; the first report shall cover the first such period during which applications for occupancy are accepted and in any event shall begin at least two months prior to the anticipated date of initial occupancy. The reporting shall continue semi-monthly thereafter to the end of the reporting period in which the project ceases to be in low-occupancy status or in which IOP occurs. When tenant selection for a group of projects is centralized it should be noted that application data for all such projects (Items numbered 5, 6, and 7(c) and (f)) should be entered on the report and numbers of all projects in the group which are in initial occupancy should be listed in Item 4.

Instructions:

Heading: Enter only one project number, i.e. the project covered by the report; give name of city or town in which project is located; and the ending date of the semi-monthly period covered by the report.

1. a. Enter the actual date the first application applicable to this project was received.
b. Enter the date initial occupancy is expected or the date the first unit was actually occupied. Strike out the inapplicable word.
c. Enter the actual date on which the project ceased to be in low-occupancy status. (This report is to be discontinued after the report which covers the period in which this date occurred.)
2. Enter the Estimated Average Monthly Contract Rent shown in Item 1 of the Demonstration of Financial Feasibility for the project indicated in the heading.
3. Enter the average monthly Contract Rent for all leases executed as of the date of the report. (Total monthly rent from all active leases divided by number of leases.)
4. Check whether tenant selection is centralized. If centralized, list all projects in the initial occupancy stage together with number of units.
5. Enter the number of active applications on file; if tenant selection is centralized for a group of projects, this should include applications available for all projects in the group. Do not count as active applications any applications for which leases have been signed, which have been determined to be ineligible, or which are not considered active for any other reason. The total number reported should equal the total of Items 6, 7(c), and 7(f). Indicate the breakdown of all applications by race. Include Latin Americans as white and specify the number using the symbol "Lat. Am."
6. Enter the total number of active applications which appear to be eligible but which have not been verified; if tenant selection is centralized this item should include such applications available for all projects. Indicate breakdown of such applications by whether they have preference or not.
7. Enter opposite each bedroom (BR) size the following information:
 - a. Number of dwelling units programmed for the project.
 - b. Number of units available for occupancy, including both occupied and vacant.
 - c. Number of units for which leases have been signed.
 - d. Number of units available for occupancy but for which leases have not been signed.
 - e. Number of verified eligible applications with preference; if tenant selection is centralized, this item should include such applications available for all projects.
 - f. Number of verified eligible applications without preference; if tenant selection is centralized, this item should include such applications available for all projects.
8. Enter total number of units occupied, including vacant units which are covered by leases commencing on or before the end of the reporting period.
 - a. Give total number units occupied by tenants. Break down by race and preference as in Item 5.
 - b. Enter the number of units occupied by employees required to live on the project. (Include in 8a any employee families admitted under regular eligibility requirements.)
9. Enter the number of units vacated during the period by tenants and employees and accumulative total since initial occupancy. Do not count transfers within the project.

Remarks: Explain any delays in construction, slowness in processing applications or other qualifying statements accounting for delays in occupancy. Also give reasons for move-outs shown in Item 9.

Report on Occupancy, Form PHA-1235

1. Preparation and Submittal of Report

a. The Report on Occupancy, Form PHA-1235 (Exhibit 1), shall be prepared quarterly for each low-rent housing project which meets the conditions in paragraph 2 below. (Local Authorities which previously submitted combined reports for two or more projects may continue to combine their reports to cover those projects.) An original and one copy of the report shall be submitted to the Statistics Branch, Public Housing Administration, Washington 25, D. C., by the close of the next business day following the end of the calendar quarter. One copy should be retained by the Local Authority.

1/ A worksheet which can be used to maintain a record during the quarter assist in the preparation of the report at the end of the quarter appears on the reverse side of the Form.

2. Initiation of Reporting. The first report in respect to any project shall be made as of the end of the calendar quarter in which the project reaches the End of the Initial Operating Period. 1/ Reports shall be made quarterly thereafter.

3. Detailed Instructions. Fill in all items called for in the heading of the report. Under "Location," enter the name of the city, town, or village in which the project is physically located. Entries should be made for all items, using zero where appropriate. (Note that this report is based on units and not on families. Therefore, if a family moves into, or occupies, or vacates two or more units, the units should be counted wherever appropriate. Similarly, when one unit is assigned to two single-person families, it may be counted only once wherever appropriate. When a single-person family is admitted to a unit already occupied, do not include the unit in the report. The above situations should be explained in "Remarks.")

a. Total Occupied, End of Previous Quarter (Item 1). Enter the total number of units occupied or under effective lease at the end of the previous quarter. Entry may be obtained from item 4 of previous report.

(Cont'd)

1/ Projects which have reached the End of the Initial Operating Period but which are in low-occupancy status are required, in addition, to submit reports on PHA-2496, as provided in paragraph 2 of Section 407.4.

NOTE: This Section supersedes Section 407.3 dated 3-23-53. It reflects minor changes in Form PHA-1235 and changes the time for initiation of reporting on this Form.

b. Vacated by Tenants (Including Employees) Leaving Project During Quarter (Item 2). Enter the total number of units vacated during the quarter by tenants (including employees) moving out of the project. Include units for which rent was paid (or is owed) for the last day of the preceding quarter (and counted as occupied in item 4 of the previous report) but which were vacated and therefore available for new tenants at the beginning of this quarter. Similarly, do not count as vacated during this quarter units for which rent was paid (or is owed) for the last day of this quarter. If a unit is vacated more than once during the quarter, count each time as a unit vacated. Do not consider a unit as vacated if the occupant is merely moving to another unit in the project.

c. Filled by New Tenants (Including Employees) Moving Into Project During Quarter (Item 3). Enter the number of units filled during the quarter by tenants and employees moving into the project, including units for which rent was effective on the first day of the quarter or thereafter during the quarter. Count units filled by families moving from another low-rent project, but do not count units filled by families transferred from one unit to another within the project. If a unit is filled more than once during the quarter, count each time.

d. Total Occupied, End of Quarter (Item 4). Enter the total number of units occupied at the end of the quarter. If a tenant has paid (or owes) rent through the end of the quarter, count the unit as occupied even though he may have moved out before the end of the quarter. If the first effective date of a tenant's rent is before the end of the quarter, count the unit as occupied even though he may not have moved in until the next quarter. Failure to observe this instruction (and related ones in paragraphs 3b and 3c above) will result in inaccurate reporting of occupancy to the extent that turnover occurs at the end of the quarter. The entry should equal item 1, minus item 2, plus item 3.

(1) By Tenants. Enter the number of units occupied at the end of the quarter by tenants other than employees of the projects as defined in paragraph 3d(2) below. Enter the number of units occupied by white, Negro, and "Other" tenants. Include Latin-Americans as white and if they are enumerated separately, specify the number just above the entry using the symbol "LA."

(2) By Project Employees. Enter the number of units occupied at the end of the quarter by maintenance employees of the project who are required to live in the project. (Include in item 4(a) any employee families admitted under regular eligibility requirements and not classified as essential.)

e. Total Vacant, End of Quarter (Item 5). Enter the total number of units available for dwelling use but not "occupied" or under effective lease at the end of the quarter (see paragraph 3d above). Do not include as vacant units those which are not available for dwelling use.

(Cont'd)

f. Available for Dwelling Use, End of Quarter (Item 6). Enter the number of units actually available for occupancy as of the end of the quarter, whether occupied or not. This entry should equal the sum of the entries in items 4 and 5. Use space in "Remarks" to explain any change from corresponding entry on previous report.

PHA-1235 January 1959 PUBLIC HOUSING ADMINISTRATION HOUSING AND HOME FINANCE AGENCY REPORT ON OCCUPANCY	Budget Bureau No. 63-R2h1.1h Project No. Project location - City and State Quarter ended
ITEMS	NUMBER OF DWELLING UNITS
1. Total occupied, end of previous quarter (item 4 of previous report).....	
2. Vacated by tenants (including employees) leaving project during quarter.	
3. Filled by new tenants (including employees) moving into project during quarter!.....	
4. Total occupied, end of quarter (item 1 less item 2 plus item 3).....	
(a) By tenants <u> </u> <u> </u> <u> </u> (White) (Negro) (Other)	
(b) By project employees.....	
5. Total vacant, end of quarter.....	
6. Available for dwelling use, end of quarter (sum of items 4 and 5)..... (Explain in Remarks any change from entry on previous report)	
REMARKS	

(Over)

(Cont'd)

NOTE: This Exhibit supersedes Exhibit 1 to Section 407.3 dated 10-30-52.
 Form PHA-1235 has been revised.

WORKSHEET FOR PREPARATION OF REPORT

RECORD OF UNITS VACATED BY FAMILIES MOVING OUT OF PROJECT DURING QUARTER: Enter tally on appropriate line as each unit is vacated by a family moving out. If one family vacates two units, enter two tallies. Do not include units under effective lease through the end of the quarter although families may have vacated before that time.

Count For The Quarter - enter totals in column 2 of Recapitulation

Units vacated by:

White tenant.....

Negro tenant.....

"Other" tenant.....

Project employee (all races).....

RECORD OF UNITS FILLED BY FAMILIES MOVING INTO PROJECT DURING QUARTER: Enter tally on appropriate line as each unit is filled by a new family. If a family is assigned two units, enter two tallies. Include units under effective lease although families may not move in until next quarter.

Count For The Quarter - enter totals in column 3 of Recapitulation

Units filled by:

White tenant.....

Negro tenant.....

"Other" tenant.....

Project employee (all races).....

RECAPITULATION	(1) Units occupied at start of quarter (items h(a), h(b), and h of previous report)	(2) Units vacated	(3) Units filled	(4) Units occupied at end of quarter Col. (1)-Col. (2)+Col. (3)	(5) Entries in Col. (4) to be used in
1. TENANTS					
(a) White tenants...					h(a) White
(b) Negro tenants...					h(a) Negro
(c) "Other" tenants.					h(a) "Other"
(d) Total tenants (a + b + c).....					ha
2. PROJECT EMPLOYEES					hb
3. TOTAL (1d + 2)...					
Entries in line 3 to be used in	Item 1	Item 2	Item 3	Item 4	

Report on Low Occupancy in Low-Rent Projects, Form PHA-2496

1. Introduction. The Report on Low Occupancy, Form PHA-2496 (Exhibit 1), provides information for Regional Office use in analyzing problems of low occupancy, in appraising the effectiveness of action planned or initiated to achieve maximum occupancy, and in helping Local Authorities to achieve such occupancy.
2. Submittal of Report
 - a. Form PHA-2496 shall be submitted for each low-rent project which comes into or continues in low-occupancy status after the end of its Initial Operating period. 1/ A project is in low-occupancy status if:
 - (1) In the case of projects with 50 or more units, more than five percent of the units are vacant; or
 - (2) In the case of projects with less than 50 units, more than two units are vacant.
 - b. Form PHA-2496 is to be submitted in duplicate to the Regional Office by the close of the first business day following the end of the period covered by the report. The Report is automatically due (without requests or reminders from the Regional Office) for each month in which a project is in low-occupancy status as of the end of the month, and also for the month in which the low-occupancy status ends. A separate report is to be submitted for each low-occupancy project.
 - c. If a Regional Office considers more frequent than monthly reporting to be desirable, it may specify semi-monthly reporting for certain or all projects in low-occupancy status. Also, it may from time to time request that a Report be submitted for certain projects which appear to be approaching though are not actually in low-occupancy status.
3. Detailed Instructions
 - a. Heading. Identify project by number. Enter name of locality and state in which project is located, full name of Local Authority, and the month covered by the report.

(Cont'd)

1/ This reflects a change in reporting instructions for projects which continue in low-occupancy status after EIOP. Such projects formerly were required to continue reporting on Form PHA-2209. It should also be noted that this report is in addition to regular reporting on Form PHA-1235. Regional Offices will make immediate distribution of Forms PHA-2496 to Local Authorities having projects in low-occupancy. Thereafter Local Authorities needing the forms shall order them from the Office Services Branch, PHA, Washington 25, D. C.

b. Item 1 through 6. Provide the entries for the month in the "Total" columns, then break down each entry by unit size. (Note that these lines correspond with similarly numbered items on Form PHA-1235.)

c. Item 7. Enter by total and by unit size the number of apparently eligible and eligible applications in the file from which tenants are selected for the project covered by the report. After the word "file" (line 7), enter, as appropriate, Central, Group, or Project to indicate whether the applications shown are for all projects of the Local Authority, for a particular group of projects, or for the single project for which the report is submitted. If for a given month, reports are submitted for two or more low-occupancy projects served by the same application file, show the entries for applications on the report for one project and cross-reference the report for the other project or projects. Enter on line 7a, by total and by unit size, the number of apparently eligible applications on file for which verification has not been completed. Enter on line 7b, by total and by unit size, the number of active applications on file from applicants whose eligibility has been verified but who have not been selected for leasing. Enter on line 7c, by total and by unit size, the number of eligible applicants selected for leasing but for whom a lease has not been executed to be effective by the end of the month covered by the report. (Do not include applicants selected for leasing who refused a unit offered.)

The sum of the entries on lines 7a, 7b, and 7c must equal the entry on line 7. Entries on all four lines are to be as of the end of the month.

d. Item 8. Entries for lines 8 through 8c iv are to reflect application activity for the month covered by the report. The several lines in this item are self-explanatory. No breakdown by unit is necessary.

e. Item 9. On line 9a enter the number of ineligible families which moved out during the month. Show on line 9b the number of families moving out at the request of the management for reasons unrelated to eligibility. List under 9c any other reasons, and show the number of move-outs for each.

f. Item 10. Describe briefly the action taken during the month to obtain applications and to fill vacancies.

g. Item 11. List problems now existing (e.g. any delays or obstacles to moving in eligible applicants shown in item 7) or likely to arise in connection with obtaining applications and filling vacancies, and action planned to cope with these problems.

PHA-2496 BUDGET BUREAU NO. 63-R916.1
 September 1957

Housing and Home Finance Agency Project No. _____ No. Ended _____
 PUBLIC HOUSING ADMINISTRATION Location _____

REPORT ON LOW OCCUPANCY LHA _____

	Total	Number of bedrooms							Please leave blank
		0	1	2	3	4	5	6	
1. Number of units occupied end of last month									
2. Number of units vacated during month									
3. Number of units filled during month									
4. Number of units occupied end of month									
5. Number of units vacant end of month									
6. Number of units available									
7. Number of apparently eligible and eligible applications on file _____									
a. Number pending verification									
b. Number verified eligible									
c. Number of eligible applicants notified									

<p>8. Application activity during month <u>Number</u></p> <p>a. Applications received _____</p> <p>b. Ineligible applic. received _____</p> <p>c. Reasons for ineligibility _____</p> <p> i. Over income _____ (incomes exceeded limits by amounts ranging from \$ ___ to \$ ___)</p> <p> ii. Previous housing _____</p> <p> iii. Not a family _____</p> <p> iv. Other (specify) _____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>9. Number of move-outs during month and reasons for move-outs</p> <p style="text-align: center;"><u>Reason</u> <u>Number</u></p> <p>a. Ineligible for continued occupancy _____</p> <p>b. At request of management, other _____</p> <p>c. Other (specify) _____</p> <p>_____</p> <p>_____</p>
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10. Action taken during month to obtain applications and fill vacancies (include organizations, etc. contacted during month). _____

11. Problems encountered or existing, and action planned. _____

Receipt and Processing of Applications for Admission

1. Introduction. Each Local Authority has agreed in its Annual Contributions Contract to select tenants and assign dwellings to them in accordance with an established procedure which will conform in all respects to the requirements of the Act and the Contract. This Section sets forth the requirements for the receipt and processing of applications for admission. It also recommends certain procedures and techniques, including forms, for implementing these Contract requirements. The procedures established by a Local Authority for determining eligibility shall be applied uniformly to all applicants for admission.

2. Contract Requirements Relating to the Receipt and Processing of Applications
 - a. Prior to the admission of each family as a tenant, the Local Authority shall obtain a written application for admission signed by a responsible member of such family, which shall set forth in adequate detail all data and information necessary to enable the Local Authority to determine:
 - (1) Whether the family meets the conditions of eligibility for admission;
 - (2) The rent to be charged;
 - (3) The size of the dwelling required; and
 - (4) The preference for admission, if any, to which such family is entitled.

 - b. The Local Authority shall verify each such application by such methods as may be needed to reasonably assure the Local Authority that such statement is full, true, and complete as of the time of admission.

 - c. The Local Authority shall maintain complete and accurate records, including applications for admission to its projects and the evidence (or notations thereof) used by the Local Authority to verify such applications. These records shall be available for audit by the PHA at any time during normal business hours.

(Cont'd)

NOTE: This Section supersedes Section 408.1, pages 1 and 2 dated 11-17-52, and pages 3-7 dated November 1955. Former paragraphs 1 and 2 have been combined and former paragraphs 5a, 6d, and 8b(3) have been deleted.

3. Establishment of Admission Procedures by Local Authority. Each Local Authority, pursuant to these Contract requirements, must establish the specific procedures which it will follow in receiving and processing applications for admission, including forms on which to record information provided by the applicant, and for obtaining and recording verifications relating thereto.

4. Establishing a Pool of Applications
 - a. To ensure compliance with the preference requirements of the Act and the Contract, the Local Authority shall, until the End of the Initial Operating Period, accept applications from all families seeking admission to a project. This rule shall hold, regardless of the number of eligible applications on hand, unless the number and type of applications received are such as to indicate that tenants will be selected only from those groups having a preference priority (i.e. elderly families, displaced families, and families of Veterans and Servicemen). In this event, the Local Authority may discontinue taking applications from families without any preference priority.

 - b. After the End of the Initial Operating Period, Local Authorities with sufficient applications on file from families with a preference priority, or from nonpreference families having a substantial housing need, to fill vacancies as they occur, may discontinue taking applications from families without any preference priority.

5. Data To Be Obtained From Applicants
 - a. The Local Authority is required to obtain and record for each family applying for admission all data and information which, when verified, will enable it to determine and certify to the family's eligibility for admission, its preference status, if any, the rent to be charged, and the size of dwelling required by the family. Experience has shown that the best and most effective method of taking applications is for an employee of the Local Authority to fill out the application during an interview with the applicant. Care should be taken to ensure that the applicant reads the completed application before signing it. The accuracy of the information provided should be attested to, and the form signed, by a responsible member of the applicant family, preferably the family head. Since the application provides the basic data for determining eligibility, all entries should be made in ink or indelible pencil, or should be typed in. Corrections or changes should be made by lining through the original item and entering the correct data. All changes should be dated and initialed by the person recording the change. The reason and authority for making the change should also be noted.

(Cont'd)

b. The application form (see Exhibit 1 1/) must provide space for recording data concerning family and preference status, nature and urgency of housing need, and employment and income, including:

- (1) The name, relationship to family head, sex, age, date of birth, and employment status of each person who is to reside in the dwelling;
- (2) The status of the family, as that of a disabled, deceased, or other Veteran or Serviceman, including period of service, nature and date of discharge, or date of death, and information as to whether disability or death was service connected;
- (3) The status of the family with respect to actual or anticipated displacement by any low-rent housing project or by any public slum clearance, redevelopment, or urban renewal project, or through enforcement of housing standards or through demolition, closing, or improvement of dwelling units, including date of and reason for actual or anticipated displacement, identification of place from which displaced or to be displaced, and by what authority; 2/
- (4) A description of present housing conditions with particular emphasis on those factors pertinent to a determination as to whether present housing is unsafe, insanitary, or overcrowded;
- (5) Documentary evidence that the family is actually without housing due to no fault of its own, or is about to be without housing as a result of a court order of eviction, due to no fault of its own;
- (6) Information concerning any chronic health problem or physical impairment of a family member which gives urgency to the family's housing need;

(Cont'd)

1/ Local Authorities may wish to use a more detailed application form and summary than Exhibit 1. Upon request, Regional Office staffs will assist Local Authorities in developing such forms. Local Authorities desiring to use the application form shown as Exhibit 1 may reproduce the form locally or purchase a supply from the Government Printing Office in units of fifty copies at the rate of \$0.75 for fifty copies. An order for the forms together with a check covering the amount of the purchase should be sent to the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

2/ See footnote 2/, page 2, of Section 403.1

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- (7) For each member of the family who is receiving or is expected to receive any income from any source during the twelve months next succeeding the anticipated date of admission, the full amount and source of such income, including rate, period worked, etc., the occupation of each employed member, and in cases where income is received from the U. S. Government, a designation of the amount paid because of service-connected disability or death;
 - (8) Itemized amounts to be deducted in determining net family income;
 - (9) In cases where the Local Authority considers it necessary, employment and income data for each member of the family who received income from any source during the 12 months immediately preceding the date of application; and
 - (10) Any other information required to determine conformance with locally established eligibility requirements.

c. If during the application interview it appears that the applicant is definitely not eligible, the applicant should be so informed and the application classified as ineligible. Sufficient information should be entered on the application form to establish ineligibility and the applicant's signature should be obtained.

6. Verification and Documentation of Application Data

a. The Local Authority is required to verify the data contained in each application prior to leasing by such methods as may be necessary to reasonably assure that it has full, true, and complete information upon which to base its determination of eligibility, preference status, rent to be charged, and size of dwelling required. It is further required to maintain complete and accurate records of its verifications.

b. Records maintained by each Local Authority of its verifications of application data should consist of, but not routinely be limited to, the following items:

- (1) Letters or other statements from employers and other pertinent sources giving authoritative information concerning all items and amounts of income and deductions, together with other eligibility and preference determinations;
- (2) Photostatic or carbon copies of documents in the applicant's possession which substantiate his statements, or a brief summary of the pertinent contents of such documents signed and dated by the staff member who viewed them;

(Cont'd)

-
- (3) Statements from self-employed persons, and from persons whose earnings are irregular, such as salesmen, taxi drivers, etc., sworn to before a notary, setting forth gross receipts, itemized expenses, and net income;
 - (4) Memoranda of verification data obtained by personal interview, telephone, or other means, with source, date received, and the person receiving the information clearly indicated;
 - (5) A record of the physical inspection of the applicant's housing accommodations or other documentary evidence that the dwelling is unsafe, insanitary, or overcrowded, and that the applicant is actually living in such dwelling, if residence in unsafe, insanitary, or overcrowded housing is a condition of his eligibility for admission or is necessary to determine order of preference; 1/
 - (6) Proof that an applicant is, if claimed, actually without housing through no fault of his own;
 - (7) A court order of eviction, if applicant claims that he is about to be without housing through no fault of his own; and
 - (8) Proof that an applicant, if claimed, is to be displaced or has been displaced under one of the circumstances cited in paragraph 5b(3) above.

7. Summary of Verified Data

a. Verification data should be reviewed and evaluated as received for completeness, accuracy, and conclusiveness. Where the information received is not completely adequate in all respects, follow-ups or new efforts to obtain such information should be made and carried through to conclusion. If during the verification process it becomes evident that for one or more reasons an applicant is ineligible for admission, the investigation should be discontinued and the applicant notified of his ineligibility and the reason therefor.

b. As verifications of all necessary items for each application are completed, a summary of the verified information should be prepared, either on a separate form, or on space provided on the application form. The summary should cover the following determinations and the bases for such determinations (see Exhibit 1 for specimen form):

- (1) Eligibility of the applicant group as a Family;

(Cont'd)

1/ See Exhibit 4 of Bulletin No. IR-29 dated January 1956 for a specimen form for this purpose.

-
- (2) Eligibility of the family with respect to income limits for admission;
 - (3) Eligibility of the family (excluding Veterans and Servicemen who apply not later than March 1, 1959 and Elderly Families) with respect to housing need;
 - (4) Eligibility of the family with respect to other conditions of eligibility;
 - (5) Preference status, if any, of the family;
 - (6) Urgency of the family's need for housing;
 - (7) Size of unit to which the family should be assigned; and
 - (8) Rent which family should pay.
8. Rechecking Verified Findings Prior to Admission. The Act and the Contract specify that only Families of Low Income who at the time of admission meet specified requirements shall be admitted. The PHA will consider this requirement to be met if, at the time an applicant is selected for admission: (a) the verified data used in determining the applicant's eligibility, preference rating, rent to be charged, and size of dwelling required are not more than one month old and the applicant states that no change has occurred in his status; or (b) where data on file are between one and three months old, inquiries are made of the applicant, his replies are recorded, and any reported changes which may affect his eligibility, preference rating, rent, and unit size are reverified prior to leasing; or (c) where data on file are three or more months old, all factors are reverified and findings recorded. Reverification may be handled informally by telephone or other means provided findings are properly documented, together with the name of the source of information, by whom obtained, and when. This should of course be signed and dated by the Local Authority personnel responsible for passing on such matters.
9. Certifying and Reporting to PHA
- a. A duly authorized official of the Local Authority is required by the Act and the Contract to make periodic written statements to the PHA that an investigation has been made of each family admitted during the specified period and that on the basis of this investigation, this official found that each admission was in accordance with specified requirements.
 - b. The form and manner in which this certification and reporting shall be made is prescribed in Section 411.2.
-

III. HOUSING CONDITIONS:	VII. DETERMINATIONS (continued):																																				
A. Nature of Existing Housing Conditions: 1. Without housing (through no fault of the family): Yes <input type="checkbox"/> No <input type="checkbox"/> (a) Reason _____ (b) Present living arrangements _____																																					
2. About to be without housing (through no fault of the family): Yes <input type="checkbox"/> No <input type="checkbox"/> (a) Reason _____ (b) Type notice and effective date _____																																					
3. Living in substandard housing conditions: Yes <input type="checkbox"/> No <input type="checkbox"/> (If "Yes," check substandard conditions present.)																																					
(Check) (a) Dwelling structurally unsafe _____ (b) No potable running water in dwelling unit _____ (c) No usable flush toilet in dwelling unit _____ (d) No installed usable tub or shower in dwelling unit _____ (e) No operating sink or proper stove connections in kitchen _____ (f) Inadequate or no electric wiring system in dwelling unit _____ (g) Inadequate or unsafe heating facilities for dwelling unit _____ (h) Overcrowded: No. BR _____; Number persons _____ (i) Single family unit occupied by 2 or more families _____	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="font-size: small;">Existing condition</th> <th style="font-size: small;">Value</th> <th style="font-size: small;">Date</th> </tr> </thead> <tbody> <tr> <td>(a) Without housing</td> <td style="text-align: center;">110</td> <td></td> </tr> <tr> <td>(b) About to be without hq.</td> <td style="text-align: center;">100</td> <td></td> </tr> <tr> <td>(c) Substand- and hq.:</td> <td style="text-align: center;">10</td> <td style="text-align: center;">10</td> </tr> <tr> <td></td> <td style="text-align: center;">10</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">10</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">10</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">10</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">10</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">10</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">10</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">5</td> <td></td> </tr> </tbody> </table>	Existing condition	Value	Date	(a) Without housing	110		(b) About to be without hq.	100		(c) Substand- and hq.:	10	10		10			10			10			10			10			10			10			5	
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B. Other Factors of Housing Need (Specify Below): _____																																					
C. Monthly Amount Now Paid for Rent and Utilities \$ _____																																					
IV. NET ASSETS:																																					
A. Type _____; B. Estimated Value, \$ _____																																					
V. LOCAL RESIDENCE:																																					
A. Length of Residence in Locality _____; B. Addresses During Past _____ Months																																					
VI. PREFERENCE AND MILITARY SERVICE:																																					
A. Displaced Family: 1. Address when displaced _____ 2. Date moved _____; 3. Notified by _____ _____; 4. Displaced family: Yes <input type="checkbox"/> No <input type="checkbox"/>																																					
B. MILITARY Service: 1. Name of family member who has been or is in military service _____ 2. Relation to head _____ 3. At home _____; 4. Absent _____ 5. Period of service: From _____ to _____; 6. "C" No. _____ 7. Discharged: (a) Date _____; (b) Type _____ 8. Disabled: Yes <input type="checkbox"/> No <input type="checkbox"/> ; (a) % _____; (b) Service conn.: Yes <input type="checkbox"/> No <input type="checkbox"/> 9. Deceased: Yes <input type="checkbox"/> No <input type="checkbox"/> ; (a) Date _____; (b) Service conn.: Yes <input type="checkbox"/> No <input type="checkbox"/> 10. In service: (a) Rank _____; (b) Serial No. _____; (c) Branch _____ (d) Title and address of C. O. _____ 11. Family of veteran or serviceman: Yes <input type="checkbox"/> No <input type="checkbox"/>																																					
C. Monthly Amount Now Paid for Rent and Utilities \$ _____																																					
D. Net Assets: 1. Amount _____ \$ _____ 2. Eligible: Yes <input type="checkbox"/> No <input type="checkbox"/>																																					
E. Local Residence: Eligible: Yes <input type="checkbox"/> No <input type="checkbox"/>																																					
F. Preference Rating: 1. Displaced: Yes <input type="checkbox"/> No <input type="checkbox"/> 2. Elderly: Yes <input type="checkbox"/> No <input type="checkbox"/> 3. Vet. or MM: Yes <input type="checkbox"/> No <input type="checkbox"/> (a) Disabled: Yes <input type="checkbox"/> No <input type="checkbox"/> (b) Deceased: Yes <input type="checkbox"/> No <input type="checkbox"/> 4. Preference _____																																					
VIII. CERTIFICATION: On the basis of the determinations set forth above, the applicant family named herein has been found to be: Eligible for admission: <input type="checkbox"/> Ineligible for admission: <input type="checkbox"/> Signed _____ Title _____ Date _____																																					
IX. LEASING: A. Unit Number _____ B. Lease Effective _____																																					
I understand that this is not a contract and does not bind either party. The above information is full, true, and complete to the best of my knowledge. I have no objections to inquiries being made for the purpose of verifying the statements made herein. _____ Date _____ (Name of applicant) Interviewed by _____																																					

U. S. GOVERNMENT PRINTING OFFICE: 1957 O 416704

SUPPLEMENT TO APPLICATION FOR ADMISSION

(For Use by Local Authorities Allowing Additional Exemptions Authorized by Housing Act of 1957)

Data Supplied by Applicant		Local Authority Determination After Completing Verification	
C. Annual Net Family Income (IIC minus IID ¹).		(b) Rent	
(a) Elig.		(b) Rent	
1. Disability and death	\$	a. Disability and death	\$ XXXX
2. Minors (Total).	\$	b. Minors (Total)	\$
a. Net Income ^{2/}	\$	(1) Net Income ^{2/}	\$
b. \$100.	\$	(2) \$100.	\$
3. Adults (Total)	\$	c. Adults (Total)	\$
a. Net Income ^{2/}	\$	(1) Net Income ^{2/}	\$
b. \$100.	\$	(2) \$100.	\$
4. Total Exempt	\$	d. Total Exempt.	\$
E. Inc. for Admission Elig. (IIC minus IID ¹ (a)).	\$	6. Income for Eligibility (VID ⁴ minus VID ⁴ (a)).	\$
F. Income Limit Appropriate to Family.	\$	7. Income Limit.	\$
G. Income for Rent (IIC minus IID ¹ (b))	\$	8. Income for Rent (VID ⁴ minus VID ⁴ (b)).	\$
H. Rent Gross \$ Contract	\$	9. Rent. Gross \$ Contract	\$

1/ To be used in lieu of Items IIC through IIG and Items VID⁴ through 8 on first page of Application for Admission.

2/ Not more than \$600 per minor or adult.

NOTE: This Exhibit supersedes Supplement 1 to Exhibit 1 of Section 408.1 dated February 1958. It is being reissued to correct minor errors in the previous Exhibit.

Use of Paid Newspaper Advertising To Publicize the Availability of Units in Low-Rent Projects.

1. Introduction. This Section sets forth the policy of the PHA with respect to the use of paid newspaper advertising to publicize the availability of units in low-rent projects.

2. Statement of Policy
 - a. Experience indicates that there are generally effective and adequate methods for reaching potential applicants for low-rent housing without the use of paid newspaper advertising. Therefore, unless a Local Authority obtains prior approval from the Regional Director by showing to his satisfaction that such expenditures are necessary to the economical operation of a project, the PHA will take formal exception to the expenditure of any Local Authority funds for newspaper advertising designed to reach potential applicants.

 - b. This prohibition against the unauthorized use of paid newspaper advertising by a Local Authority is not, however, intended as a ban on the usual complimentary advertising by the contractor and suppliers upon the completion of construction of a low-rent project. It also is not intended to place any restrictions upon the publication of a Local Authority's annual report in the local newspapers, if it so prefers, rather than as a specially printed and distributed pamphlet.

PUBLIC HOUSING ADMINISTRATION

HOUSING AND HOME FINANCE AGENCY

WASHINGTON 25, D. C.

CIRCULAR

5-26-55

TO: Local Housing Authorities With Low-Rent Projects
Housing Managers of Directly Operated Low-Rent Projects

SUBJECT: Reporting Service Status of Veterans and Servicemen

Effective with the reports for the quarter ending June 30, 1955, additional information on service status is required on the admission (PHA-1227 or PHA-1227-S) and reexamination (PHA-1245 or PHA-1245-S) reports. For all families of veterans and servicemen (disabled, deceased, other), the dates of service in the armed forces shall be shown in "Remarks." Please show the dates (month and year) in number form. For example, the dates for a serviceman who was in the armed forces from July 8, 1951, through September 27, 1953, and who rejoined the armed forces on March 30, 1955, should read 7-51 through 9-53; 3-55.

This revision in the reporting instructions results from the establishment of a termination date of February 1, 1955, in defining "Veteran" and "Serviceman." The dates are required on our reports so that we may accurately inform Congress as to the proportions of service-connected families (as defined by law) admitted to and living in low-rent housing, and the effect of the special eligibility and preference conditions applying to them.

Reporting must, of course, be in accordance with the latest definitions which are in paragraphs 4 and 5 of Section 402.1 of the Low-Rent Housing Manual dated 2-11-55 and in paragraph 5b of Section 3.1 of the Small Low-Rent Programs Manual dated 2-4-55. For your convenience, we review the definitions. A "Veteran" is a person who has served in the active military or naval service of the United States at any time (1) on or after September 16, 1940, and prior to July 26, 1947, (2) on or after April 6, 1917, and prior to November 11, 1918, or (3) on or after June 27, 1950, and prior to February 1, 1955. A "Serviceman" is a person now in the active military or naval service of the United States and who also served therein during any of the above periods. These definitions of "Veteran" and "Serviceman" are to be applied in all reports on low-rent housing.

The above reporting requirements will be reflected in early Manual revisions.


Commissioner

Leasing of Dwelling Units

1. Introduction

a. Whenever a family is admitted to occupancy in a low-rent project administered by a Local Authority, there is established a landlord-tenant relationship with contractual obligations to be fulfilled by both parties. These obligations include many of those in standard landlord-tenant leases, such as the provision by the landlord of designated housing space and utilities and the payment of rent by the tenant. But in low-rent public housing there is also the tenant's obligation to furnish the Local Authority with accurate and truthful information regarding his family's composition and income as a means of determining the family's continuing eligibility to occupy the housing and the amount of rent to be paid. The tenant also has an obligation to vacate the dwelling whenever his family ceases to be eligible for continued occupancy.

b. This Section sets forth policy and procedure with respect to tenant leases.

2. Contract Requirements Relating to Tenant Leases

a. The Local Authority shall, unless otherwise approved by the PHA, use the dwellings in the project solely for the purposes of housing families of low income as provided in the Contract.

b. The Local Authority shall not permit any family to occupy a dwelling in any project except pursuant to a written lease for such dwelling executed by a responsible member 1/ of such family which shall contain all relevant provisions necessary to meet the requirements of the Act and the Contract.

3. The Lease Agreement

a. In addition to any other covenants which the Local Authority may desire to include in the lease, such instrument, to comply with requirements of the Act and the Contract, must contain the tenant's agreement to:

(1) Pay rent when due;

(Cont'd)

1/ Compliance with this Contract provision will require the Local Authority, after taking into account factors necessary to ensure the validity of the lease under State and local laws, to establish a policy as to which family members are qualified and will be required to sign a lease.

NOTE: This Section supersedes Section 409.1 dated November 1955. Former paragraph 3b has been deleted. New paragraphs 3c, 3e, and 3g have been added.

-
- (2) Furnish the Local Authority, upon request, with information necessary to determine eligibility for continued occupancy, the appropriate rent, and the size of dwelling required;
 - (3) Pay an increased rent when reexamination shows present rent to be inappropriate to the redetermined income and family composition;
 - (4) Transfer to a specified unit of appropriate size (at such time as the Local Authority may designate) when a change in family composition results in the family's requiring a different size dwelling to conform to established occupancy standards; and
 - (5) Vacate if the family becomes ineligible for continued occupancy or becomes subject to removal through violation of any obligation of tenancy.

b. If the Local Authority has elected to adopt a policy requiring tenants to report substantial changes of income or status as they occur, the lease agreement shall contain:

- (1) The tenant's agreement to advise the Local Authority promptly when any such change occurs in the family's income or status; and
- (2) The tenant's further agreement to pay backcharges of rent accruing from the time of any failure to report a substantial increase in income.

c. If a Local Authority wishes to effect rent changes without executing a new lease or without endorsements or riders, the lease must contain a covenant whereby the tenant agrees to pay rent and backcharges in accordance with an approved schedule, posted or at all times available in the Management Office, and to accept a notice of rent adjustment mailed as an amendment to the lease. 1/

(Cont'd)

1/ The following is an example of such covenant: "Promptly upon completion of any reexamination (or redetermination) indicating a change of family income (or status) which will affect the rent charge, the Management will execute a new lease or mail a written 'Notice of Rent Adjustment' to the Tenant showing change in the amount of anticipated Net Family Income and the change in monthly rent, including the amount of Retroactive Rent due, if any, as a result of such reexamination (or redetermination), and the Tenant agrees to accept such 'Notice of Rent Adjustment' as an amendment to this lease."

d. It is recommended that the lease not contain any provisions absolving the Local Authority from liability for its own negligence, or any provisions under which the tenant agrees to confess judgment or to waive any other legal rights of the tenant.

e. If a Local Authority includes utilities in the Contract rent for which tenants are to be charged for consumption in excess of specified amounts, the lease should contain a provision obligating the tenant to pay amounts assessed by the Local Authority for over-consumption.

f. Leases should be drawn on a month-to-month basis whenever possible. This should enable an eviction to be accomplished with a minimum of delay and expense upon the giving of a statutory Notice To Quit without stating any reasons for such notice.

g. In the event a Local Authority requires two or more unrelated single persons (elderly persons or remaining members of tenant families) to occupy the same dwelling in the interest of conserving space, the lease should contain the special provisions set forth in paragraph 5c of Section 406.1.

4. Execution of the Lease Agreement

a. Before the family is allowed to move into the project, a responsible member shall be required to sign and date the lease agreement in duplicate. After the lease is signed and dated by an authorized official of the Local Authority, the original is to be filed in the family's permanent record folder (see Section 408.1) and the copy is to be given to the tenant.

b. An existing lease agreement is to be canceled and a new one executed if a tenant transfers to another unit. If any other change in the tenant's status results in the need of changing or amending any provision of the lease, and provision for such is not made as indicated in paragraph 3c above, or if the Local Authority desires to waive any provision with respect to the tenant, either (1) the existing lease shall be canceled and a new lease agreement executed, or (2) an appropriate rider shall be prepared and made a part of the existing lease, or (3) appropriate insertions shall be made within the instrument. To make them binding, all riders or insertions must be dated and signed or initialed by the lessee and by a duly authorized employee of the Local Authority.

5. Acquainting Tenants With Conditions of Occupancy

a. Prior to or at the time of signing the lease agreement the Local Authority should assist each applicant accepted as a tenant in understanding (1) the obligations which he and his family assume as tenants of public low-rent housing; (2) the privileges to which they are entitled; and (3) the responsibility of the Local Authority to its tenants and to

(Cont'd)

the public in fulfilling its obligation to operate the project in conformance with controlling legislation. Experience has shown that this assistance should be given through one or more interviews conducted by a qualified member or members of the Local Authority's staff. Such interview should, among other things:

- (1) Summarize, within the understanding of the applicant, the purposes of the local low-rent housing program;
- (2) Explain the principle of relating rent to income;
- (3) Acquaint the applicant with provisions of legislation which most directly affect him and his family, such as the establishment of conditions of eligibility for admission and for continued occupancy, and the application of preferences in the selection of tenants;
- (4) Assist the applicant in understanding the provisions of the dwelling lease and the terminology used therein;
- (5) Impress upon the applicant his responsibility as a tenant for paying rent when due and advise him specifically of Local Authority regulations with respect to rent payments;
- (6) Inform the applicant of his responsibilities with respect to the care of his dwelling, grounds, project equipment, and other phases of tenant maintenance;
- (7) Provide opportunity for the applicant to present questions on matters on which he desires further explanation or clarification;
- (8) Lay the foundation for and encourage a cooperative tenant-management relationship; and
- (9) Explain the necessity for reporting substantial changes in income as they occur in the event such reporting is required.

b. It is further recommended that the Local Authority prepare useful information for tenants and provide the prospective tenant with copies at the time of the orientation interview. Among the subjects covered in such information might be: A summary of the obligations of the tenant and the Local Authority under the terms of the lease; essential instructions regarding the care of the dwelling and of equipment furnished by the Local Authority; an explanation of the functions of various project staff members and of tenant-staff relations; directions relative to any required tenant maintenance; how to report fires, and call police, ambulance, or other assistance needed in emergencies; use of community facilities provided on the project, including children's playgrounds; a directory or other listing of available shopping and other commercial facilities, churches, schools, health centers, clinics, welfare agencies, neighborhood or community centers, parks, playgrounds, and other places of recreation.

Report on Families Moving Into Low-Rent Housing, Form PHA-1227

1. Introduction. The Report on Families Moving Into Low-Rent Housing, Form PHA-1227, (Exhibit 1), furnishes information which is required by the Congress under the U. S. Housing Act, and which is essential to the PHA for reporting to the Congress on the operation of the program under that Act. It provides data on family size, composition, and income, and on rents and previous housing conditions, and other related facts about tenants admitted to low-rent housing, which indicate how the legislative objectives of the program are being achieved. This information is needed by the PHA in discharging its responsibilities under the U. S. Housing Act.

2. Use and Submittal
 - a. Form PHA-1227 shall be submitted quarterly not later than the 15th day following the end of each calendar quarter. The information entered for each new tenant shall reflect the facts at the time of admission. The report form may be used by the Local Authority as a current register of new tenants admitted to the project. It is recommended that entries be made currently in order to facilitate prompt and accurate preparation of the report. The form has been designed so that totals for the project will be readily available to the Local Authority for use in management. The report need not be typed. If there are no admissions during a quarter, a report should nevertheless be submitted, with a statement to this effect. The original and one copy of the report shall be sent to the Statistics Branch, Public Housing Administration, Washington 25, D. C. A copy should be retained by the Local Authority.

 - b. The Executive Director of the Local Authority shall sign the certificate on the report, indicating that an investigation of the status of each family listed thereon was made, and that he has examined the report and believes it to be true and correct.

 - c. Reporting shall begin with the quarter during which the first tenant moves in and shall continue quarterly thereafter.

3. Projects Covered. Submit a separate report for each low-rent housing project including PL-412, PL-671, PL-171 projects, PWA projects, and Lanham projects transferred to low-rent use (PL-475), but not for Farm Labor Camps.

(Cont'd)

NOTE: This Section supersedes Section 409.2, pages 1-2 and 7-10 dated February 1956, pages 3-6 dated November 1956, and Supplement 1 thereto dated November 1957. The revision was made to incorporate on the regular reports on Form PHA-1227 the information shown on the Supplementary Report on Tenant Income and to include information on reporting of housekeepers and of temporarily absent family members other than heads.

4. Tenants Covered. Show data for all tenants moving into the project during the calendar quarter covered by the report.

a. Include the following and report in the manner indicated:

- (1) Tenants transferring from another low-rent project (including a Farm Labor Camp) operated by the Local Authority. List the dwelling unit or account number under Item A; enter the word "transfer" under Basis for Eligibility and Preference and leave all other items blank.
- (2) Tenants admitted from any non-low-rent project operated by the Local Authority. Make complete entries for such tenants. They are not treated as transfers but as new tenants.
- (3) Project employees not required to live in the project. Make complete entries for such employees since they are admitted as families of low income.
- (4) Project maintenance employees required to live in the project. List the dwelling unit number under Item A; enter the word "employee" under Basis for Eligibility and Preference; leave all other items blank.
- (5) Single elderly persons. If two single elderly persons are admitted to one unit and sign separate leases, this represents two admissions. In "Remarks" enter "Separate lease for single." If a single person moves into a unit already occupied by another person, enter the same comment in "Remarks." If two single elderly persons are admitted to one unit but one lease covers both as a family, this represents one admission.

b. Exclude tenants transferring from one unit to another in the same project.

c. The total number of tenants listed should agree with the number of dwelling units filled by new tenants, as shown on the Report on Occupancy Form PHA-1235, for the period covered in the report, or as shown on the reports on Forms PHA-2209 or 2496 for projects not yet 95 percent occupied, and covering the same period. Discrepancies caused by the admission of single elderly persons into one unit will be explained by "Remarks" on the 1227 report.

5. Instructions for Preparation

a. Base the entries on the documented information which was used in making the final determinations as to the applicant's eligibility, preference rating, rent, and unit size requirements.

(Cont'd)

b. If more than one sheet is required, number the sheets consecutively and show, on each sheet, the total number of pages. The certificate, and name of the person who prepared the report, are required on the first page only. Enter the reporting period, city and State, and project number on each page. Item A is self-explanatory.

c. Detailed instructions for completing the remaining items are contained in the paragraphs which follow.

6. City and State. Enter the name of the city or town, etc. and State in which the project is located.
7. Item B, Age of Head of Family. Enter the age on the last birthday of the head of the family. If the head of the family is temporarily away from home (in the armed forces or living elsewhere) he should still be considered as the head of the family and his age should be shown. If a family qualifies as an "Elderly Family" (head of family or spouse is 65 years of age or over) because of the age of the spouse, enter "S" after the age of the head. For example, the head of the family is 62 years old, the wife 66. Item B should read "62S."

For a group of unrelated persons, enter the age of the oldest person in the group. For example:

- a. The family consists of a single person 65 years of age or over (70 in this example) and of a person regularly living with him who is 45 years old; Item B should read "70."
- b. The family consists of three unrelated persons aged 65, 70, and 72; Item B should read "72."
8. Item C, Race. Enter "1" for white (including Latin-Americans); "2" for Negro; and "3" for other.
9. Item D, Number in Family--Total. Enter the total number of family members living regularly in the dwelling unit. If the head of the family is temporarily away from home (in the armed forces or living elsewhere) include him in the count and enter an asterisk after the number reported. If the temporary absence of a family member other than the head of the family has been a factor in the admission of a single person, do not use the asterisk, exclude the absent member from the count, and state in "Remarks" - "Non-head away." Do not include members other than the head of the family who are living away from home, even though near enough for frequent visits. Do not include housekeepers or other persons residing with the family by reason of employment by or for the family. If the family consists of unrelated elderly persons, enter "U" (for unrelated) after the number in the group.

(Cont'd)

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10. Item E, Number in Family--Minors. Enter the number of family members living at home who are minors. Consider as a minor a person other than the head of the family and his spouse who is less than 21 years of age. Enter "0" if there are no such minors.
11. Item F, Number in Family--Workers. Enter the total number of gainfully occupied workers in the family (including minors), whether self-employed or working for others. Persons in the armed forces are workers. Include all workers who are members of the family as defined for Item D, in paragraph 9 above. This means that the head of the family temporarily away from home in the armed forces or otherwise employed is counted as a worker. Exclude those working only occasionally at odd jobs, whose employment is so sporadic that the income resulting therefrom cannot be estimated. Include seasonal and part-time workers whose income can be estimated. Enter "0" if the family has no workers. Enter "0" if the entire income is derived from sources such as G.I. benefits for Veteran students, unemployment compensation, Social Security payments, pensions, or relief funds.
12. Items G Through S, Anticipated Family Income at Admission. Enter for these items income data as determined in accordance with Sections 402.1 and 403.1, and verified in accordance with Section 408.1. Round each of these entries to the next higher dollar; for example, enter an income of \$2,029.03 as "\$2,030."
- a. Item G, Aggregate Family Income. Enter all of the income to be received during the 12 months following admission by all members of the family, including the income of a family head away from home. ^{1/} In the case of self-employed persons, include the net income of the operation in Aggregate Family Income. See Section 402.1.

(Cont'd)

^{1/} As set forth in Section 402.1, the income of members of the armed forces temporarily away from home shall be reported as follows:

A Family Head. Include the entire income of the member of the armed forces in the Aggregate Family Income. This shall include his basic pay, special pay, and allowances, if any. That portion of the dependency allotment contributed by the Government shall also be included in the Aggregate Family Income.

Not a Family Head. Include in the Aggregate Family Income only that amount contributed to the Family

See Part III of Bulletin No. LR-40 for examples of computations of Aggregate and Net Family Income for families of Veterans and Servicemen.

b. Item H, Net Family Income. Enter the Aggregate Family Income less deductions authorized by the Local Authority in accordance with Section 402.1. Explain under "Remarks" any difference between the Aggregate Family Income and Net Family Income (Item G minus Item H) in excess of \$500. Do not subtract the exemptions reported in Items I through M or Items O through R from the entry in Item G in arriving at the entry for Item H. If the family head is temporarily absent (as indicated by an asterisk after the Total Number in the Family) but no deduction from the Aggregate Income is allowable for his expenses away from home, please indicate this in "Remarks." For example: "No deduction--head in jail."

c. Item I, Disability and Death Benefit Exemptions

(1) If the Local Authority permits the exemption of service-connected disability and death benefits in determining eligibility, there must be an entry for each family. Enter the amount paid to any member of the family by the U. S. Government for service-connected disability or death, which is exemptible under Local Authority policy. This amount shall be shown whether or not it is needed to make the family eligible for admission. Enter "0" if no such service-connected benefits are received. Do not subtract the amount shown in Item I from the entry in Item G in arriving at the entry for Item H.

(2) If the Local Authority does not permit the exemption of service-connected disability and death benefits for any family in determining eligibility, leave this item blank.

d. Items J and K, Exemptions for Minors (Eligibility)

(1) Item J, Net Income. If the Local Authority permits the exemption of any amount up to but not more than \$600 of the net income of each minor (or some minors) who is not the principal income recipient, enter in Item J the amount of net income (earned or otherwise) so exempted in determining eligibility. Please note that Item J is limited to the income of minors. If, for example, the Local Authority elects to consider income received by a family expressly for the care of minors, such as aid to dependent children, as income of the minors and so exemptible (this can be done only if the Local Authority does not permit the exemption of minors' income in setting rent), only the amount granted for the children is to be shown in Item J (not more than \$600 per child). That part of the payment which is for the parent or guardian is not to be included in Item J. Please note, too, that Item J may never be greater than \$600 times the number of minors (excluding any minor who might be the principal income recipient) with income; it will be less if the income of any minor involved is under \$600.

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(2) Item K, \$100. If the Local Authority permits the exemption of \$100 (or less) for each minor or for some minors, enter in Item K the total of such exemptions allowable for each family. An exemption of \$100 (or less) may not be shown in Item K for any minor for whom an income exemption has been shown in Item J. The entry in Item K may never be greater than \$100 times the number of minors shown on the report. If there is an entry in Item J, the entry in Item K may not be greater than \$100 times the total number of minors less the number of minors for whom an income exemption was shown in Item J.

e. Items L and M, Exemptions for Adults (Eligibility)

(1) Item L, Net Income. If the Local Authority permits the exemption of any amount up to but not more than \$600 of the net income of each adult (or some adults) who is not the principal income recipient, enter in Item L the amount of net income (earned or otherwise) so exempted in determining eligibility. In no event may the entry in Item L be greater than \$600 times the number of adults (excluding the principal income recipient) with income; it will be less if the income of any adult involved is under \$600.

(2) Item M, \$100. If the Local Authority permits the exemption of \$100 (or less) for each adult dependent, or some adult dependents, (other than the head of the family and spouse) having no income, enter in Item M the total of such exemptions allowable for each family. An exemption of \$100 (or less) may not be shown in Item M for any adult for whom an income exemption has been shown in Item L or for any other adult with some income. The \$100 exemption may never be shown for the head of the family or his spouse.

f. Item N, Income for Eligibility. Enter the Income for Eligibility. This is the Net Family Income (H) less exemptions allowable for determining eligibility. The entry in Item N shall equal that for Item H minus the sum of those in Items I, J, K, L, and M.

g. Exemptions for Rent. Enter the amount of exemption allowed by the Local Authority in determining the rent for each family even if the exemptions do not affect the rent (as may be the case for families for whom welfare rents, minimum rents, or maximum rents are applicable).

(1) Items O and P, Exemptions for Minors (Rent)

(a) Item O, Net Income. If the Local Authority permits the exemption of an amount up to but not more than \$600 of the net income of each minor (or some minors) who is not the principal income recipient, enter in Item O the amount of net income so exempted in determining rent. Please note that income received by a family expressly for the care of a minor (such as Social Security benefits, aid to dependent

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children, support, etc.) may not be considered as exemptible income of a minor for purposes of setting rent. In no event may the entry in Item O be greater than \$600 times the number of minors (excluding the principal income recipient) with income; it will be less if the income of any minor involved is under \$600.

(b) Item P, \$100. If the Local Authority permits the exemption of \$100 (or less) for each minor or for some minors in determining rent, enter in Item P the total of such exemptions allowable for each family. An exemption of \$100 (or less) may not be shown in Item P for any minors for whom an income exemption for rent purposes has been shown in Item O. The entry in Item P may never be greater than \$100 times the number of minors shown on the report. If there is an entry in Item O, the entry in Item P must not be greater than \$100 times the total number of minors less the number of minors for whom an income exemption was shown in Item O. For example, the total number of minors in the family is four. Two earn incomes of over \$600 and neither is the principal income recipient. Item O is \$1200; Item P is \$200.

(2) Items Q and R, Exemptions for Adults (Rent)

(a) Item Q, Net Income. If the Local Authority permits the exemption of any amount up to but not more than \$600 of the net income of each adult (or some adults) who is not the principal income recipient, enter in Item Q the amount of net income of such adults so exempted in determining rent. In no event may the entry in Item Q be greater than \$600 times the number of adults (excluding the principal income recipient) with income.

(b) Item R, \$100. If the Local Authority permits an exemption of \$100 (or less) for each adult dependent, or some adult dependents (other than the head of the family and spouse) having no income, enter in Item R the total of such exemptions allowable for each family in setting rent. An exemption of \$100 (or less) may not be shown in Item R for an adult for whom an exemption has been shown in Item Q or for any other adult with some income. The \$100 exemption may never be shown for the head of the family or his spouse.

h. Item S, Income for Rent. Enter the Income for Rent. This is Net Family Income (H) less exemptions allowable for determining rent. The entry in Item S shall equal that for Item H minus the sum of those in Items O, P, Q, and R.

13. Items T and U, Monthly Rent. Enter the amount of Contract Rent and Gross Rent for each tenant, showing both dollars and cents; for example, "\$48.00," not "\$48." See Section 402.1.

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a. Item T, Contract Rent. Enter the amount of rent to be paid by the tenant as stipulated in the lease agreement. Exclude overage charges.

b. Item U, Gross Rent. Enter the amount obtained by adding to the Contract Rent the estimated average monthly value of utilities not included in the rent specified in the lease. This item may be omitted if all utilities are provided by the project; in such cases the Gross Rent is the same as the Contract Rent.

14. Item V, Number of Bedrooms. Enter the number of bedrooms in the dwelling unit the tenant moved into. If extra space is provided a family because of the presence of a housekeeper or other persons employed either by or for the family, enter "H" after the number of bedrooms.

15. Items W, X, and Y, Basis for Eligibility and Preference. Items W and X provide information on eligibility for admission; and Items X and Y on preference (X for service connection and Y for displacement by public action).

a. Item W, Previous Housing. Check as many columns as are appropriate.

(1) Substandard. Enter an "X" in this column if the tenant was admitted from a dwelling which was unsafe, insanitary, or overcrowded, in accordance with the criteria established by the Local Authority. See Section 403.1. This determination in the case of tenants admitted because of displacement by public action, of pending eviction, or of Veteran's or Serviceman's status, need not be based on verified information but may be taken from the tenant's application.

(2) Removed by Public Action. Enter an "X" in this column if, immediately prior to admission, the tenant was displaced by a low-rent housing project, public slum clearance, redevelopment, or urban renewal project, or through some other action of a public body or court. See Section 403.1, paragraph 3c(2). If, in addition, the dwelling was unsafe, insanitary, or overcrowded, enter an "X" also in the "Substandard" column.

(3) Without Housing or About To Be Evicted. Enter an "X" in this column if, due to causes other than the fault of the tenant, the family was actually without housing, or as a result of a court order of eviction was about to be without housing. If, in addition, the dwelling was unsafe, insanitary, or overcrowded, enter an "X" also in the "Substandard" column; and if the "Removed by Public Action" column applies, enter an "X" there also. See Section 403.1.

(4) Standard or Not Reported. Enter an "X" in this column if the tenant was admitted under a waiver of previous housing condition and the condition of previous housing was not substandard. Enter "NR"

(Cont'd)

if the tenant was admitted under a waiver of previous housing condition and the condition of previous housing is unknown because the information was not required by the Local Authority. There should be an entry in this column only if the tenant was admitted because of displacement by public action, because of pending eviction, because of Veteran's or Serviceman's status, or because of status as an elderly family admitted to a unit suitable to its need.

b. Item X, Service Status. See Section 402.1 for definitions of Veteran, Serviceman, Family, and Family of Veteran or Serviceman.

(1) Disabled Veteran. Enter an "X" in this column if a member of the family is a disabled Veteran; i.e. a person

(a) who served in the armed forces of the United States during World War I or II or between June 27, 1950, and February 1, 1955,

(b) who was discharged or released under conditions other than dishonorable,

(c) who was disabled, and

(d) whose disability has been determined by the Veterans Administration to be service connected.

(2) Family of Deceased Veteran or Serviceman. Enter an "X" in this column if the first column does not apply but the family qualifies as the Family of a Deceased Veteran or Serviceman because it included a person

(a) who at the time of his death was a member of the family group,

(b) who served in the armed forces of the United States during World War I or II, or between June 27, 1950, and February 1, 1955, and

(c) whose death has been determined by the Veterans Administration to be service connected.

(3) Other Veteran or Serviceman. Enter an "X" in this column if neither of the first two columns applies but the family qualifies as the Family of a Veteran or Serviceman. This includes families of disabled or deceased Veterans or Servicemen whose disability or death has not been determined by the Veterans Administration to be service connected.

NOTE: Provide in "Remarks" the dates of service in the armed forces of the member of the family whose service qualifies the family as the Family of a Veteran or Serviceman (disabled, deceased, or other).

(Cont'd)

The month and year of the dates of entry and discharge are required, and should be shown in number form. For example, the dates for a Serviceman who was in the armed forces from July 8, 1951, through September 27, 1953, and who rejoined the armed forces on March 30, 1955, should read "7-51 through 9-53; 3-55." If the dates are not available, but there is conclusive evidence that the family qualifies as the Family of a Veteran or Serviceman, enter an "X" in the column which is applicable and "N.R. Dates" in "Remarks."

(4) None. Enter an "X" in this column if none of the first three columns applies; that is, the family does not qualify as the Family of a Disabled Veteran or of a deceased or living Veteran or Serviceman.

c. Item Y, Displaced by Public Action. Enter an "X" in the column headed "Yes" if the family was displaced by a low-rent housing project, by any public slum clearance, redevelopment, or urban renewal project, or through other action of a public body or court, but only if this displacement occurred within three years prior to application by the family for low-rent housing. See Sections 403.1 and 407.1. Enter an "X" in the column headed "No" if the family was not so displaced. An "X" under "Yes" in Item Y is applicable whenever an "X" was entered in the column "Removed by Public Action" in Item W.

16. Item Z, Assistance and Benefits. For each family enter the appropriate code or codes shown below. If any income is derived from sources "1" to "7," code all such sources. Only when no income is derived from any such source should the entry be "0."

0 - No part of income derived from any of the sources "1" to "7" itemized below. Zero cannot occur in combination with any other code.

1 - Old Age Assistance disbursed on the basis of need and administered and paid by the State or local government, aided by matching funds provided under the Federal Public Assistance Program.

2 - Aid to Dependent Children disbursed on the basis of need and administered and paid by the State or local government, aided by matching funds provided under the Federal Public Assistance Program.

3 - Aid to Blind disbursed on the basis of need and administered and paid by the State or local government, aided by matching funds provided under the Federal Public Assistance Program.

(4) - General Public Relief administered by any governmental body, exclusive of the categories of public assistance mentioned above. Include also Aid to the Disabled under the Federal Public Assistance Program. Where this code is used, explain in "Remarks" the kind of relief received and the particular governmental body disbursing the funds.

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5 - Private Relief received from a nongovernmental welfare agency or institution. Classify as private relief any monies disbursed on the basis of need by a private agency regardless of the source from which these funds are derived, or the purpose for which the assistance is given. Where this code is used, provide in "Remarks" the name of the agency disbursing the funds and the kind of relief. Funds provided by individuals or pensions and other funds not disbursed on the basis of need are not included under code "5."

6 - Old Age and Survivors Insurance Benefits administered by the Social Security Administration, paid by the Federal Government, and based on contributions previously made.

7 - Other benefits from public funds not related to financial circumstances. Include income (but not lump-sum settlements) received from sources such as the following:

- Unemployment compensation
- Railroad Retirement benefits
- Benefits from State, municipal, Federal or other government agency pension funds.
- Retirement pay of former members of the armed forces
- Veteran's disability and death benefits
- Benefits under the G. I. Bill of Rights
- Benefits to survivors under any of these plans

Exclude income such as the following:

- Social Security benefits--code "6" is applicable
- Payments under private insurance plans
- Servicemen's family allotments) Such funds are in
- Mustering-out pay) the nature of salary,
- National Guard pay) rather than a
- Reserve unit payments) benefit.
- Workmen's compensation or industrial insurance if paid by private organizations, even if required and regulated by the State.

In the "Remarks" column, specify the name of the agency providing the benefit and the kind of benefit. Code "7" is applicable whenever an amount other than "0" is shown in Item I, Disability and Death Exemptions.

EXAMPLES:

- A. Family income consists of (1) aid to the permanently and totally disabled under the Federal Public Assistance Program, (2) dependency allotment from Serviceman son, and (3) old age Social Security benefit.

Item Z should be "4-6." "Remarks" should be APTD - State.

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- B. Family income consists of (1) workmen's compensation paid by a private insurance company--required by State, (2) earnings of wife, and (3) support of children by father on order of a court.

Item Z should be "0."

- C. Family income consists of (1) pension from U. S. Steel Co. and (2) old age assistance under the Federal Public Assistance Program.

Item Z should be "1."

- D. Family income consists of (1) help from the Red Cross, (2) Veteran's disability benefit, and (3) aid to dependent children.

Item Z should be "2-5-7." "Remarks" should be Relief from Red Cross, Disability benefit from VA.

- E. Family income consists of (1) relief from United Mine Workers of America, (2) survivors' insurance from Social Security Administration, and (3) help from married daughter.

Item Z should be "5-6." "Remarks" should be Relief from UMWA.

17. Item AA, Monthly Amount Previously Paid for Rent and Utilities. Enter the average amount paid monthly for rent and utilities by the tenant for the dwelling unit occupied immediately before moving into the project. Include in this amount the average cost of fuel prorated over the year if the tenant provided his own heat. Enter "0" if the tenant was without housing before admission or was housed but paid no rent. If the tenant had housing before admission, but it is not possible to determine previous rents, enter "NR" to indicate that the data are not reported. Make an entry in this item for each tenant. Omit cents; for example, enter "\$48" not "\$48.75."
18. Remarks. Enter (a) explanations of deductions in excess of \$500 from the Aggregate Family Income to arrive at the Net Family Income as specified in paragraph 12b above, (b) dates of service in the armed forces of families shown in Item X as Families of Disabled Veterans, Families of Deceased Veterans or Servicemen, or Families of other Veterans or Servicemen, as specified in paragraph 15b above, (c) explanations for Type of Assistance Codes "4," "5," and "7" as specified in paragraph 16 above, and (d) any information pertinent or necessary for the use of the Local Authority.
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Reexamination of Tenant Status

1. Introduction. This Section sets forth the requirements established in the Contract with respect to the nature and frequency of reexaminations of tenant status. It also sets forth certain standards, procedures, and techniques for implementing these Contract requirements.

2. Contract Requirements Relating to Reexamination of Tenant Status

a. The Local Authority shall at least once a year reexamine the status of each tenant family provided that the length of time between the admission of a family and the first reexamination of such family may be extended to not more than 18 months, if necessary, to fit a reexamination schedule established by the Local Authority.

b. The Local Authority shall obtain a written application for continued occupancy from each family, signed by a responsible member of such family, which shall set forth in adequate detail all data and information necessary to enable the Local Authority to determine:

- (1) Whether the family meets the conditions of eligibility for continued occupancy;
- (2) The rent to be charged; and
- (3) The size of the dwelling required.

c. The Local Authority shall verify the data contained in each such application for continued occupancy by such methods as may be needed to reasonably assure the Local Authority that such statement is full, true, and complete as of the time of reexamination.

d. If, upon such reexamination, it is found that the family is not eligible for continued occupancy, the Local Authority shall require such family to move from the project.

e. If upon such reexamination, it is found that the rent being charged the family no longer conforms to the approved rent schedule, the rent shall be adjusted appropriately;

f. If, upon such reexamination, it is found that the size or composition of the family has changed so that the dwelling occupied by the family contains a number of rooms less or greater than necessary to provide decent,
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NOTE: This Section supersedes Section 410.1, pages 1-4 dated 7-2-53 and pages 5-9 dated November 1955. New paragraphs 4 and 5 have been added to define and clarify "reexamination date" and to cover the scheduling of reexaminations. The paragraphs in the former Section 410.1 on interim rent adjustments have been deleted and incorporated in a new Section 410.5.

safe, and sanitary accommodations for the occupants thereof without overcrowding, the family shall be required to move into a dwelling of appropriate size as soon as such a dwelling becomes available.

g. The Local Authority shall maintain complete and accurate records, including applications for continued occupancy and the evidence (or notations thereof) used by the Local Authority to verify such applications. These records shall be available for audit by the PHA at any time during normal business hours.

3. Establishment of Reexamination Procedures by the Local Authority

a. Each Local Authority, pursuant to these Contract requirements, must establish the specific procedures which it will follow in making reexaminations of tenant status, including forms on which to record information provided by the tenant family and for obtaining and recording verifications relating thereto. These procedures shall be developed to promote efficiency, economy, and stability in project operations and shall be applied uniformly to all tenants.

b. In connection with determining these procedures a Local Authority must decide whether it will follow a policy of adjusting the rents of families between reexaminations in relation to substantial changes in their income or upon the occurrence of specified changes in their circumstances, or whether it will establish the rents of families at the time of admission or reexamination to remain in effect until changed following a subsequent regular or special reexamination. If it decides to make rent adjustments between reexaminations as indicated above, the provisions of Section 410.5 must be taken into account as well as provisions of this Section. If it decides not to make interim rent adjustments, this Section only will apply.

4. Determination of Reexamination Date

a. In determining whether individual reexaminations have been conducted with at least the frequency specified in the Contract, the PHA will consider a reexamination to have been made only when all steps and actions have been taken in the reexamination procedure from obtaining the application for continued occupancy to effecting necessary changes in rent. The date of reexamination, thus, will be considered to mean, as appropriate, the date on which any change in rent pursuant thereto became effective, or would have become effective, if required. For example, if a reexamination is started in January and a rent adjustment made effective March 1, March 1 will be considered to be the reexamination date. In subsequent years, reexaminations must be initiated sufficiently early for changes to be made effective by March 1 to ensure compliance with the Contract requirement of at least annual reexaminations.

b. In the event a Local Authority is unable to obtain all verifications necessary to completion of the reexamination (including rent adjustments)

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by the established reexamination date, a temporary rent shall be established based on data supplied by the tenant family in the Application for Continued Occupancy. The tenant shall be notified by a Temporary Rent Notice, or such other method as may be determined to be legally and administratively sufficient, that payments of specified amounts, based on this unverified report of anticipated income, are to be made pending establishment of the appropriate rent.

c. The Notice should make clear to the tenant that upon determination of this rent it will be effective from his "reexamination date" and that the Local Authority will proceed to collect any balance due or credit the tenant with any overpayment which might result from payment of the temporary rent. Upon establishment of the appropriate rent, the regular form of dwelling lease shall be executed to be applicable to his tenancy from the date of execution.

5. Scheduling of Reexaminations

a. The Contract provision that a Local Authority shall at least once a year reexamine the status of each tenant family, except as provided for fitting new admissions into an established schedule, is considered to prescribe a minimum rather than to establish a limitation upon the frequency of reexaminations. Subject to this minimum, each Local Authority shall determine with what frequency it will routinely reexamine tenant families (see paragraph 5b below) and whether it will, in addition, schedule special reexaminations under the conditions stated in paragraph 5c below.

b. A Local Authority may schedule regular reexaminations for all tenant families annually, or, if it wishes, at lesser intervals than a year. One "reexamination date" may be established for all families, or reexaminations may be staggered, e.g. on the anniversary dates of their admission or previous reexamination, by buildings, by blocks or some other grouping within a project, or even by projects.

c. Special reexaminations may be scheduled for certain tenant families provided the conditions for scheduling are reasonable and nondiscriminatory. For example, if at the time of regular reexamination it is not possible for a Local Authority to make an estimate of Net Family Income for the ensuing 12-month period (or shorter period, if reexaminations are set for lesser intervals) with any reasonable degree of accuracy because:

- (1) a tenant is unemployed and there are no anticipated prospects of employment; or
- (2) the conditions of employment are so unstable as to invalidate usual and normal standards for determination,

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a special reexamination may be scheduled for within 60, 90, or 120 days, depending upon the Local Authority's estimate of the time required for the family's circumstances to stabilize. ^{1/} If at the time of such a special reexamination it still is not possible for a Local Authority to make a reasonable estimate of Net Family Income, special reexaminations may continue to be scheduled until such time as a reasonable estimate of Net Family Income can be made.

d. A Local Authority which decides to require all tenants to report substantial changes in income or specified changes in family circumstances as they occur, as described in Section 410.5, may, if it so desires, make each such report the occasion for a complete reexamination of tenant status rather than simply an interim rent adjustment.

e. Unless Local Authority policy requires all tenants to report substantial changes in income or certain specified changes in family circumstances, as described in Section 410.5, as the basis for either reexaminations or interim rent adjustments, it may not make reexaminations or rent adjustments because of reports from tenants of changes in their income or circumstances.

6. Data To Be Obtained From Tenants at Time of Reexamination

a. The Local Authority is required to obtain and record for each family applying for continued occupancy all data and information which, when verified, will enable it to determine and certify to the family's eligibility for continued occupancy, the rent to be charged, and the size of dwelling required by the family. Experience has shown that the best and most effective method of taking applications for continued occupancy is for an employee of the Local Authority to fill out the application during an interview with the tenant. Another effective method is to have an employee of the Local Authority assist a group of tenants in filling out their own forms. If the recording is done by a Local Authority employee, care should be taken to ensure that the person supplying the information reads the completed application for continued occupancy before signing it. The accuracy of the information provided should be attested to, and the form signed by the tenant or by a responsible member of the family acting for him. Since the application provides the basic data for determining eligibility for continued occupancy, all entries should be made in ink

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^{1/} When it is not possible to estimate Net Family Income with any reasonable degree of accuracy and a special reexamination is to be scheduled, the family's rate of income, based on the income expected to be received by the family from the date of the current determination to the date of the special reexamination, should be projected for a 12-month period for rent and eligibility purposes even though it is known that income in such amount or from such sources will not continue for that period. If no income is expected and the family is living on savings, the minimum rent should be charged pending the establishment of income.

or indelible pencil, or should be typed in. Corrections or changes should be made by lining through the original item and entering the correct data. All changes should be dated and initialed by the person recording the change. The reason and authority for making such change should also be noted.

b. The application form for continued occupancy (see Exhibit 1 for specimen form) 1/ must provide space for recording data concerning family status, employment and income, including:

- (1) The name, relationship to family head, sex, age, and employment status of each person who is residing in the dwelling;
- (2) For any persons who were not members of the family group the last time the family's eligibility status was determined, the date of birth;
- (3) Any change in the status of the family, since the previous determination of eligibility, as that of a disabled, deceased, or other Veteran or Serviceman. In the event of any change in veteran or service status, include information such as periods of service, nature and date of discharge, date of death, and whether disability or death was service-connected.
- (4) For each member of the family who is receiving or is expected to receive any income from any source during the twelve months next succeeding the anticipated date of reexamination, the full amount and source of such income, including rate, period worked, etc., the occupation of each employed member, and in cases where income is received from the U. S. Government, a designation of the amount paid because of service-connected disability or death;
- (5) Itemized amounts to be deducted in determining net family income;
- (6) In cases where the Local Authority considers it necessary, employment and income data for each member of the family who received income from any source during the 12 months immediately preceding the date of application;

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1/ Local Authorities may wish to use a more detailed application form and summary than Exhibit 1. Upon request, Regional Office staffs will assist Local Authorities in developing such forms. Local Authorities desiring to use the application form shown as Exhibit 1 may reproduce the form locally or purchase a supply from the Government Printing Office in units of fifty copies at the rate of \$0.75 for fifty copies. An order for the forms together with a check covering the amount of the purchase should be sent to the Superintendent of Documents, GPO, Washington 25, D.C.

- (7) In the event a Local Authority requires tenants to report substantial changes in income or specified changes in family status as they occur, complete information on past employment and income must be obtained.

7. Verification and Documentation of Reexamination Data

a. The Local Authority is required to verify the data contained in each application for continued occupancy by such methods as may be necessary to ensure that it has full, true, and complete information upon which to base its determinations of eligibility for continued occupancy, the rent to be charged, and the size of dwelling required. It is further required to maintain complete and accurate records of its verifications.

b. Records maintained by each Local Authority of its reexamination data should consist of, but not routinely be limited to, the following items:

- (1) Letters or other statements from employers and other pertinent sources giving authoritative information concerning all items and amounts of income and deductions, together with other eligibility determinations;
- (2) Photostatic or carbon copies of documents in the applicant's possession which substantiate his statements, or a brief summary of the pertinent contents of such documents signed and dated by the staff member who viewed them;
- (3) Statements from self-employed persons, and from persons whose earnings are irregular such as salesmen, taxi drivers, etc. sworn to before a notary, setting forth gross receipts, itemized expenses, and net income;
- (4) Memoranda of verification data obtained by personal interview, telephone, or other means, with source, date received, and the person receiving the information clearly indicated.

8. Summary of Verified Data

a. Verification data should be reviewed and evaluated as received for completeness, accuracy, and conclusiveness. Where the information received is not completely adequate in all respects, follow-ups or new efforts to obtain such information should be made and carried through to conclusion.

b. As verifications of all necessary items for each application are completed a summary of the verified information should be prepared, either on a separate form, or on space provided on the application for continued

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occupancy form. The summary should cover the following determinations and the bases for such determinations (see Exhibit 1 for specimen form):

- (1) Eligibility of the tenant group as a family or as the residuum of a family;
- (2) Eligibility of the family with respect to income limits for continued occupancy;
- (3) Eligibility of the family with respect to any local conditions of eligibility for continued occupancy;
- (4) Size of dwelling required; and
- (5) Rent which the family should pay.

c. Where the verified findings are at substantial variance from the data furnished in the application for continued occupancy the tenant should be interviewed and an opportunity given him to explain the discrepancies.

9. Local Authority Action With Respect to Reexamined Tenants

a. Upon completion of the above steps in the reexamination procedure, each tenant should be informed in writing concerning:

- (1) His eligibility status, and, if ineligible, the date by which the family must vacate.
- (2) Any change to be made in the rent or size of dwelling, together with instructions for executing a new lease, rider, or amendment if required; and
- (3) Any instances of misrepresentations or noncompliance with the terms of the lease revealed through reexamination and the corrective or punitive action which will be taken by the Local Authority.

b. The vacate notice to ineligible tenants may allow the tenant up to but not more than six months to move from the project. Where local housing conditions permit, a shorter notice should be given. To the extent possible assistance in finding housing should be given to families requested to move from the project because of ineligibility. Ineligible tenants who do not move voluntarily by the expiration date of their notice to vacate shall be evicted.

c. If the reexamination discloses that the tenant or responsible family member acting for him at time of admission or any previous reexamination, made misrepresentations which resulted in the family's being classified as eligible when in fact it was ineligible, the Local Authority should require the tenant to vacate even though he may currently be eligible. Also,

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if at time of reexamination it is found that any such misrepresentations have resulted in his paying a lower rent than he should have paid, the Local Authority shall proceed to collect the difference between the rent he has paid and what he should have paid, and, in justifiable cases, take such other steps as it deems advisable.

d. If the Local Authority elects to require tenants to report substantial changes in income or specified changes in family circumstances as they occur, and, at the time of reexamination or before, it is found that a tenant has failed to report a substantial increase in income or a change in family circumstances which would have required him to pay a higher rent, the Local Authority shall make the increased rent retroactive to the first rent payment period after the date on which the change of income occurred, and, in justifiable cases, take such other steps as it deems advisable.

10. Effect of Soldiers' and Sailors' Civil Relief Act on Eviction of Over-Income Servicemen and Their Families. It is the PHA's opinion that Section 502(b) of Public Law 901, 80th Congress, Second Session, makes the Soldiers' and Sailors' Relief Act inapplicable, at least with respect to eviction of tenants whose incomes exceed the income limits for continued occupancy. If, however, any Local Authority is concerned about its possible liability for failure to comply with the Relief Act in over-income cases, the Local Authority may, in the case of tenants who come within the language of subsection (1) of Section 300 of such Act, apply for a court order in accordance therewith. Under the provisions of this subsection a court order is required before any "eviction or distress" is made. The usual and commonly accepted legal meaning of the term "eviction" would apply where a tenant vacated the premises in response to a demand with the threat of eviction. However, if a court order is obtained before giving the eviction notice, the requirements of the above subsection will be met. Where this is done, the maximum notice period required by the PHA may be counted from the time the tenant is notified of the application to the court.
11. Certifying to PHA. The Act and the Contract require that a duly authorized official of the Local Authority shall make periodic written statements certifying to tenant eligibility (see Section 411.2).

SUPPLEMENT TO APPLICATION FOR CONTINUED OCCUPANCY

(For Use by Local Authorities Allowing Additional Exemptions Authorized by Housing Act of 1957)

Data Supplied by Tenant		Local Authority Determination After Completing Verification	
C. Net Fam. Inc. (IIA) minus IIB(3)		L. Net Income	
Past 12 mo. (a)	Next 12 mo. (b)	Past 12 mo. (a)	Next 12 mo. (b)
Elig.	Rent	Elig.	Rent
\$	\$ XXXX	\$	\$ XXXX
\$	\$	\$	\$
D. Exemptions for:			
1. Disability and death			
\$	\$	\$	\$
2. Minors (Total)			
a. Net Income	\$	a. Disability and death	\$
b. \$100	\$	b. Minors (Total)	\$
3. Adults (Total)			
a. Net Income ^{2/}	\$	(1) Net Income	\$
b. \$100	\$	(2) \$100	\$
4. Total Exempt.			
\$	\$	(1) Net Income ^{2/}	\$
5. Inc. for Cont. Occupancy Eligibility (IIC minus IID(a))			
\$	\$	(2) \$100	\$
6. Inc. for Eligibility (IVI minus IV5d(a))			
\$	\$	d. Total Exempt.	\$
7. Income Limit Appropriate to Family			
\$	\$	6. Inc. for Eligibility (IVI minus IV5d(a))	\$
8. Income for Rent (IIC minus IID(b))			
\$	\$	7. Income Limit	\$
9. Rent			
\$	\$	8. Income for Rent (IVI minus IV5d(b))	\$
Gross \$ _____ Contract \$ _____			

^{1/} To be used in lieu of Items IIC through IIG and Items IVB₁ through 8 in first page of Application for Continued Occupancy.

^{2/} Not more than \$600 per adult.

NOTE: This Exhibit supersedes Supplement 1 to Exhibit 1 of Section 410.1 dated February 1958. It is being reissued to correct minor errors in the previous Exhibit.

EXEMPTIONS PERMITTED UNDER 1967 ACT

EXEMPTIONS		ELIGIBILITY		
		ADMISSION	CONTINUED OCCUPANCY	RENT
		- For Rent Purposes - (Applies to Ala., Ga., Miss., S.C.) (Automatic in Tenn., Ky., Fla., N.C., as Rent Schedule covers minors.)		
A	Up to \$100 for each minor, except for head of family or spouse	X	X or B	X
B	or all or any part of minor's income (Presently in Miss. State Law)		X	
C	All or any part of disability or death benefit - service-connected (1948 Housing Act)	X	X	
D	Up to \$100 for each adult having no income, except for head of family or spouse	X	X	
E	Up to \$600 of income of any adult, except principal income recipient	X	X	
F	In lieu of A or B above for each minor with income up to \$600 of income of the minor other than principal income recipient	X	X	

These exemptions can be allowed in varying amounts up to limits specified at option of Authority; however, they must be applied uniformly to all applicants and tenants of like circumstances. Exemptions must not be in conflict with State law as to eligibility, or rent income rate and/or must not jeopardize financial solvency of project. Statement of Policy must be amended prior to any change.

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Report on Regular Reexamination of Families in Low-Rent Housing, Form PHA-1245

1. Introduction. Regular reexamination of families in low-rent housing is necessary to carry out the provision of the Annual Contributions Contract which requires that the Local Authority obtain verified factual data on income and family status for determining eligibility for continued occupancy at least once a year for each family living in the project. The Report on Regular Reexamination of Families in Low-Rent Housing, Form PHA-1245 (Exhibit 1), furnishes information which is required by the Congress under the U. S. Housing Act and which is essential to the PHA for reporting to the Congress on the operation of the program under that Act. It provides data on family size, composition, income, and rent, and other related facts about tenants at the time of the regular reexamination and at the time of admission. This information is needed by the PHA in discharging its responsibilities under the U. S. Housing Act. Interim redeterminations of Net Family Income or family composition (made solely for the purpose of determining appropriate rents) shall be reported in the heading only.

2. Use and Submittal
 - a. Form PHA-1245, covering regular reexaminations (together with a summary of interim redeterminations) of tenants made during each calendar quarter, shall be submitted not later than the fifteenth day following the end of the quarter. The report form may be used by the Local Authority as a register of tenants reexamined. It is recommended that entries be made currently as reexaminations are made, in order to facilitate prompt and accurate preparation of the report. The form has been designed so that totals for the project will be readily available to the Local Authority for use in project management. The report need not be typed. If no reexaminations or redeterminations are made during a quarter, a report shall nevertheless be submitted with a statement to this effect. The original and one copy of the report shall be sent to the Statistics Branch, Public Housing Administration, Washington 25, D. C. A copy should be retained by the Local Authority.

 - b. The Executive Director of the Local Authority shall sign the certification on the report, indicating that an investigation of the status of each family listed thereon was made, and that he has examined the report and believes it to be true and correct.

(Cont'd)

NOTE: This Section supersedes Section 410.2, pages 1-2 and 5-10 dated February 1956; pages 3-4 dated November 1956 and Supplement 1 thereto dated November 1957. The revision was made to incorporate in regular reports on Form PHA-1245 the information shown on the Supplementary Report on Tenant Income.

c. Reporting shall begin with the quarter during which the first reexamination is completed and shall continue quarterly thereafter.

3. Projects Covered. Submit a separate report for each low-rent housing project including PL-412, PL-671, PL-171 projects, PWA projects, and Lanham projects transferred to low-rent use (PL-475), but not for Farm Labor Camps.
4. Tenants Covered. Report in the body of the form all families for whom a regular reexamination of eligibility for continued occupancy was made during the quarter, excepting only project maintenance employees who are required to live in the project (as distinguished from tenants who happen to be project employees). Include the family in the report even if a finding of ineligibility at the time of the regular reexamination during the quarter has already resulted in the family's moving out. If findings were inconclusive at the time of regular reexamination and a special reexamination had to be scheduled, the report on the family involved should be made for the quarter during which the special reexamination enabling the Local Authority to make positive determinations was completed. Do not list interim redeterminations of family income during the quarter where a determination of eligibility is not involved; for these families a summary only shall be shown in the heading. If two elderly single persons are living in one unit but under separate leases, this represents two families.
5. Instructions for Preparation

a. General Instructions

(1) Base the entries on the documented information which was used in making the determination as to the family's eligibility for continued occupancy, rent, and unit size requirements.

(2) If more than one sheet is required, number the sheets consecutively and show, on each sheet, the total number of pages. The certificate, the name of the person who prepared the report, and data on interim redeterminations are required on the first page only. Enter the reporting period, city and State, and Project Number on each page. Item A is self-explanatory.

b. Number of Interim Redeterminations This Quarter. Enter the number of redeterminations of Net Family Income or family composition made by the Local Authority during the period covered by the report (where the determination of eligibility is not involved). This count will be taken from the register of redeterminations provided for in Section 410.3. This number should equal the total of the three entries immediately following. If family income or composition was redetermined more than once during the period, count each redetermination separately. Do not include in this figure regular reexaminations for determination of eligibility for continued occupancy. If a family was the subject of both a reexamination and a redetermination at separate times during the reporting period, the family will be included in this count, and will also appear in the body

(Cont'd)

of the reexamination report. Note that an interim redetermination requires the collection and verification of only the limited amount of information required to set rent, while a reexamination requires the collection and verification of much more data in order to determine eligibility for continued occupancy.

(1) Upward Rent Adjustments. Enter the number of interim redeterminations which resulted in increased rents.

(2) Downward Rent Adjustments. Enter the number of interim redeterminations which resulted in lowered rents.

(3) No Change in Rents. Enter the number of interim redeterminations which resulted in no change in rent.

c. Detailed Instructions. Detailed instructions for entering data for each family reexamined to determine eligibility for continued occupancy are contained in the paragraphs which follow.

6. City and State. Enter the name of the city or town, etc. and State in which the project is located.

7. Item B, Age of Head of Family. Enter the age on the last birthday of the head of the family. If the head of the family is away from home he should still be considered as the head of the family and his age should be shown. If a family qualifies as an "Elderly Family" (head of family or spouse is 65 years of age or over) because of the age of the spouse, enter "S" after the age of the head. For example, the head of the family is 62 years old, the wife 66. Item B should read "62S."

For a group of unrelated persons, enter the age of the oldest person in the group. For example:

a. The family consists of a single person 65 years of age or over (70 in this example) and of a person regularly living with him who is 45 years old; Item B should read "70."

b. The family consists of three unrelated persons aged 65, 70, and 72; Item B should read "72."

8. Item C, Eligibility Status

a. Indicate by the appropriate code specified below eligibility status of the family as determined at the time of reexamination:

CODE

1--Determined to be eligible with respect to family income, composition, and locally established eligibility criteria. See Section 403.1.

2--Determined to be ineligible in one or more respects.

(Cont'd)

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- b. If ineligible for any reason other than income, explain in "Remarks," e.g. nonqualification as a family, excessive assets, etc.
- c. Do not class as ineligible, tenants who are eligible for continued occupancy but are being evicted because of lease violations or tenants who are occupying units which are inappropriate to the family's size or composition.
- d. Use the codes specified here. DO NOT use local codes for eligibility status.
9. Item D, Race. Enter "1" for white (including Latin-Americans), "2" for Negro, and "3" for other.
10. Item E, Number in Family--Total. Enter the total number of family members living regularly in the dwelling unit. If the head of the family is temporarily away from home, in the armed forces or living elsewhere, include him in the count and enter an asterisk after the number reported. If the temporary absence of a family member other than the head of the family has been a factor in the continued occupancy of a single person, do not use the asterisk, exclude the absent member from the count, and state in "Remarks"--"Non-head away." Do not include members other than the head of the family who are living away from home, even though near enough for frequent visits. Do not include housekeepers or other persons residing with the family by reason of employment by or for the family. If the family consists of unrelated elderly persons, enter "U" (for unrelated) after the number in the group.
11. Item F, Number in Family--Minors. Enter the number of family members living at home who are minors. Consider as a minor a person other than the head of the family and his spouse who is less than 21 years of age. Enter "0" if there are no such minors.
12. Item G, Number in Family--Workers. Enter the total number of gainfully employed workers in the family (including minors), whether self-employed or working for others. Persons in the armed forces are workers. Include all workers who are members of the family as defined for Item E in paragraph 10 above. This means that the head of the family temporarily away from home in the armed forces or otherwise employed is counted as a worker. Exclude those working only occasionally at odd jobs, whose employment is so sporadic that the income resulting therefrom cannot be estimated. Enter "0" if the family has no workers. Enter "0" if the entire income is derived from sources such as G. I. benefits for Veteran students, unemployment compensation, Social Security payments, pensions, or relief funds.
13. Items H Through T, Anticipated Family Income at Reexamination. Enter for these items income data as determined in accordance with Sections 402.1 and 403.1, and as verified in accordance with Section 410.1. Round each of these entries to the next higher dollar; for example, enter an income of \$2,029.03 as "\$2,030."
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(Cont'd)

a. Item H, Aggregate Family Income. Enter all of the income to be received during the 12 months following reexamination by all members of the family in the unit. Include income of a family head temporarily away from home 1/. In the case of self-employed persons, include the net income of the operation in the Aggregate Family Income. See Section 402.1.

b. Item I, Net Family Income. Enter the Aggregate Family Income less deductions authorized by the Local Authority in accordance with Section 402.1. Explain under "Remarks" any difference between the Aggregate Family Income and Net Family Income (Item H minus Item I) in excess of \$500. Do not subtract the exemptions reported in Items J, K, L, M, and N or those in Items P through S from the entry in Item H in arriving at the entry for Item I. If the family head is temporarily absent (as indicated by an asterisk after the Total Number in the Family) but no deduction from the Aggregate Income is allowable for his expenses away from home, please indicate this in "Remarks." For example: "No deduction--head in jail."

c. Item J, Disability and Death Benefit Exemptions

(1) If the Local Authority permits the exemption of service-connected disability and death benefits in determining eligibility, there must be an entry for each family. Enter the amount paid to any member of the family by the U. S. Government for service-connected disability or death, which is exemptible under Local Authority policy. This amount shall be shown whether or not it is needed to make the family eligible for continued occupancy. Enter "0" if no such service-connected benefits are received. Do not subtract the amount shown in Item J from the entry in Item H in arriving at the entry for Item I.

(2) If the Local Authority does not permit the exemption of service-connected disability and death benefits for any family in determining eligibility, leave this item blank.

d. Items K and L, Exemptions for Minors (Eligibility)

(1) Item K, Net Income. If the Local Authority permits the exemption in determining eligibility for continued occupancy of all or
(Cont'd)

1/ As set forth in Section 402.1, the income of members of the armed forces temporarily away from home shall be reported as follows:

A Family Head. Include the entire income of the member of the armed forces in the Aggregate Family Income. This shall include his basic pay, special pay, and allowances, if any. That portion of the dependency allotment contributed by the Government shall also be included in the Aggregate Family Income.

Not a Family Head. Include in the Aggregate Family Income only that amount contributed to the family.

See Part III of Bulletin No. LR-40 for examples of computations of Aggregate and Net Family Income for families of Veterans and Servicemen.

any part of the net income of a minor, enter in Item K the amount of net income (earned or otherwise) so exempted. Please note that Item K is limited to the income of minors. If, for example, the Local Authority elects to consider income received by a family expressly for the care of of minors, such as aid to dependent children, as income of the minors and so exemptible (this can be done only if the Local Authority does not permit the exemption of minors' income in setting rent), only the amount granted for the children is to be shown in Item K. That part of the payment which is for the parent or guardian is not to be included in Item K.

(2) Item L, \$100. If the Local Authority permits the exemption of \$100 (or less) for each minor or for some minors, enter in Item L the total of such exemptions allowable for each family. An exemption of \$100 (or less) may not be shown in Item L for any minor for whom an income exemption has been shown in Item K. The entry in Item L may never be greater than \$100 times the number of minors shown on the report. If there is an entry in Item K, the entry in Item L must not be greater than \$100 times the total number of minors less the number of minors for whom an income exemption was shown in Item K.

e. Items M and N, Exemptions for Adults (Eligibility)

(1) Item M, Net Income. If the Local Authority permits the exemption of any amount up to but not more than \$600 of the net income of each adult (or some adults) who is not the principal income recipient, enter in Item M the amount of net income (earned or otherwise) so exempted in determining eligibility. In no event may the entry in Item M be greater than \$600 times the number of adults (excluding the principal income recipient) with income; it will be less if the income of any adult involved is under \$600.

(2) Item N, \$100. If the Local Authority permits the exemption of \$100 (or less) for each adult dependent, or some adult dependents, (other than the head of the family and spouse) having no income, enter in Item N the total of such exemptions allowable for each family. An exemption of \$100 (or less) may not be shown in Item N for any adult for whom an income exemption has been shown in Item M or for any other adult with some income. The \$100 exemption may never be shown for the head of the family or his spouse.

f. Item O, Income for Eligibility. Enter the Income for Eligibility. This is the Net Family Income less exemptions allowable for determining eligibility. The entry in Item O shall equal that for Item I minus the sum of those in Items J, K, L, M, and N.

g. Exemptions for Rent. Enter the amount of exemption allowed by the Local Authority in determining the rent for each family even if the exemptions do not affect the rent (as may be the case for families for whom welfare rents, minimum rents, or maximum rents are applicable).

(Cont'd)

(1) Items P and Q, Exemptions for Minors (Rent)

(a) Item P, Net Income. If the Local Authority permits the exemption of an amount up to but not more than \$600 of the net income of each minor (or some minors) who is not the principal income recipient, enter in Item P the amount of net income so exempted in determining rent. Please note that income received by a family expressly for the care of a minor (such as Social Security benefits, aid to dependent children, support, etc.) may not be considered as exemptible income of a minor for purposes of setting rent. In no event may the entry in Item P be greater than \$600 times the number of minors (excluding the principal income recipient) with income; it will be less if the income of any minor involved is under \$600.

(b) Item Q, \$100. If the Local Authority permits the exemption of \$100 (or less) for each minor or for some minors in determining rent, enter in Item Q the total of such exemptions allowable for each family. An exemption of \$100 (or less) may not be shown in Item Q for any minors for whom an income exemption for rent purposes has been shown in Item P. The entry in Item Q may never be greater than \$100 times the number of minors shown on the report. If there is an entry in Item P, the entry in Item Q must not be greater than \$100 times the total number of minors less the number of minors for whom an income exemption was shown in Item P. For example, the total number of minors in the family is four. Two earn incomes of over \$600 and neither is the principal income recipient. Item P is \$1200; Item Q is \$200.

(2) Items R and S, Exemptions for Adults (Rent)

(a) Item R, Net Income. If the Local Authority permits the exemption of any amount up to but not more than \$600 of the net income of each adult (or some adults) who is not the principal income recipient, enter in Item R the amount of net income of such adults so exempted in determining rent. In no event may the entry in Item R be greater than \$600 times the number of adults (excluding the principal income recipient) with income.

(b) Item S, \$100. If the Local Authority permits an exemption of \$100 (or less) for each adult dependent, or some adult dependents (other than the head of the family and spouse) having no income, enter in Item S the total of such exemptions allowable for each family in setting rent. An exemption of \$100 (or less) may not be shown in Item S for an adult for whom an exemption has been shown in Item R or for any other adult with some income. The \$100 exemption may never be shown for the head of the family or his spouse.

h. Item T, Income for Rent. Enter the Income for Rent. This is Net Family Income (I) less exemptions allowable for determining rent. The entry in Item T shall equal that for Item I minus the sum of those in Items P, Q, R, and S.

(Cont'd)

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14. Items U and V, Monthly Rent. Enter the amount of Contract Rent and Gross Rent after reexamination for each tenant, showing both dollars and cents; for example, "\$48.00" not "\$48." See Section 402.1.
- a. Item U, Contract Rent. Enter the amount of lease rent determined as correct for the tenant, as a result of the findings of the reexamination, even if that rent has not become effective by the end of the reporting period. Exclude overage charges.
- b. Item V, Gross Rent. Enter the amount obtained by adding to the Contract Rent determined as correct by the reexamination the estimated average monthly value of utilities not included in the rent specified in the lease. This item may be omitted if all utilities are provided by the project; in such cases, the Gross Rent is the same as the Contract Rent.
15. Item W, Number of Bedrooms. Enter the number of bedrooms in the unit to be occupied by the tenant after reexamination. If the tenant is scheduled for transfer within a month after the date of completion of his reexamination, enter the number of bedrooms in the unit he will occupy when he does move and add "TP" (Transfer Pending) after the figure. If the transfer is not likely to be made within a month, enter the number of bedrooms in the unit he is now occupying; identify such cases with an asterisk after the entry. If extra space is provided a family because of the presence of a housekeeper or other person employed by or for the family, enter "H" after the number of bedrooms.
16. Item X, Family of Veteran or Serviceman. See Section 402.1 for definitions of Veteran, Serviceman, Family of Veteran or Serviceman.
- a. Yes. Enter an "X" in this column if the family qualifies as the Family of a Veteran or Serviceman. Provide in "Remarks" the dates of service in the armed forces of the member of the family whose service qualifies the family as the Family of a Veteran or Serviceman. The month and year of the dates of entry and discharge are required and should be shown in number form. For example, the dates for a Serviceman who was in the armed forces from July 8, 1951, through September 27, 1953, and who rejoined the armed forces on March 30, 1955, should read 7-51 through 9-53; 3-55. If the dates are not available but there is conclusive evidence that the family qualifies as the Family of a Veteran or Serviceman, enter "X" in this column, and "NR Dates" in "Remarks."
- b. No. Enter an "X" in this column if the family does not qualify as the Family of a Veteran or Serviceman.
17. Item Y, Assistance and Benefits. For each family enter the appropriate code or codes shown below. If any income is derived from sources "1" to "7," code all such sources. Only when no income is derived from any such sources should the entry be "0."

(Cont'd)

-
- 0 - No part of income derived from any of the sources "1" to "7" itemized below. Note: Zero cannot occur in combination with any other code.
 - 1 - Old Age Assistance disbursed on the basis of need and administered and paid by the State or local government, aided by matching funds provided under the Federal Public Assistance Program.
 - 2 - Aid to Dependent Children disbursed on the basis of need and administered and paid by the State or local government, aided by matching funds provided under the Federal Public Assistance Program.
 - 3 - Aid to the Blind disbursed on the basis of need and administered and paid by the State or local government, aided by matching funds provided under the Federal Public Assistance Program.
 - 4 - General Public Relief administered by any governmental body, exclusive of the categories of public assistance mentioned above. Include Aid to the Disabled under the Federal Public Assistance Program. Where this code is used, explain in "Remarks" the kind of relief received and the particular governmental body disbursing the funds.
 - 5 - Private Relief received from a nongovernmental welfare agency or institution. Classify as private relief any monies disbursed on the basis of need by a private agency regardless of the source from which these funds are derived, or the purpose for which the assistance is given. Where this code is used, provide in "Remarks" the name of the agency disbursing the funds. Funds provided by individuals or pensions and other funds not disbursed on the basis of need are not included under code "5."
 - 6 - Old Age and Survivors' Insurance Benefits administered by Social Security Administration, paid by the Federal Government, and based on contributions previously made.
 - 7 - Other benefits from public funds

Include income (but not lump-sum settlement) received from sources such as the following:

- Unemployment compensation
- Railroad Retirement benefits
- Benefits from State, municipal, Federal, or other government agency pension funds
- Retirement pay of former members of the armed forces
- Veterans' disability and death benefits
- Benefits under the G. I. Bill of Rights
- Benefits to survivors under any of these plans

(Cont'd)

Exclude income such as the following:

Social Security benefits--code "6" is applicable
 Payments under private insurance plans
 Servicemen's family allotments)
 National Guard pay) Such funds are in the nature
 Mustering-out pay) of salary, rather than a
 Reserve unit payments) benefit.
 Workmen's compensation or industrial insurance if paid by
 private organizations, even if required and regulated by the
 State

In the "Remarks" column, specify the name of the agency providing the benefit and the kind of benefit. Code "7" is applicable whenever an amount other than "0" is shown in Item J, Disability and Death Exemptions.

EXAMPLES:

- A. Family income consists of (1) aid to the permanently and totally disabled under the Federal Public Assistance Program, (2) dependency allotment from Serviceman's son, and (3) old age Social Security benefit.

Item Y should be "4-6." "Remarks" should be APTD - State.

- B. Family income consists of (1) workmen's compensation paid by a private insurance company--required by State, (2) earnings of wife, and (3) support of children by father on order of a court.

Item Y should be "0."

- C. Family income consists of (1) pension from U. S. Steel Co. and (2) old age assistance under the Federal Public Assistance Program.

Item Y should be "1."

- D. Family income consists of (1) help from the Red Cross, (2) Veteran's disability benefit, and (3) aid to dependent children.

Item Y should be "2-5-7." "Remarks" should be Relief from Red Cross, disability benefit from VA.

- E. Family income consists of (1) relief from United Mine Workers of America, (2) survivors' insurance from Social Security Administration, and (3) help from married daughter.

Item Y should be "5-6." "Remarks" should be Relief from UMWA.

(Cont'd)

18. Items Z and AA, Admission Data

a. Item Z, Year of Admission. Enter the year in which the tenant began his present period of continuous residence in housing of the Local Authority under the U. S. Housing Act Program (not necessarily the date when he moved into his present dwelling unit or project).

b. Item AA, Net Annual Income at Admission. Enter the amount of anticipated net income of the family at admission at the time shown in Item Z. Round cents to next higher dollar; for example, enter an income of "\$2,029.03 as "\$2,030."

c. For families reexamined to determine eligibility to remain in occupancy as low-rent families who moved into a project under the Local Authority when it was operating as Lanham war housing, show "NA" in Items Z and AA to show that the data are not applicable.

19. Remarks. Enter here (a) explanations of deductions in excess of \$500 from Aggregate Family Income to arrive at the Net Family Income as specified in paragraph 13b above; (b) explanation of ineligibility for reasons other than excessive income as specified in paragraph 8b above; (c) dates of service in the armed forces of families shown in Item X as families of Veterans or Servicemen ("X" under "Yes") as specified in paragraph 16 above, (d) explanations of Type of Assistance Codes "4," "5," and "7" as specified in paragraph 17 above; and (e) any information pertinent or necessary for the use of the Local Authority.

PUBLIC HOUSING ADMINISTRATION
STATISTICS BRANCH
REPORT ON REGULAR REEXAMINATION OF FAMILIES IN LOW-RENT HOUSING
QUARTER END _____ 19____

PREPARED BY _____

CITY AND STATE _____
PROJECT NO _____

FORM 1245 (REVISED 1-54)
Bureau of Census, Washington, D.C. 20540

1 certify that an investigation has been made of the status of each family listed below. I have examined the report and believe it to be true and correct.
EXECUTIVE DIRECTOR

PAGE _____ OF _____

NUMBER OF INTERIM REEXAMINATIONS THIS QUARTER _____
UPWARD RENT ADJUSTMENTS _____
DOWNWARD RENT ADJUSTMENTS _____
NO CHANGE IN RENTS _____

LINE NO.	UNIT NO.	AGE OF HEAD OF FAMILY	ELIGIBILITY STATUS	RACE (FROM 1. (a) 1)	TOTAL NUMBER IN FAMILY	WORKER'S HOME	AGM/GATE	NET RENT AND DEBT	DEATH BENEFITS	EXEMPTIONS FOR ELIGIBILITY (BASED ON NET FAMILY INCOME)				MONTHLY RENT AFTER RENT ADJUSTMENTS	CONTRACT	GROSS RENT (NET OF ALL RENT ADJUSTMENTS)	NUMBER OF BEGONS	FAMILY OF VETERAN	NO. ON SERVICE	ACCOMMODATION	REMARKS	
										MINORS	ADULTS	ADULTS	ADULTS									
1																						
2																						
3																						
4																						
5																						
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NOTE: This Exhibit supersedes Exhibit 1 to Section 410.2 dated March 1956. It has been revised to show the latest version of Form PHA-1245, which includes the information previously shown on the Supplementary Report on Tenant Income.

Register of Interim Redeterminations

1. Introduction. Section 410.1 provides that if a Local Authority adopts a policy of adjusting, between re-examinations, the rents of families in relation to changes in their income, it shall require all tenant families to report all substantial changes in income as they occur and make interim redeterminations in connection therewith. A Local Authority may also adopt a policy of requiring reports of and the making of interim redeterminations based on changes in family composition. The purpose of this Section is to establish the procedure for recording such redeterminations.
 2. Procedure. Local Authorities which adjust rents between regular re-examinations shall maintain for each project a Register of Interim Redeterminations. This register is to be available for inspection by authorized representatives of the PHA. This register will serve as the basis for the summary report on redeterminations required in Form PHA-1245. See Section 410.2.
 3. Tenants to be Included. List each tenant whose income or family composition is redetermined, whether his rent is adjusted or not. List the tenant as often as interim redeterminations are made for him. If a redetermination is made for a tenant during the same calendar quarter that a regular re-examination for eligibility for continued occupancy is conducted, the redetermination will appear in the register and the re-examination in Form PHA-1245. See Section 410.2.
 4. Data in Register. The items specified below comprise a minimum list of the items which are to be shown in the register. Items may be added at the option of the Local Authority. Attached as Exhibit 1 is a suggested form of register, containing the minimum required items of information.
 - a. Date of Redetermination: Month, day, and year of completion of re-determination.
 - b. Tenant Identification: Name or unit number.
 - c. Number of Minors: Enter the number of family members living at home who are minors. Consider as a minor a person, other than the head of the family or his spouse, who is less than twenty-one years of age.
 - d. Anticipated Family Income: Enter for these items income data as defined in Section 402.1, and as redetermined and verified in accordance with Section 410.1. Round each of these entries to the next higher dollar; for example, show \$2,029.03 as \$2,030.
 - (1) Aggregate Family Income: Enter all of the income to be received during the next 12 months following redetermination by all members of the family living regularly in the unit. Include income of a family
(Cont'd)
-

head away from home. 1/ In the case of self-employed persons include the net income of the operation in the Aggregate Family Income. See Section 402.1.

(2) Net Family Income. Enter the Aggregate Family Income less deductions allowed in accordance with Section 402.1. Explain under "Remarks" any difference between Aggregate Family Income and Net Family Income in excess of \$500.

e. Monthly Rent After Redetermination. Show both dollars and cents in these rent figures; for example, "\$48.00", not "\$48."

(1) Contract Rent: Enter the amount of rent to be paid by the tenant as stipulated in the lease agreement after redetermination. Exclude overage charges.

(2) Gross Rent. Enter the amount obtained by adding to the Contract Rent after redetermination the estimated monthly value of utilities not included in the rent specified in the lease. Include the cost of refrigeration. This item may be omitted if all utilities are provided by the project; in such cases, Gross Rent is the same as the Contract Rent.

f. Change in Rent. Enter a check in one and only one column.

(1) Increase. Check the column if the rent is adjusted upward as a result of the redetermination.

(2) Decrease. Check this column if the rent is adjusted downward as a result of the redetermination.

(3) No change. Check this column if the rent remains the same after redetermination as it was before.

g. Remarks: Enter in this column any other points pertinent to the redetermination.

1/ Report income of members of the armed forces away from home as follows:

Not a Family Head: Include in the Aggregate Family Income only that amount contributed to the family. No expenses incurred by the member of the armed forces are deductible in arriving at the Net Family Income.

A Family Head: Include the entire income of the member of the armed forces in the Aggregate Family Income. This shall include his basic pay and special pay allowances, if any. That portion of the dependency allotment contributed by the government shall also be included in the Aggregate Family Income. Occupational expenses of the member of the armed forces incurred because he is away from home may be deducted in arriving at the Net Family Income.

Register of Interim Redeterminations of Income and Family Composition for the Purpose of Adjusting Rent
(RECOMMENDED FORM)

Project No. _____

Date of Redetermination	Tenant Identification	Number of Minors	Anticipated Family Income		Monthly Rent After Redetermination		Change in Rent			Remarks
			Aggregate	Net	Contract	Gross	Increase	Decrease	None	

Report on Ineligible Tenants in Low-Rent Housing, Form PHA-1446

1. Introduction. The report on Ineligible Tenants in Low-Rent Housing, Form PHA-1446 (Exhibit 1), provides a periodic summary record of the actions taken regarding ineligible tenants.
2. Preparation and Distribution of Report. The report shall be prepared as of the end of each semiannual period (June 30 or December 31). The original and one copy shall be mailed to the Statistics Branch, Public Housing Administration, Washington 25, D. C., not later than 15 days after the close of the reporting period. One copy should be retained by the Local Authority.
3. Coverage of Report
 - a. One report shall be submitted covering PL-412, PL-171, PL-671, PL-475, and PWA Projects, but not for Farm Labor Camps. If there were no ineligible families in residence at any time during the period the report shall bear the note "No Ineligibles" and all entries in the body of the report, items 1 through 5b(2)(b), may be omitted. The report shall include a new project beginning with the end of the six-month period during which the project reaches the End of the Initial Operating Period. (See Section 220.1.) Thus a project reaching the End of the Initial Operating Period at the end of March or the end of June shall be included beginning with the report for the semiannual period ending June 30; a project reaching "EIOP" at the end of December shall be included beginning with the report for the semiannual period ending December 31.
 - b. The report covers tenants determined to be ineligible because of either excess income or failure to meet other conditions of eligibility. It does not cover the following:
 - (1) Project employees required to live in the project.
 - (2) Tenants eligible for continued occupancy but who are being evicted because of lease violations (including nonpayment of rent).
 - (3) Tenants eligible for continued occupancy but who are occupying units inappropriate to their size or composition.
 - (4) Military personnel in projects housing such tenants without regard to income limits.

(Cont'd)

NOTE: This Section supersedes Section 410.4 dated November 1956. Paragraph 3 has been revised to include reporting of new projects reaching the End of Initial Operating Period.

c. Basic Records. In order to prepare Form PHA-1446 it is essential for each Local Authority to maintain a single control file of all ineligible tenants in its low-rent projects.

4. Detailed Instructions

a. Heading Items

(1) Local Authority. Enter the full name of the Local Authority and the city and State in which it is located.

(2) Period Ended. Enter the date of the last day of the period covered by the report.

(3) Projects Covered. List on separate lines the project numbers of the projects covered by the report, and enter after each the number of ineligible tenants in residence in each project at the end of the period being reported. Enter the total number of ineligible families in all projects in space marked "Total - all projects." This entry must equal the entry in item 5 of the report.

b. Items 1 Through 5b(2)(b)

Item 1, Ineligible Tenants at End of Previous Period. The entry in item 1 must equal the entry in item 5 for the previous report.

Item 2, Tenants Determined During Period To Be Ineligible. Enter the number of tenants who became ineligible during the period.

Item 3, Total Before Removal From Ineligible List. Enter the sum of items 1 and 2.

Item 4, Tenants Removed From Ineligible List During Period. Enter the number of tenants who either moved or again became eligible during the period.

Item 5, Ineligible Tenants at End of Current Period. Enter the difference between item 3 and item 4.

Item 5a, Vacate Notice Not Served. Enter the number of ineligible tenants as of the end of the period, who have not been served vacate notices. For any entry other than zero, give in the footnote the reasons for not serving notice to vacate.

Item 5b, Vacate Notice Served. Enter the number of ineligible tenants in occupancy as of the end of the period, who have been served vacate notices by the end of the period. This entry plus the entry in item 5a should equal the entry in item 5.

(Cont'd)

Item 5b(1), Vacate Notice Not Yet Expired. Enter the number of ineligible tenants in residence who are under vacate notices which have not expired by the end of the period.

Item 5b(2), Vacate Notice Expired. Enter the total number of ineligible tenants in residence for whom the period of vacate notice had expired by the end of the period.

Item 5b(2)(a), No Legal Action Started. Enter the number of ineligible tenants in residence at the end of the period, beyond the expiration date of vacate notice, but against whom legal action seeking court approval of eviction has not been started. For any entry other than zero, give in the footnote the reasons for not starting legal action.

Item 5b(2)(b), Legal Action Started. Enter the number of ineligible tenants in residence at the end of the period beyond the expiration date of their vacate notices and against whom legal action to obtain an eviction order has been started. Include tenants whose cases are pending before the court and tenants who are in residence after an eviction order has already been granted by the court, as well as tenants continuing ineligible whose cases were dismissed by the court. For tenants whose cases were dismissed by the court, give the number in the footnote and indicate whether further legal action is contemplated.

PHA-1446 NOVEMBER 1956		BUDGET BUREAU No. 618312-10 PUBLIC HOUSING ADMINISTRATION HOUSING AND HOME FINANCE AGENCY STATISTICS BRANCH				LOCAL AUTHORITY _____ PERIOD ENDED _____	
REPORT ON INELIGIBLE TENANTS IN LOW-RENT HOUSING							
PROJECTS COVERED:							
PROJECT NUMBER	INELIGIBLES END OF PERIOD	PROJECT NUMBER	INELIGIBLES END OF PERIOD	PROJECT NUMBER	INELIGIBLES END OF PERIOD	PROJECT NUMBER	INELIGIBLES END OF PERIOD
						TOTAL - ALL PROJECTS	
1. INELIGIBLE TENANTS AT END OF PREVIOUS PERIOD _____							
2. TENANTS DETERMINED DURING PERIOD TO BE INELIGIBLE _____							
3. TOTAL BEFORE REMOVAL FROM INELIGIBLE LIST (1 PLUS 2) _____							
4. TENANTS REMOVED FROM INELIGIBLE LIST DURING PERIOD _____							
5. INELIGIBLE TENANTS AT END OF CURRENT PERIOD (3 MINUS 4) ... _____							
a. VACATE NOTICE NOT SERVED 1/ _____							
b. VACATE NOTICE SERVED [5b(1) PLUS 5b(2)] _____							
(1) VACATE NOTICE NOT YET EXPIRED _____							
(2) VACATE NOTICE EXPIRED [5b(2)(a) PLUS 5b(2)(b)] _____							
(a) NO LEGAL ACTION STARTED 2/ _____							
(b) LEGAL ACTION STARTED 3/ _____							
1/ VACATE NOTICE NOT SERVED BECAUSE 2/ LEGAL ACTION NOT STARTED BECAUSE 3/ CASES DISMISSED FOR _____ TENANTS. FURTHER LEGAL ACTION CONTEMPLATED - YES <input type="checkbox"/> No <input type="checkbox"/>							

NOTE: This Exhibit supersedes Exhibit 1 to Section 410.4 dated 6-17-54. Form PHA-1446 has been revised.

Interim Adjustments in Rent

1. Introduction. This Section sets forth the requirements established in the Contract for making interim adjustments of rent based on substantial changes in Net Family Income and the actions to be taken pursuant thereto. It also authorizes as an alternative to these Contract requirements interim adjustments of rent upon the occurrence of specified changes in family circumstances. The policies and procedures adopted by a Local Authority for making interim rent adjustments shall be applied uniformly to all tenants.

2. Contract Requirements Relating to Interim Adjustments of Rent Based on Substantial Changes in Net Family Income. If the Local Authority adopts a policy of adjusting, between reexaminations, the rents of families in relation to changes in their income, it shall require all tenant families to report all substantial changes in income as they occur. Upon receipt of any such report the Local Authority shall redetermine the Net Family Income and adjust the rent as necessary to conform to the approved rent schedule. Such redetermination of Net Family Income and adjustment of rent shall not be in lieu of the reexamination required by the Contract unless at the same time the Local Authority makes all the redeterminations and takes action pursuant thereto as specified. If the Local Authority requires tenant families to report substantial changes in income as they occur, it shall, upon discovery that a tenant family failed to report a substantial increase, backcharge such tenant family for the additional rent, and take such other action as the Local Authority deems advisable.

3. Optional Requirements Relating to Interim Adjustment of Rent Based on Specified Changes in Family Circumstances. At its option, a Local Authority may adopt a policy of adjusting, between reexaminations, the rents of families upon the occurrence of specified changes in their family circumstances. If a Local Authority adopts such a policy, it shall require all tenant families to report all specified changes in their family circumstances as they occur. Upon receipt of any such report the Local Authority shall redetermine the Net Family Income and adjust the rent as necessary to conform to the approved rent schedule. If the Local Authority requires tenant families to report specified changes in family circumstances as they occur, it shall upon discovery that a tenant family failed to report a specified change, backcharge such tenant family for the additional rent, and take such other action as the Local Authority deems advisable.

4. Local Authority Determinations Relating to Interim Adjustments Based on Substantial Change in Income
 - a. If a Local Authority adopts a policy of making interim adjustments in rent as substantial changes in Net Family Income occur, pursuant to paragraph 2 above, it must decide under what circumstances such adjustments will be made.

(Cont'd)

b. The Local Authority may interpret and define "substantial change" in income in any way it believes to be desirable, Provided: The same definition is used for increases as for decreases. It may define a "substantial change" in income as:

- (1) Any change in income; or
- (2) A specific dollar amount of annual income (e.g. \$200 or \$300).

In deciding upon a dollar amount to be considered as a "substantial change" in income, or in choosing between 4a(1) and (2) above, a Local Authority, among other factors, should give consideration to the administrative workload and the reaction of tenants to the number and type of adjustments which would probably result under the system.

c. If a Local Authority has defined a "substantial change" to mean any change in income, a rent adjustment, either up or down, is made whenever a tenant reports a change which, according to the approved Schedule of Rents, requires a different rent than that being charged. If a Local Authority has defined a "substantial change" as a dollar amount of annual income, it may adopt a policy of counting the entire amount of increase or decrease, or it may elect to count only the difference between the actual increase or decrease in income and the amount defined to constitute a "substantial change."

d. At the time of reexamination, when determining eligibility and establishing rent for the next twelve months (or lesser period if established by the Local Authority), the full amount of Net Family Income must be used whether or not such amount represents a "substantial change" as defined for interim rent adjustment purposes.

e. The Local Authority must decide whether it will make interim adjustments in rent based on changes in the number of minors in the family.

5. Local Authority Determinations Relating to Changes in Family Circumstances

a. If a Local Authority adopts a policy of making interim adjustments in rent upon the occurrence of specified changes in family circumstances, pursuant to paragraph 3 above, it must specify the changes in circumstances under which interim adjustments will be made. The changes in family circumstances to be made the basis for interim adjustments may be specified as the Local Authority considers desirable, provided each circumstance is specified inclusively, as, for example, the addition of a wage earner as well as the loss of a wage earner.

b. The following listing illustrates the nature of the changes in circumstances which might be specified as the basis for interim adjustments. It may be modified through additions or deletions, e.g. a Local Authority

(Cont'd)

might specify that tenants report only the two changes stated below in paragraphs 5b(1) and 5b(2)(a). It is pointed out, however, that too inclusive a listing in an effort to catch every contingency which might lead to "hardship" would inevitably approximate the system of reporting all substantial changes in income.

(1) Changes Affecting Lessee -- Loss of lessee through death, divorce, or other continuing circumstance, or addition of a family member who in accordance with Local Authority policy should become the lessee.

(2) Changes Affecting Principal Income Recipient:

- (a) Loss of or addition of principal income recipient through marriage, divorce, death, or other continuing circumstances;
- (b) Receipt or discontinuance of assistance qualifying for approved Welfare Rent Schedule;
- (c) Entry into or discharge from military service;
- (d) Retirement or reemployment;
- (e) Unemployment for whatever reason (strike, lay-off, sickness, or disability) in excess of a specified period (e.g. 60 days) and reemployment.

(3) Changes Affecting Other Income Recipients:

- (a) Entry into or discharge from military service;
- (b) Full-time employment or termination of full-time employment.

6. Procedures for Reporting Changes and Effecting Interim Rent Adjustments

a. If a Local Authority adopts the policy of making interim adjustments in rent, either on the basis of substantial changes in income or specified changes in family circumstances, it must establish procedures which will ensure that:

- (1) Tenants are legally obligated, and understand fully their responsibility to report promptly such changes as are specified by the Local Authority;
- (2) Upon receipt of such reports in the form and detail prescribed by the Local Authority, a redetermination of Net Family Income will be made and rent adjustments made effective, as appropriate, in a uniform manner, subject to the following limitations:

(Cont'd)

-
- (a) The effective date for increases shall not be later than the first of the month following that in which the change occurred unless the change occurs so late in the month that it is impracticable to make such change effective prior to the first of the second month following that in which the change occurred.
 - (b) The effective date of decrease in rent shall not be earlier than the effective date for increases. 1/
 - (c) The accuracy of the information used as the basis for an interim increase in rent need not be verified until the time of the next reexamination unless the Local Authority wishes to take such precaution to preclude the possibility of backcharges. Decreases in rent shall not be made until the reported change has been verified.

b. If at the time of reexamination (or at any other time), it is found that a tenant has failed to report a substantial increase in income or a specified change in family circumstance which would have required him to pay a higher rent, the Local Authority shall make the increased rent retroactive to the date on which it would have become effective pursuant to paragraph 6a(2)(a) above had it been reported as required, and, in justifiable cases, take such other steps as it deems advisable.

1/ While conditions (a) and (b) allow some latitude in the establishment of a Local Authority's policy with respect to the date for making interim rent adjustments effective, they will not permit a policy which is more favorable to tenants in effecting decreases than increases. It is strongly urged that decreases be made effective no earlier than the first of the month in which the tenant reports the change.

Maintenance of Low-Rent Character With Respect to Occupancy

1. Purpose. This Section sets forth the requirements relating to the maintenance of the low-rent character of low-rent projects, as established and defined in the Contract, and states the procedure which the PHA will follow to determine whether the low-rent character of such projects has been maintained with respect to tenant eligibility.

2. Contract Requirements
 - a. The Local Authority shall at all times maintain the low-rent character of each of its low-rent projects. 1/ The low-rent character of such projects, with respect to tenant eligibility, shall be deemed to be maintained so long as to the knowledge or information of the Local Authority no persons have been admitted to occupancy in such projects or allowed to continue occupancy therein except as provided in the Contract. The Contract also requires, as a condition to maintenance of low-rent character, that low-rent projects be operated so as to promote serviceability, efficiency, economy, and stability.

 - b. The Contract states that if a Local Authority fails to maintain the low-rent character of such projects a "Substantial Default of Contract" will be considered to have occurred.

 - c. The Contract further provides that if there shall be a flagrant breach by the Local Authority in the performance or observance of any term, covenant, or condition of the Contract, or frequent breaches by the Local Authority in the performance or observance of any term, covenant, or condition over a period of six consecutive months after the PHA shall have notified the Local Authority of any breach, a "Substantial Breach of Contract" will be considered to have occurred.

 - d. In the event a Substantial Default or Breach of Contract occurs, the PHA may avail itself of any of the special remedies set forth in the Contract (including taking possession of or title to the Project), or the right to maintain any and all actions at law or in equity against the Local Authority to enforce the correction of any such breach or default or to enjoin any such breach or default.

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1/ This requirement applies to any families who are living in projects converted to defense use pursuant to PL-671 and who do not qualify as families of defense workers.

NOTE: This Section supersedes Section 411.1 dated 2-21-55. It has been revised to provide for submission, commencing July 1, 1956, of a copy of the Occupancy Audit Report to each member of the Local Authority Board of Commissioners, as well as to the Chairman and the Executive Director.

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3. Review of Periodic Occupancy Reports. The PHA will review the Local Authority's periodic occupancy reports and will call to the attention of the Local Authority any reporting errors or deviations from Contract requirements.
4. Occupancy Audits
- a. An audit of a Local Authority's occupancy operations will be made approximately once each year by the PHA. The Occupancy Audit will consist of a review of individual tenant folders, interviews with tenants, applicants, employers and other sources of information for the purpose of evaluating the Local Authority's determinations, policies, and procedures. The Occupancy Audit is intended as a helpful review and evaluation of Local Authority determinations and actions affecting individual project tenants. It also provides the PHA with the information required for prescribing and following through with any corrective action necessary to assist a Local Authority in complying with the occupancy provisions of the Act and Contract.
- b. The Local Authority will be notified in advance of the proposed visit. If the date scheduled for the visit is not convenient to the Local Authority, it should so inform the Regional Office and arrange a date which will be satisfactory to both parties.
- c. Upon completion of the audit, the PHA auditor will discuss his findings with the Executive Director or appropriate official of the Local Authority. In addition, the Chairman, each other member of the Board, and the Executive Director of the Local Authority will be notified formally by the Regional Office of any noncompliances with the Contract noted and will be informed as to the action which must be taken to correct the existing condition and to prevent recurrence. Three copies of an Occupancy Audit Notice will be sent the Executive Director for each type of noncompliance noted and will state the date by which the action indicated must be taken. The letter of transmittal, addressed to the Chairman, may contain suggestions which the Regional Office feels will be helpful in improving occupancy operations. After taking the action required, the Executive Director will describe the corrective action taken in the space provided on the Occupancy Audit Notice for this purpose, and will sign and return two copies of the form to the Regional Office.
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Preparation and Submission of Local Authority Certificate Regarding Tenant Eligibility

1. Purpose. This Section prescribes the form and instructions for the submission of the periodic written statements to be made by the Local Authority pursuant to the requirements of the Contract, concerning the eligibility of tenants admitted to and permitted to remain in low-rent projects, and the rents paid by such tenants. This statement is known as the "Certificate Regarding Tenant Eligibility."
2. Period Covered by Certificate
 - a. For each new project, the first Certificate shall cover the Initial Operating Period. If the end of the Initial Operating Period does not fall at the end of the Fiscal Year, the next statement shall cover the period from the end of the Initial Operating Period to the end of the Fiscal Year in which the end of such Period occurs. Thereafter, and for all other projects, the Certificate shall cover the period of the project's Fiscal Year.
 - b. As to Certificates covering the Initial Operating Period, a separate Certificate shall be prepared for each project. As to Certificates covering subsequent periods, a single Certificate may cover all projects which have passed the end of the Initial Operating Period and which have Fiscal years ending on the same date.
 - c. If no Fiscal Year has been established for any project in the Contract and until such Fiscal Year is established, there shall be used for this purpose in lieu of a Fiscal Year the annual Period ending on the anniversary of the date of the end of the Initial Operating Period which first occurs for any project in the Contract.
3. Form of Certificate
 - a. The Certificates shall be made on Form PHA-2293 (Exhibit 1). If for any reason the Certificate cannot be made in this form it shall be appropriately modified, but a full and complete explanation shall be furnished the PHA as to the circumstances which made such modification necessary.
 - b. The Certificate shall be executed by the Executive Director or other duly authorized official of the Local Authority. Two executed copies of each Certificate shall be submitted to the PHA Field Office within thirty days after the end of the period covered.

NOTE: This Section supersedes Section 411.2 dated 1-7-53. Paragraph 2b has been revised to provide for the submittal of a single Certificate to cover all projects with the fiscal year ending on the same date.

Form PHA-2293
February 1957

Bureau Budget No. 63-R790.1

Certificate Regarding Tenant Eligibility
for Low-Rent Housing Projects

I, the undersigned, hereby certify that I am the _____ of the
_____ (herein called the "Local Authority")
and am duly authorized to execute this certificate on behalf of the Local
Authority.

I further certify, with respect to the low-rent housing Projects _____
_____ that

1. An investigation was made by the Local Authority of each family admitted to the said projects during the period beginning _____ 19__ and ending _____ 19__, and on the basis of the report of such investigation I have found that each family at the time of its admission:
 - a. had a Net Family Income (less (1) an exemption established by the Local Authority not in excess of \$100 for each minor member of the family other than the head of the family and his spouse, and (2) an exemption of amounts paid by the United States Government for disability or death occurring in connection with military service) not exceeding the maximum income limits theretofore fixed by the Local Authority and approved by the Public Housing Administration for admission of Families of Low Income to such housing;
 - b. either
 - (1) lived in an unsafe, insanitary, or overcrowded dwelling, or
 - (2) was to be displaced by a low-rent housing project or by a public slum clearance, redevelopment, or urban renewal project, or through action of a public body or court either through the enforcement of housing standards or through the demolition, closing, or the improvement of a dwelling unit or units, or
 - (3) actually was without housing due to causes other than the fault of the tenant, or

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NOTE: This Exhibit supersedes Exhibit 1 to Section 411.2 dated November 1955. Form PHA-2293 has been revised. Local Authorities may requisition copies of the revised Form PHA-2293 in the usual manner from the PHA Central Office

- (4) was about to be without housing as the result of a court order of eviction, due to causes other than the fault of the tenant, or
- (5) was either the family of a Veteran or Serviceman (or of a deceased Veteran or Serviceman) and its application for admission was made not later than March 1, 1959, or an elderly family admitted to a unit suitable to its need.
2. During such period, a reexamination was made of the status of each tenant family occupying a dwelling in the Projects except for families who had been residents of the Projects for less than twelve months at the end of said period (or less than eighteen months in the case of families whose initial reexamination was deferred to fit a reexamination schedule). All tenant families found to be ineligible for continued occupancy at the time of such reexamination have been given a notice to vacate within a period not exceeding six months from the date of such reexamination. Eviction proceedings have been instituted and are being diligently prosecuted against all families who have not moved at the expiration of such notice to vacate, except where such families, due to changed circumstances, have again become eligible for continued occupancy.
3. During such period each family which was admitted to the Projects or whose status was reexamined or whose Net Family Income was redetermined was charged an appropriate rent as prescribed in the approved schedule of rents in effect at the time such action was taken.

Date

Maintenance

1. Introduction

a. This Section sets forth maintenance standards and suggested methods of achieving those standards.

b. The basic objective of public low-rent housing is to provide attractive, decent, safe, and sanitary housing for families of low income. The proper operation and maintenance of the physical plant is of primary consideration in the realization of this objective. Proper operation and maintenance of the physical plant will provide:

- (1) A good over-all appearance: This is the yardstick by which the public in general and the individual in particular measure the performance of management. By "good appearance" is meant that the buildings and grounds are attractive to the average person and present no basis for reasonable adverse criticism from the point of view of neatness and orderliness. In no event, however, should a project be maintained as a "show place" nor as an institution, but rather as a normal well maintained unit of the community.
- (2) Protection and preservation of all installations: This can only be accomplished by preventing or arresting damage and deterioration before it reaches a point where failure is imminent.
- (3) Adequate and continuous serviceability of all facilities.
- (4) Economy of operation.

2. Standards

a. Lawns and plantings should provide sufficient turf to prevent erosion, a serviceable ground cover, adequate surface drainage, satisfactory livability, and good appearance.

b. Surfaced areas and yard appurtenances such as walks, drives, parking and play areas, fences, benches, clothes posts, guard rails, refuse control facilities, etc., should provide adequate, safe, sanitary, convenient, and uninterrupted service.

c. Structures, including walls, roofs, floors, windows, stairs, stoops, rails, etc., should provide safe, sound, sanitary, vermin-free, water- and damp-proof shelters.

(Cont'd)

5.1 SMALL LOW-RENT PROGRAMS MANUAL--OPERATION

d. Painting of interior and exterior surfaces should be programmed to provide adequate protection to the painted surfaces against wear and weather so as to preserve materials and present a good appearance. Painting should usually be scheduled in cycles of not less than 4 years, but in any event all painted surfaces should be repainted before the paint coating deteriorates to such a point that the entire body of the previous coating is lost.

e. Mechanical and electrical systems and plumbing, heating, and other equipment such as ranges, refrigerators, and water heaters should provide adequate and uninterrupted service consistent with local and State health and safety codes, regulations, and practices.

3. Tenant Participation in Maintenance

a. The maximum degree of tenant participation in maintenance should be a first consideration. Certain items of work of a difficult or dangerous nature cannot be allocated to tenants, but much of the maintenance work can be performed by the average families living in a low-rent housing development since they represent a reasonable cross-section of skills required for maintenance and since they would normally undertake such maintenance if living in homes owned by themselves. This is especially true with regard to the general run of routine work.

b. Certain types of work may reasonably be required of tenants on a firm and continuing basis. Examples of such work are care of tenant lawns, snow removal, interior painting of walls and trim, washing of interior walls, and the cleaning and care of stair halls, laundries, and refuse collection facilities. Items of work involved in the day-to-day operation of a household including care and use of equipment and the dwelling are considered as normal housekeeping responsibilities which are expected of all tenants. All such items should be stated in the lease as mandatory requirements and should be carefully explained to the tenant when he signs the lease.

c. Other types of work may be done by individual tenants or by groups of tenants on a volunteer basis. Examples of such work are care of recreation areas, the cleaning and care of community building space (other than that required after specific use), and cutting of project lawns outside of tenant yards. Other activities in which the tenant may participate but which are not considered here as being in the scope of tenant maintenance may contribute to the simplification or elimination of maintenance problems. Some typical examples

(Cont'd)

of such activities are: clean-up drives; gardening programs; construction and care of playground equipment; and assistance in organized efforts to promote such items as better house-keeping, fire prevention, and children's activities.

4. Ways of Handling Maintenance Work

a. Maintenance work not done by tenants may be done by personnel employed by the Local Authority. However, it will not be possible in many instances to justify the employment of a full-time maintenance man. In such cases it will probably be possible to employ a handyman capable of performing most of this work on a part-time basis. When such a man can be found among tenants in the project this arrangement is especially desirable. In some instances several tenants of varying skills may be found to do this part-time work. Even if the Local Authority employs a maintenance man there may be some work requiring unusual skill or of such large volume (such as replacement of roofs and resurfacing all drives) that it must be done under contract by outside tradesmen.

b. It is possible to do all maintenance work not allocated to tenants by contract with outside tradesmen. For example: A local plumber may do all necessary plumbing work. The work would be done when called for by management.

5. Inspection of the Physical Plant

a. By PHA Field Office Representatives

(1) Inspections will be made annually by PHA Field Office Engineers to evaluate the physical condition of the projects and to advise the Local Authority, as necessary, in the handling of maintenance problems.

(2) Evaluations will be made on the basis of the standards set forth above and ratings will be noted as "above standard", "standard", or "below standard" as determined by the inspection.

(3) The Local Authority will be notified in advance of the actual date of each inspection and will be advised by the Field Office Director of the findings of the inspection together with appropriate recommendations following the inspection.

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b. By Project Personnel (Self-Inspection)

(1) The essence of good operation is preventive maintenance. Preventive maintenance is based on knowledge of the condition of the physical plant gained through periodic detailed inspections. These inspections will assist the Local Authority (a) to become aware of items requiring special attention, (b) to establish the workload and schedule the maintenance program involving both current repairs and replacements and preventive measures, (c) to collect data for use in budgeting expenditures, and (d) to correct fire and safety hazards.

(2) Attached as Exhibits 1 and 2 are forms which may be used to record the results of such inspection. They are in the form of check lists so that the person making the inspection will not inadvertently pass over some important item.

(3) Exhibit 1 is a suggested form for use in inspecting the yard and interior of an individual dwelling unit. A separate sheet should be used for each dwelling unit. This form can also be used for interiors and yards of any project administration office, maintenance shop, or community space.

(4) Exhibit 2 is a suggested form for use in inspecting the exteriors of individual buildings, together with attic and crawl spaces and other items not included in Exhibit 1. A separate sheet should be used for each dwelling building and for each administration office, maintenance shop, or community space building. Also use a separate sheet for any items such as electric lines, or playgrounds which are not connected with one particular building.

(5) A complete inspection should be performed at least once a year by a qualified person such as the Executive Director, the handyman, or a local tradesman or contractor.

(6) Special attention should be directed to the detection of conditions which may contribute to or cause a fire, accident, or catastrophe, such as corrosion of piping in the gas distribution system, gas leaks, broken or otherwise dangerous steps and walks, defective electrical wiring, and accumulation of burnable material or refuse.

INSPECTION - DWELLING UNITS, ETC.

Project Name: _____ No. _____ Location: _____

D.U. No. _____ Bedrooms _____ Bldg. No. _____

Inspected by: _____ Date: _____

Item	Condition	Maintenance Required	
		Location	Nature of Work
Yard			
Porches and Steps			
Ceilings, Walls, Trim			
Floors			
Windows, Doors, Screens, Shades			
Painting			
Bathroom Fixtures			
Kitchen Sink			
Cabinets and Shelves			
Water Heater			
Range			
Refrigerator			
Electric Fixtures and Switches			
Heating Equipment			
Fuel Storage			
Evidence of Gas Leaks			
Refuse Control			
Vermin Control			
Fire and Safety Hazards			

Remarks: (Use back of sheet if necessary)

 INSPECTION - DWELLING STRUCTURES, ETC.

Project Name: _____ No. _____ Location _____

Building No. _____ Inspected by: _____ Date: _____

Item	Condition	Maintenance Required	
		Location	Nature of Work
Surface Drainage			
Sidewalks & Pavement			
Trash Collecting Stations			
Fences, Clothes Posts, Benches, etc.			
Roofs			
Walls			
Attic Space (Condensation, Dry Rot)			
Crawl Space - Basement (Termites, Dry Rot, Etc.)			
Exterior Painting			
Water Lines & Gas Lines (Corrosion)			
Storm Water Sewers, Man- holes and Catch Basins			
Electric Lines			
Yard Lighting			
Heating Plant			
Maintenance Tools and Equipment			
Vermin Control			
Fire and Safety Hazards			
Playgrounds			
Playground Equipment			

Remarks: (Use back of sheet if necessary)

Community Services and Tenant Activities During Management

1. Introduction. It is generally recognized that the conduct of sound tenant activity programs and the provision of community services by public and private community agencies at low-rent public housing projects produce desirable results for both management and tenants. First, they help to develop more harmonious relationships between management and tenants, as well as among the tenants themselves; and secondly, they help to provide a better neighborhood environment and encourage improved living standards, health, and welfare for the participants. These programs, therefore, provide an excellent tool of management.
2. Use of Management Funds. Management funds may be used for the care and maintenance of the facilities and equipment and for minor incidental expenses for programs sponsored by community or tenant groups. Management funds may not be used (a) to pay the salaries of program leaders, (b) to finance the cost of private parties of tenants or others, (c) to buy gifts, prizes, or refreshments, or (d) to make donations. Since no management funds are permitted for direct leadership, arrangements with appropriate community agencies for the direction of programs are essential.
3. Relationship Between Community Service Agencies and the Local Authority
 - a. The PHA has established many contacts at national and regional levels with community service agencies, both private and public, in which mutual agreement has been reached as to the need for and availability of services; but it is at the local level that the programs must actually be put into operation. Much of the success of the programs is in direct proportion to the enthusiasm shown and cooperativeness of the Local Authority in its relation to local agencies. It cannot be too strongly emphasized, therefore, that the Local Authority should extend every possible encouragement and cooperation to the local agencies which are organized to provide the programs and services essential to tenant needs.
 - b. In less populated localities there may be a limited number of the public and private agencies normally found in larger communities. Local Authorities should explore all possible resources of county and local public agencies, and informal church, school, civic, health, recreation, and other private groups. These groups may be in a position to provide, sponsor, or finance activities in project communities.

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NOTE: This Section supersedes Section 5.2 pages 1-2 dated 9-2-52 and pages 3-4 dated January 1957. Paragraphs 1-3 were expanded to emphasize the need for closer cooperation between Local Authorities and community service agencies and local groups during development and management and to define tenant, management, and community responsibilities regarding utilization of tenant activity space. Only minor changes were made in the remaining paragraphs.

c. Section 207.3 of the Low-Rent Housing Manual, Planning for On-Site Tenant Activity Facilities, and Agreements with Community Service Agencies, specifies the need for Local Authorities to make contact with local agencies during the development phase of a project to obtain leadership for programs and services to be conducted in project facilities. Such contacts must be made during an early stage of development in order (1) to gain the benefit of the agencies' advice in planning facilities which will lend themselves to use for the needed programs to be offered, and (2) to avoid constructing facilities for which no community services can be obtained. Joint planning with local agencies and groups at this time can also lay the foundation for a greater understanding of the overall public housing program. As stated in Section 207.3, it is desirable that written agreements be drawn up with the cooperating agencies and groups setting forth the understandings reached.

d. The Local Authority should also work actively to continue its relationships with local agencies and groups throughout the period of management and to keep such relationships current. Past experience in public housing projects shows that, due to changes in budgets, personnel, and programs of local agencies, it is necessary for Local Authorities to renew contacts frequently as well as to enlist the interest of new agencies or groups sponsoring programs needed by tenants.

e. On low-rent projects where there are no tenant activity facilities provided, the Authority should make certain that project families use the existing facilities in the larger community and receive the same services as other residents.

4. Relationship With Tenants

a. Tenant Associations. Where the project is large enough to make it feasible, the Local Authority should encourage and facilitate the organization of representative tenant associations or councils to:

- (1) Provide a medium of exchange of information between management, tenants, and the community;
- (2) Promote tenant maintenance and good housekeeping practices;
- (3) Cooperate in developing tenant activity programs and in securing necessary community services.

b. Organization and Training for Tenant Maintenance and Related Activities. Local Authorities should obtain the assistance of tenant groups in planning and carrying out appropriate programs of tenant maintenance and related activities. They should also encourage tenant groups to assume financial responsibility for providing supplies needed for tenant sponsored activities. Many examples exist of tenant groups financing recreation activities, furnishing club rooms and purchasing needed equipment through tenant sponsored benefits.

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5. Use of Project Facilities by Community Agencies and Tenant Groups. The Local Authority should permit responsible community agencies or responsible tenant groups to use tenant-activity space without charge for the provision of education, recreation, health, and welfare services to meet tenant needs. Arrangements for such use should include provisions to ensure normal care and protection of facilities and to safeguard tenant interests and welfare. Non-project residents should be encouraged to participate in such programs where space permits in order not to isolate the project from the rest of the community.
6. Use of Project Facilities for Child Care Centers and for School Classes
- a. Nursery schools and day-care centers, full or part-time, may be permitted in tenant-activity space, subject to the same conditions which apply to other use of such space.
- b. School classes may also be permitted, but only if:
- (1) Enough suitable space is not available in school buildings for project children;
 - (2) The space is used for school purposes only during hours when it is not needed for tenant-activity programs;
 - (3) All equipment and material requiring floor space is easily removable by the school staff, when the space is needed for tenant-activity programs;
 - (4) Project-built storage space remains available for tenant-activity program needs; and
 - (5) The school administration pays a rent comparable to that for similar local facilities, plus a charge covering such items as janitorial services and all utilities.
7. Other Uses. Other than for programs of the nature described in paragraphs 5 and 6a above, the Local Authority shall not, without the approval of the PHA, grant any concessions, licenses, or permits to use any nondwelling space or facility in any project without adequate compensation, except as follows:
- a. Tenant-activity space may be used occasionally without charge by groups other than tenant groups or community service agencies which customarily provide tenant-activity programs, for non-income-producing activities such as meetings of veterans' organizations, civic groups, etc. If such use does not interfere with the purpose for which the facilities are primarily intended. Permission for such use should be subject to the following conditions:
- (1) The request should come primarily from tenants;

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- (2) All organizations should be given equal opportunity and fair and equitable treatment with respect to granting similar requests;
 - (3) The organization should agree to conform to the project rules and regulations established for the use of the facilities;
 - (4) Permission should be granted on a temporary basis and subject to periodic review and adjustment.
- b. The Local Authority may also permit tenant-activity space to be used without charge by tenant groups, public agencies, or recognized welfare or benevolent organizations, for such income-producing purposes as benefits, bazaars, exhibits, suppers, dances, etc.; and by tenant groups for vending machines (except telephone pay stations); provided such activities are operated in accordance with the following conditions:
- (1) There should be strict adherence to Federal, State, and local regulations regarding permits for, and taxes on, such enterprises.
 - (2) Any profits should be used to promote the welfare of tenants as a whole, or for some recognized welfare or benevolent purpose.
- c. The Local Authority may permit the occasional use of tenant-activity space, without charge, by tenants for private social purposes.
- d. The use of tenant-activity space or administration space without charge may be permitted for concessions, generally limited to the vending stand type, operated by the blind where considered feasible by the Local Authority, except if the erection of a structure is contemplated, prior PHA approval will be required.
8. Use of Dwelling Units for Tenant-Activity Purposes. No dwelling unit shall be used for tenant-activity or any other nondwelling purposes without the approval of the PHA. Such approval will be given only in exceptional circumstances, but in no case for school classes.
9. Rules and Regulations Covering Use of Tenant-Activity Space. The Local Authority is responsible for establishing rules and regulations governing facilities and their use. Regulations should permit the maximum of tenant use and require the minimum of project maintenance.
- a. Sanitary Maintenance of Kitchens in Tenant-Activity Space. The Local Authority is responsible for maintaining sanitary conditions in kitchens. Such facilities should be operated in conformance with local health regulations pertaining to similar facilities in churches, schools, and other public places. It is advisable to consult the local public health officer to determine applicable regulations.

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b. Use of Gambling Equipment. Space shall not be permitted for the use of gambling equipment.

c. Consumption of Alcoholic Beverages. The Local Authority should determine whether alcoholic beverages may be served at parties and other gatherings held in project facilities. Such decision should be made in accordance with local and State laws governing the sale and consumption of liquor.

d. Tenant Maintenance. The maximum tenant maintenance should be encouraged for the care and protection of tenant-activity space when used for tenant programs, particularly the cleaning and restoring to order of the space following use by tenants.

Procurement and Personal Property--General

1. Purpose. The purpose of this Section is to point up the requirements of the Contract with respect to procurement and personal property functions. The Local Authority should consider that it invests public funds in equipment, supplies, and services, and that the public has a right to know that full value is received. Further, personal property represents capital assets and should be subject to an adequate system of property accountability. In the opinion of the PHA, the procedures in Section 6.1 through 6.5 represent the minimum requirements for handling property transactions.
2. Field Office Assistance. Local Authorities may call on the Personal Property Section of the PHA Field Office at any time for advice and assistance in establishing and conducting its personal property operation.
3. Authorization. The Local Authority should by resolution authorize the Executive Director, within certain limits, to purchase equipment, materials, and supplies, to award contracts for services and for repairs, maintenance, and replacements, and to dispose of excess personal property. Such a statement is necessary to assure suppliers that the Executive Director has the authority to act in the name of the Local Authority. The Local Authority should, of course, reserve to itself the approval of major purchases and contracts.
4. Interest of Members, Officers, or Employees of Local Authority
 - a. The Contract provides that no member, officer, or employee of the Local Authority shall voluntarily acquire any interest, direct or indirect, in the projects, or in any property included or planned to be included in any project, or in any contract or proposed contract relating to any project. If any such member, officer, or employee involuntarily acquires any such interest, or had acquired any such interest prior to appointment or employment as such member, officer, or employee, then such member, officer, or employee shall immediately disclose any such interest in writing to the Local Authority, and such disclosure shall be entered upon the minutes of the Local Authority and a copy thereof promptly furnished to the PHA. Upon any such disclosure, such member, officer, or employee shall not participate in any action by the Local Authority relating to the property or contract in which he may have any such interest. However, this provision is not applicable to the Temporary Notes, the Bonds, or the General Depository Agreement, nor to trusteeships authorized under the Contract.

NOTE: This Section supersedes Section 6.1 dated 9-2-52. Paragraph 5 has been added.

b. The Contract also provides that the Local Authority shall not enter into any contract for property or materials with any former member of the Local Authority within one year after such person shall have ceased to be such a member.

5. LHA Purchases for Private Use of LHA Employees. Under the terms of the Local Authority's contract with the PHA, project funds may be used only for the development or operation of projects. Accordingly, such funds may not be used to purchase items for the private use of Local Authority employees even though immediate repayment is made by the employee. Further, to avoid any appearance of favoritism or improper conduct, it is strongly recommended that employees not be permitted to make purchases in the name of the Local Authority in order to obtain a discount or for any other reason even though the employee makes payment directly to the seller.

Procurement

1. Purpose. The Contract provides that in the purchasing of equipment, material, and supplies, and in the award of contracts for services or for repairs, maintenance, and replacements, the Local Authority shall comply with all applicable State and local laws, and in any event shall make such purchases and award such contracts only after inviting bids a sufficient time prior to the award of contract in accordance with paragraph 1c below except:
 - a. When the amount involved in any one case does not exceed \$500 ^{1/}; or
 - b. When the public exigencies require the immediate delivery of the articles or performance of the services; or
 - c. When only one source of supply is available and the purchasing or contracting officer of the Local Authority shall so certify; or
 - d. When the services required are (1) of a technical or professional nature, or (2) to be performed under Local Authority supervision and paid for on a time basis.

This Section suggests procedures for the purchase of equipment, materials, and supplies, and for the award of contracts for repairs, maintenance, and replacements.

2. Labor Provisions for Contracts Involving Work on the Site. Where any contract involves labor on the site, such as for painting, the Local Authority must include in the contract a provision by which the contractor agrees to pay to all mechanics and laborers employed in work on the site not less than the salaries or wages prevailing in the locality. If the contract is in excess of \$2,000 the contract must also include an applicable wage rate schedule as furnished by the PHA, as well as certain other labor provisions. For any such contracts in excess of \$2,000, the Local Authority should consult with the PHA Regional Office before inviting bids.
3. Purchases in Amounts of \$500 ^{1/} or Less. A reasonable exploration of the local market is desirable to ensure the best prices obtainable and such purchases should be carefully documented to prevent possible charges of extravagance or favoritism.
 - a. A Purchase Order or a copy of the vendor's invoice may be used to substantiate expenditures. Both methods are satisfactory, but the PHA recommends a form of purchase order, particularly where any parts of the

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^{1/} \$1000 if the Local Authority elects to purchase under the contract waiver granted by the Acting Commissioner on 8-8-57.

NOTE: These pages supersede pages 1-4 dated March 1956. The release has been revised to reflect the waiver of the Annual Contributions Contract with respect to revision of the open market limitation from \$500 to \$1000.

purchase, receipt, or payment functions are handled by more than one person. Moreover, the purchase order is a valuable part of the permanent record and will be helpful in maintaining property accountability records. The purchase order form may combine a purchase order and a vendor's invoice, such as the attached Exhibit 1. In any event, it should be a simple form and so designed that, when desirable, it may be prepared in longhand. The cost of printed forms is a factor for consideration and may dictate the type of form to be used. Where few purchases are anticipated, it will be uneconomical to purchase a specially printed form. The standard run of commercial office forms includes a simple purchase order with interleaved carbon which can be purchased over the counter at any stationery store. A rubber stamp can be used to imprint the name and address of the Local Authority across the top of the form.

b. Small Purchases of \$10 or Less. There will be numerous instances when small quantities of inexpensive items are required. The administrative cost of issuing separate purchase orders and paying separately by check for purchases costing less than \$10 might exceed the cost of the items purchased. The following methods may be used to handle small purchases efficiently:

- (1) Open Accounts which provide for cumulative monthly invoicing may be established with local wholesale and retail supply firms. Generally, a hardware store, a plumbing supply firm, an electrical supply firm, and an office supply store will provide the necessary variety. A fixed discount of the trade or time payment type might be agreed upon. Where there is a choice among firms of the same type, the one offering the best discount should be selected. Orders may be placed informally. The supplier should furnish a delivery or sales ticket describing the items and showing the cost and date delivered. The tickets should be accumulated until the end of the month at which time a purchase order for all deliveries made during the month may be issued and the supplier's invoice paid.
- (2) Petty Cash Fund, if established, may be used for small emergency purchases which cannot be obtained promptly from open account sources. The maximum amount which may be used for a single cash purchase should be clearly established by the Local Authority. The supplier's invoice may be used as the petty cash voucher to substantiate the expenditure. Petty cash purchases should not be made from a supplier with whom the Local Authority carries a charge account.

c. Purchases From \$10 to \$100. Such purchases should be made in a manner common to small businesses, generally after informal inquiry from one or more suppliers. Avoid the tendency to deal with one supplier to the exclusion of all others.

(Cont'd)

d. Purchases From \$100 Through \$500 $\frac{1}{2}$. Such purchases should be made after a rather careful canvass of the local market. Informal bids should be obtained orally, by telephone, or in writing from at least three suppliers, if possible. A form of circular letter such as the attached Exhibit 2 may be a helpful time saver. The letter form may be reproduced by an inexpensive process, such as mimeograph or multilith. The letter may be addressed and the required items entered in longhand and mailed to all known suppliers. Quotations received should be retained as a part of the permanent record. If oral or telephone bids are obtained, they should be recorded on the file copy of the purchase order.

e. Receipt and Payment. When the purchase, receipt, payment, or accountability function is handled by more than one person, each should receive a copy of the purchase order. The Local Authority may keep an effective control on unfilled orders by holding them in a suspense file until delivery is made. Payment should not be made until the delivery is inspected and found to be satisfactory.

f. Failure To Invite Formal Bids. Parceling of purchases or a succession of purchases under \$500 $\frac{1}{2}$ shall not be made to avoid compliance with the contract requirement of inviting bids. For example, if the fuel requirements for the heating season will cost more than \$500 $\frac{1}{2}$, the total for the season should be consolidated and bids invited although any one delivery may cost less than \$500 $\frac{1}{2}$. A decision that an emergency exists and time does not permit inviting bids cannot be justified if administrative delays have created the emergency. A certification that inviting bids is impractical because there is only one source of supply must be supported by facts which will support the conclusion.

4. Purchases in Amounts Over \$500 $\frac{1}{2}$. Competitive bidding is generally accepted as the best method of procurement by a public body. By this method all bidders have an equal right to compete for public business and the public body receives the benefits which flow from competition. At the same time the possibility of charges of favoritism, collusion, and other improper actions is minimized.

a. Bid and Contract Form. In inviting bids the PHA recommends a combined form of invitation, bid, and acceptance, such as the attached Exhibit 3. The items or services required and any special conditions of the contract may be stated on this form and the form distributed to prospective bidders. The bidder will enter the amount of his bid, sign the form, and submit it to the Local Authority. The contract is established when the Local Authority signs the form.

(Cont'd)

$\frac{1}{2}$ \$1000, if the Local Authority elects to purchase under the contract waiver granted by the Acting Commissioner on 8-8-57.

b. Specifications. In preparing bid documents the Local Authority must be careful to describe clearly and completely the items or services required and the conditions of the contract. To ensure adequate competition, specifications should be examined to determine that they are not designed so as to restrict the bidding to one supplier. If the time permitted for delivery is a factor for consideration in awarding the contract, the proposal should include that fact and, if possible, state the delivery requirements. Be sure there is complete agreement between the Local Authority and the bidder as to what is desired and what will be furnished. The PHA suggests:

- (1) Avoid the term "as per sample" unless samples can be supplied to each bidder. If the item cannot be clearly described without reference to the sample, state where and when the bidder may inspect the sample.
- (2) The term "best commercial quality" is indefinite and should not be used.
- (3) Avoid the use of catalog numbers or identify the catalog referred to and qualify with the term "or equal."

c. Inviting Bids. Bids may be invited by: (1) advertisement in at least one newspaper of general circulation, or (2) mailing invitations to bid to all known suppliers and posting notices in public places; or a combination of such methods. The amount of the contract should influence the decision to advertise in newspapers. In most cases it is desirable to invite bids by mailing copies of the bid and acceptance form to prospective bidders and posting copies in the Local Authority office or the local Post Office. The purpose of inviting bids is to obtain the best price and the bidders circularized should not be limited to those in the immediate locality.

d. Mailing List. Local Authorities may find it helpful to maintain a mailing list of suppliers of the items it frequently purchases. The list should include the names of suppliers who are known to be in a position to furnish the required item as well as those qualified bidders who request the opportunity to bid on specified requirements.

e. Award of Contract. Bids should be publicly opened at the time and place specified in the invitation for bids. All factors should be considered in evaluating the bids received; the lowest responsible bidder as to price who meets the requirements specified shall be awarded the contract. An abstract or tabulation of all bids received shall be prepared and filed with the contract as part of the permanent record.

(Cont'd)

f. Bidding Procedures. Questions may arise concerning bid and performance bonds, modification of bids, withdrawal of bids, errors in bids, late bids, alternate bids, equal bids, etc. The Local Authority should be consistent in its treatment of these matters. The following general rules may be helpful guides:

- (1) Bid and performance bonds are sometimes required when the amount of the contract is expected to exceed \$2,000. Bid bonds merely guarantee that the bidder will execute a contract and provide a performance bond. The Local Authority should decide, on a case basis, whether the protection of a bond is prudent, considering that the amounts of the bids will unquestionably include the amount of bond premium. Usually a performance bond equal to 25% of the contract amount is adequate.
- (2) A bidder may withdraw or modify his bid prior to the time of opening but may not change it thereafter. Where there is an obvious error in the bid (such as a misplaced decimal) the contracting officer may, upon verification of the error, disregard the bid. The unit price should govern if there is an error in the extension of total prices.
- (3) If the Local Authority desires to modify the specifications or conditions prior to opening bids, all prospective bidders should be informed in writing. Do not make information available to one bidder without making the same information available to all bidders.
- (4) Bids which are not mailed in time to be received by the Local Authority before the time and date set for opening should be classed as late bids and not considered. They should be returned unopened to the bidder.
- (5) When two or more bids are equal in all respects, and there is no choice in the quality of the material offered, the award may be decided by drawing lots among the tied bidders.
- (6) Unless requested in the Invitation to Bid, alternate bids should not be considered if all bidders do not have an opportunity to bid on the alternate.

(Cont'd)

NOTE: These pages supersede pages 5-6 of Section 6.2 dated March 1956. They have been revised to include in paragraph 5 use of Consolidated Supply Contracts for the purchase of equipment during the development phase of a project; to provide instructions for the preparation of Invitations to Bid when replacing equipment; and to provide instructions concerning use of project funds for private purchases by Local Authority employees.

5. General Information. The following information may be helpful:

- a. PHA Consolidated Supply Contracts. The PHA Regional Office regularly establishes contracts for the consolidated requirements of selected common use items and movable equipment such as ranges, refrigerators, water heaters, etc. A Local Authority may participate in these contracts, for use in the development or management phases of a project, in order to take advantage of any savings they offer. To obtain delivery under such a contract, the Local Authority merely sends a purchase order, in any amount, directly to the contractor. The purchase order should state the PHA contract number and a copy should be sent to the Chief, Project Fiscal Management Section, so that he may be informed. The contract prices include delivery to any project. Copies of the consolidated supply catalogues are distributed annually to each Local Authority by the Project Fiscal Management Section. If additional copies of the catalogues are required they may be obtained from the PHA Regional Office. If purchase orders are issued for equipment during the development of a project, delivery of the items must be scheduled in ample time to avoid claims for delay and extra expense from the construction contractor.
- b. Trade In of Equipment. When an Invitation to Bid is issued by a Local Authority for new replacement items the PHA recommends that the Invitation include a description of the items that will be replaced. The Invitation should invite bidders to quote a price for the furnishing of the new items less the allowance for the purchase of the old items. It is not necessary that the same quantity of old items be offered as the quantity of new items that will be purchased. The award of the contract should be made to the firm, meeting the specifications, that offers the lowest net price under the Invitation to Bid.
- c. LHA Purchases for Private Use of LHA Employees. Under the terms of the Local Authority's contract with the PHA, project funds may be used only for the development or operation of projects. Accordingly, such funds may not be used to purchase items for the private use of LHA employees even though immediate repayment is made by the employee. Further, to avoid any appearance of favoritism or improper conduct, it is strongly recommended that employees not be permitted to make purchases in the name of the Local Authority in order to obtain a discount or for any other reason even though the employee makes payment directly to the seller.

NAME OF LOCAL HOUSING AUTHORITY A d d r e s s			
PURCHASE ORDER---INVOICE---VOUCHER			
Order No.		Date of Order	
Quantity	Item and Unit	Unit Price	Amount
Ordered By (Signature) _____		Total	
I certify that the above bill is just and correct for items delivered and that payment has not been received. Discount _____% _____ days.			
SELLERS NAME _____			
ADDRESS _____			
BY (Signature) _____			
I certify that this account is correct and proper for payment in the amount of \$ _____		Differences	
(Authorized Certifying Officer) _____		Account Veri-	
		fied for Payment	
PAID BY CASH Date _____		PAID BY CHECK Date _____	
(Payee's Signature) _____		Check No. _____	

Gentlemen:

This Authority proposes to purchase the articles or services described below. If you desire to bid on these requirements, please insert your quotations in the space provided, and return this circular to the following address not later than _____:
(Date)

(Signature)

THIS DOES NOT CONSTITUTE AN ORDER

Description of Articles or Services	Quantity	Unit	Unit Price	Amount

Delivery within _____ days.

Discount offered (if any).

Name of Bidder _____.

Signature of Bidder _____.

Date _____.

NAME OF LOCAL HOUSING AUTHORITY
 Address

INVITATION, BID, AND AWARD (SUPPLY CONTRACT)	CONTRACT NO. ORDER NO. (If any)	PAGE NO. 1	NUMBER OF PAGES 3
ISSUED BY	ADDRESS		

INVITATION FOR BIDS

DATE ISSUED _____ INVITATION NO. _____

Sealed bids in _____, SUBJECT TO THE TERMS AND CONDITIONS OF THIS INVITATION, ITS SCHEDULE AND THE ATTACHED GENERAL PROVISIONS, will be received at the above office until _____ o'clock _____ m., _____ Time _____ (date), and at that time publicly opened, for furnishing the following supplies or services, at the time specified in the Schedule, for delivery f. o. b. _____
 General information and instructions to bidders are contained in the terms and conditions on the reverse hereof.

SCHEDULE

ITEM NO.	SUPPLIES OR SERVICES	QUANTITY (Number of units)	UNIT	UNIT PRICE	AMOUNT

If the prices quoted herein include Federal, State or Local Taxes, the bidder shall state, as a separate item, the amount and type of tax included.

BID	DATE
In compliance with the above, the undersigned offers and agrees, if this Bid be accepted within _____ calendar days (60 calendar days unless a different period be inserted by the bidder) from the date of the opening, to furnish any or all of the items upon which prices are quoted, at the price set opposite each item, delivered at the designated point(s) and within the time specified in the Schedule of the Invitation for Bids. Discounts will be allowed for prompt payment as follows: _____ percent, 10 calendar days; _____ percent, 20 calendar days; _____ percent, 30 calendar days.	
NAME AND ADDRESS OF BIDDER (Street, City, zone, and State. Type or print)	SIGNATURE AND TITLE OF PERSON AUTHORIZED TO SIGN THIS BID (Type or print name and title under signature)

AWARD		DATE
ACCEPTED AS TO ITEMS NUMBERED	AMOUNT	Name of Local Housing Authority BY _____ CONTRACTING OFFICER
INVOICE FOR PAYMENT SHOULD BE MAILED TO	ACCOUNTING DATA	

(Cont'd)

TERMS AND CONDITIONS OF THE INVITATION FOR BIDS

1. **AWARD.**--The right is reserved, as the interest of the Authority may require, to reject any or all bids and to waive any minor informality or irregularity in bids received. The Authority may accept any item or group of items of any bid unless qualified by specific limitation of the bidder. The contract shall be awarded to that responsible bidder whose bid, conforming to the Invitation for Bids, will be most advantageous to the Authority, price and other factors considered. An award mailed (or otherwise furnished) to the successful bidder within the time for acceptance specified in the bid results in a binding contract without further action by either party.

2. **DISCOUNTS.**--In connection with any discount offered, time will be computed from date of delivery of the supplies to carrier when delivery and acceptance are at point of origin, or from date of delivery at destination or part of embarkation when delivery and acceptance are at either of those points, or from date correct invoice or voucher (properly certified by the Contractor) is received in the office specified by the Authority if the latter date is later than the date of delivery.

3. **PRICES.**--Unit price for each unit bid on shall be shown and such unit price shall include packing unless otherwise specified. In each case totals shall be inserted in the Amount column of the Schedule.

4. **DELIVERY TIME.**--When not otherwise specified, bidder must definitely state time of proposed delivery.

5. **COMPUTATION OF TIME.**--Time, if stated as a number of days, will include Sundays and holidays.

6. **SAMPLES.**--Samples of items, when required, must be submitted within the time specified and at no expense to the Authority; if not destroyed by testing, they will be returned at bidder's request and expense, unless otherwise specified in the Schedule.

7. **CORRECTIONS.** Erasures or other changes in bids must be explained or otherwise noted over signature of bidder.

8. **LATE.**--No bid or modification thereof received after the time set for opening will be considered except that when a bid or modification arrives by mail after the time set for opening, but before award is made, and it is determined by the Authority that nonarrival on time was due solely to delay in the mails for which bidder was not responsible, such bid or modification thereof will be considered.

9. **MISTAKE.**--Bidders are expected to examine the drawings, specifications, circulars, Schedule, and all instructions pertaining to the supplies or services. Failure to do so will be at the bidder's risk. In case of mistake in extension of price, the unit price will govern.

10. **WITHDRAWAL OF BIDS.**--Bids may be withdrawn by written or telegraphic notice provided such notice is received prior to the time set for the opening of the bids.

11. **BONDS.**--No bond or other form of security will be required except as provided in the Schedule.

12. **CHANGES.**--The Contracting Officer may at any time, by a written order and without notice to the sureties, make changes, within the general scope of this contract, in any one or more of the following: (i) drawings, designs, or specifications, where the supplies to be furnished are to be specially manufactured in accordance therewith; (ii) method of shipment or packing; and (iii) place of delivery. If any such change causes an increase or decrease in the cost of, or the time required for, performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the contract shall be modified in writing accordingly. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

13. **INSPECTION.**--All items covered by this contract shall be subject to inspection and acceptance at destination.

(Cont'd)

CONTINUATION SHEET (SUPPLY CONTRACT)					CONTRACT, ORDER, OR INVITATION NO. (As applicable)	PAGE NO.
ITEM NO.	SUPPLIES OR SERVICES	QUANTITY (Number of units)	UNIT	UNIT PRICE	AMOUNT	

NAME OF BIDDER OR CONTRACTOR

PUBLIC HOUSING ADMINISTRATION
Housing and Home Finance Agency

3-15-54

SMALL LOW-RENT PROGRAMS MANUAL-OPERATION

Transmittal No. 8

1. REMOVE: Exhibit 3 to Section 3.2, Consolidated List of Organizations Designated as Within Executive Order No. 10450 (18 F.R. 2489) and in Accordance With Regulations Promulgated by Him Under Date of April 29, 1953 (18 F.R. 2619), dated 12-18-53.

INSERT: Exhibit 3 to Section 3.2, Consolidated List of Organizations Designated as Within Executive Order No. 10450 (18 F.R. 2489) and in Accordance With Regulations Promulgated by Him Under Date of April 29, 1953 (18 F.R. 2619), dated 3-10-54.
2. REMOVE: Section 6.3, Tax Exemption on Local Authority Expenditures, dated 9-2-52.

INSERT: Section 6.3, Tax Exemption on Local Authority Expenditures, dated 2-18-54.
3. REMOVE: Pages 1 and 2 of Section 6.5, Personal Property Accountability, dated 9-2-52.

INSERT: Pages 1 and 2 of Section 6.5, Personal Property Accountability, dated 3-10-54.

Consolidated List of Organizations Designated by the Attorney General of the United States as Within Executive Order No. 10450 (18 F.R. 2489) and its Amendments With Regulations Promulgated by Him Under Date of April 29, 1953 (18 F.R. 2619)

- Abramson Jewish Group
- American Jewish School, Chicago, Ill.
- African Citizens League, Boston, Mass.
- African Citizens Educational Association
- American Association for Reconstruction in Yugoslavia, Inc.
- American Branch of the Federation of Greek Maritime Unions
- American Christian Socialist Party
- American Committee for European Workers Relief
- American Committee for Protection of Foreign Born
- American Committee for the Settlement of Jews in Persia, Inc.
- American Committee for Spanish Freedom
- American Committee to Survey Labor Conditions in Europe
- American Committee for Yugoslav Relief, Inc.
- American Council for a Democratic Greece, formerly known as the Greek American Council
- American Council for National Unity
- American Council on Soviet Relations
- American Croatian Congress
- American Jewish Labor Council
- American League Against War and Fascism
- American League for Peace and Democracy
- American Libertarian Workers Literary Association (also known as Americanks Lietuviai Darbininku Literarus Draugija)
- American Nationalist Party
- American National Labor Party
- American National Socialist League
- American National Socialist Party
- American Patriots, Inc.
- American Peace Crusade
- American Peace Mobilization
- American Poles for Peace
- American Polish Labor Council
- American Polish League
- American Rescue Ship Mission (a project of the United American Spanish Aid Committee)
- American-Russian Fraternal Society
- American Russian Institute, New York, also known as the American-Russian Institute for Cultural Relations with the Soviet Union
- American Russian Institute, Philadelphia
- American Russian Institute (of San Francisco)
- American Russian Institute of Southern California, Los Angeles
- American Slav Congress
- American Women for Peace
- American Youth Congress
- American Youth for Democracy
- American Progressive League of America
- Associated Klans of America
- Association of Georgia Klans
- Association of German Nationalists (Reichsdeutsche Vereinigung)
- Association of Lithuanian Workers (also known as Lietuviai Darbininku Susivienijimas)
- Ausland-Organization der NSDAP, Overseas Branch of Nazi Party
- Baltimore Forum
- Black Dragon Society
- Boston School for Marxist Studies, Boston, Mass.
- Bridger-Robertson-Schmidt Defense Committee
- Bulgarian American People's League of the United States of America
- California Emergency Defense Committee
- California Labor School, Inc., 121 Divisadero Street, San Francisco, Calif.
- Carpato-Russian Peoples Society
- Central Council of American Women of Creation Descent, also known as Central Council of American Croatian Women National Council of Croatian Women
- Central Japanese Association (Beikoku Chuo Nipponjin Kai)
- Central Japanese Association of Southern California
- Central Organization of the German-American National Alliance (Deutsch-Amerikanische Einheitsfront)
- Ceresian Fraternal Society
- China Welfare Appeal, Inc.
- Cuban Cultural Center
- Citizen's Committee to Free Earl Browder
- Citizen's Committee for Heavy Business
- Citizen's Committee of the Upper West Side (New York City)
- Citizen's Emergency Defense Conference
- Citizen's Protective League
- Civil Rights Congress and its affiliated organizations
- Civil Rights Congress for Texas
- Collaborators
- Comms Coordinator Pro Republica Española Campaign To Aid the Fighting South
- Committee for Constitutional and Political Freedom
- Committee to Defend Marie Richardson
- Committee for the Defense of the Pittsburgh Six
- Committee for Democratic Far Eastern Policy
- Committee for Nationalist Action
- Committee for the Negro in the Arts
- Committee for Peace and Brotherhood Festival in Philadelphia
- Committee for the Protection of the Bill of Rights
- Committee for World Youth Friendship and Cultural Exchange
- Commonwealth College, Meigs, Ark.
- Communist Party, U. S. A., its subdivisions, subsidiaries, and affiliates
- Communist Political Association, its subdivisions, subsidiaries, and affiliates
- Congress of American Revolutionary Writers
- Congress of American Women
- Connecticut Committee to Aid Victims of the Smith Act
- Commercial State Youth Conference
- Council on African Affairs
- Council of Greek Americans
- Council for Jobs, Relief and Housing
- Council for Pan-American Democracy
- Croatian Benevolent Fraternity
- Das Nippon Butoku Kai (Military Virtue Society of Japan or Military Art Society of Japan)
- Daily Worker Press Club
- Daniels Defense Committee
- Dante Alighieri Society (between 1935 and 1940)
- Demais Defense Committee
- Detroit Youth Assembly
- Emergency Conference To Save Spanish Refugees (founding body of the North American Spanish Aid Committee)
- Families of the Baltimore Smith Act Victims
- Families of the Smith Act Victims
- Federation of Italian War Veterans in the U. S. A., Inc. (Associazione Nazionale Combattenti Italiani, Federazione degli Stati Uniti d'America)
- Finnish-American Mutual Aid Society
- Florida Press and Educational League
- Frederick Douglass Educational Center
- Freedom Stage, Inc.
- Friends of the New Germany (Friends des Neuen Deutschlands)
- Friends of the Soviet Union
- Gaibisidai American Fraternal Society
- George Washington Cover School, New York City
- German-American Bund (Amerikadeutscher Volksbund)
- German-American Republican League
- German-American Vocational League (Deutsche-Amerikanische Berufsgemeinschaft)
- Harlem Trade Union Council
- Hawaii Civil Liberties Committee
- Heimiska Kai, also known as Nohkubi Hekeki Gimusha Kai, Zabel Nihonjin, Heivaku Gimusha Kai, and Zabel Heimusha Kai (Japanese Residing in America Military Conscripts Association)
- Hellenic-American Brotherhood
- Hinode Kai (Imperial Japanese Reservists)
- Hinomaru Kai (Rising Sun Flag Society, a group of Japanese war veterans)
- Hokoku Zengo Shoku Dan (North American Reserve Officers Association)
- Hollywood Writers Mobilization for Defense
- Hungarian American Council for Democracy
- Hungarian Brotherhood
- Independent Socialist League
- Industrial Workers of the World
- International Labor Defense
- International Workers Order, its subdivisions, subsidiaries, and affiliates
- Japanese Association of America
- Japanese Overseas Central Society (Kangai Dobo Chuo Kai)
- Japanese Overseas Convention, Tokyo, Japan, 1940
- Japanese Protective Association (Recruiting Organization)
- Jefferson School of Social Science, New York City
- Jewish Cultural Society
- Jewish Peoples Committee
- Jewish Peoples Fraternal Order
- Jikyoku Inkaiki (The Committee for the Crisis)
- Joint Anti-Fascist Refugee Committee
- Joint Council of Progressive Italian-Americans, Inc.
- Joseph Weydemeyer School of Social Science, St. Louis, Mo.
- Kobei Seinen Kai (Association of United States Citizens of Japanese Ancestry who have returned to America after studying in Japan)
- Knights of the White Camelia
- Ku Klux Klan
- Kyffhacuser, also known as Kyffhacuser League (Kyffhacuser Bund), Kyffhacuser Fellowship (Kyffhacuser Kameradschaft)
- Kyffhacuser War Relief (Kyffhacuser Kreis, skillswork)
- Labor Council for Negro Rights
- Labor Research Association, Inc.
- Labor Youth League
- League of American Writers
- Lictor Society (Baldin Black Shirts)
- Macedonian-American People's League
- Mario Morgantini Circle
- Maritime Labor Committee to Defend Al Lannon
- Massachusetts Minute Women for Peace
- Maurice Deaverman Defense Committee
- Michigan Civil Rights Federation
- Michigan School of Social Science
- Nanka Teikoku Gonyudan (Imperial Military Friends Group of Southern California War Veterans)
- National Association of Mexican Americans (also known as Asociacion Nacional Mexico-Americana)
- National Blue Star Mothers of America (Not to be confused with the Blue Star Mothers of America organized in February 1942)
- National Committee for the Defense of Political Prisoners
- National Committee for Freedom of the Press
- National Committee To Win the Peace
- National Conference on American Policy in China and the Far East (a Conference called by the Committee for a Democratic Far Eastern Policy)
- National Council of Americans of Croatian Descent
- National Council of American-Soviet Friendship
- National Federation for Constitutional Liberties
- National Labor Conference for Peace
- National Negro Congress
- National Negro Labor Council
- Nationalist Action League
- Nationalist Party of Puerto Rico
- Nature Friends of America (since 1935)
- Negro Labor Victory Committee
- New Committee for Publications
- Nichisei Kogyo Kaisha (The Great Fujii Theatre)
- North American Committee To Aid Spanish Democracy

(Continued on reverse side)

16-60642-2

(Cont'd)

NOTE: This Exhibit 3 supersedes Exhibit 3 dated 12-18-53. This new list includes all organizations listed on the previous one plus the 20 new ones published in the Federal Register on February 24, 1954 (19 FR 655).

(Continued from other side)

North American Spanish Aid Committee	Provisional Committee of Citizens for Peace, Southwest Area	Tri-State Negro Trade Union Council
North Philadelphia Forum	PuertoRiquenos Unidos (Puerto Ricans United)	Ukrainian American Fraternal Union
Northwest Japanese Association	Coal City Committee for Peace	Union of American Creations
Ohio School of Social Sciences	Revolutionary Workers League	Union of New York Veterans
Oklahoma Committee To Defend Political Prisoners	Romanian-American Fraternal Society	United American Spanish Aid Committee
Oklahoma League for Political Education	Russian American Society, Inc.	United Committee of Jewish Societies and Landmannschaft Federations, also known as Coordination Committee of Jewish Landsmannschaften and Fraternal Organizations
Original Southern Klans, Incorporated	Sakura Kai (Patriotic Society, or Cherry Association--composed of veterans of Russo-Japanese War)	United Committee of South Slavic Americans
Pacific Northwest Labor School, Seattle Wash.	Samuel Adams School, Boston, Mass.	United Harlem Tenants and Consumers Organization
Palo Alto Peace Club	Santa Barbara Peace Forum	United May Day Committee
Partido del Pueblo of Panama (operating in the Canal Zone)	Schappes Defense Committee	United Negro and Allied Veterans of America
Peace Information Center	Schneiderman-Darcy Defense Committee	Veterans of the Abraham Lincoln Brigade
Peace Movement of Ethiopia	School of Jewish Studies, New York City	Veterans Against Discrimination of Civil Rights Congress of New York
People's Drama, Inc.	Seattle Labor School, Seattle, Wash.	Virginia League of Peoples Education
Peoples Educational Association (Incorporated under name Los Angeles Educational Association, Inc.), also known as Peoples Educational Center, Peoples University, Peoples School	Serbian American Fraternal Society	Voice of Freedom Committee
Peoples Educational and Press Association of Texas	Shinto Temples	Wall Whitman School of Social Science, Newark, N. J.
People's Institute of Applied Religion	Silver Shirt Legion of America	Washington Bookshop Association
People's Radio Foundation, Inc.	Slavic Council of Southern California	Washington Committee to Defend the Bill of Rights
Philadelphia Labor Committee for Negro Rights	Slovak Workers Society	Washington Committee for Democratic Action
Philadelphia School of Social Science and Art	Slovenian-American National Council	Washington Commonwealth Federation
Pisano League (New York City)	Socialist Workers Party, including American Committee for European Workers Relief	Washington Pension Union
Political Prisoners' Welfare Committee	Socialist Youth League	Wisconsin Conference on Social Legislation
Polonia Society of the IWO	Sukoku Kai (Fatherland Society)	Workers Alliance (since April 1946)
Progressive German-Americans, also known as Progressive German-Americans of Chicago	Southern Negro Youth Congress	Workers Party, including Socialist Youth League
Proletarian Party of America	Suiko Sha (Reserve Officers Association, Los Angeles)	Yiddisher Kultur Farband
Protestant War Veterans of the United States, Inc.	Tom Paine School of Social Science, Philadelphia, Pa.	Young Communist League
	Tom Paine School of Webster, N. Y.	Yugoslav American Cooperative Home, Inc.
		Yugoslav Seamen's Club, Inc.

I hereby certify that I have carefully read (or had read to me) the foregoing Consolidated List of Organizations Designated by the Attorney General of the United States as Within Executive Order No. 10450, that I am not a member of any of said organizations and that to the best of my knowledge, information, and belief, no person who is to occupy the housing accommodations in connection with which this certificate is furnished (that is, the accommodations for which I am making, or have made, application) is a member of any of said organizations.

.....
(Witness).....
(Date).....
(Signature).....
(Date)

*IMPORTANT NOTE: The United States Code, Title 18 (Crimes and Criminal Procedure), Section 1001, makes it a criminal offense to make a willfully false statement or representation concerning any matter within the jurisdiction of any department or agency of the United States.

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Tax Exemption on Local Authority Expenditures

1. Introduction. This Section contains information on exemptions from Federal, State, and local taxes as they apply to expenditures made by Local Authorities.

2. Federal Excise Taxes

a. What the Exemptions Are. The Internal Revenue Code grants exemptions to any State, Territory of the United States, or political subdivision thereof from the Federal excise taxes on sales of the following commodities and services:

All commodities subject to the manufacturers' excise tax (including but not limited to gasoline and lubricating oils, electric appliances, automotive vehicles, office machines, electric light bulbs, refrigerators, air conditioners, tires, and inner tubes);

All commodities subject to the retailers' excise tax (including but not limited to clocks and brief cases);

Communications services (telephone, telegraph, radio, and cable);

Transportation of persons (railroad, bus, airline, and steamship tickets);

Transportation of property;

Diesel fuel.

b. Where the Exemptions Apply

(1) Purchases by Local Authority. The Bureau of Internal Revenue has ruled in several instances that Local Authorities are considered "political subdivisions" for the purposes of these tax exemptions.

(2) Purchase by Contractors of Articles Subject to Manufacturer's Excise Tax. The Bureau of Internal Revenue has ruled that a tax credit or refund may be obtained where an article subject to the manufacturers' excise tax is purchased by a contractor and incorporated into a project for a Local Authority, and where it remains in substantially unaltered form in the completed project and becomes the property of the Local Authority.

(Cont'd)

NOTE: This Section supersedes Section 6.3 dated 9-2-52. Paragraph 2b has been revised to reflect a reversal of the Bureau of Internal Revenue ruling which now permits an excise tax credit or refund on certain purchases by contractors.

c. How To Claim Exemption. It is up to Local Authorities to claim the exemption in each instance where they are entitled to do so; otherwise, the cost of operating the project is increased unnecessarily. This is how to claim the exemptions:

- (1) Commodities Subject to Manufacturers' or Retailers' Excise Tax. The exemption can be obtained by submitting to the vendor a certificate worded substantially like the one shown in Exhibit 1.
 - (2) Communication Services. If payment for the services is made by a Local Authority directly to the person furnishing the services, no exemption certificate is required. The Local Authority need only indicate on the bill or contract that it is a political subdivision of the State entitled to an exemption.
 - (3) Transportation of Persons. At the time of payment of the fare or other charges, an executed exemption certificate, Internal Revenue Form 731, Revised, must be submitted to the carrier. These forms may be obtained from any Collector of Internal Revenue.
 - (4) Transportation of Property. The carrier is authorized to accept shipping papers on which the consignor or consignee is a Local Authority as proof that the shipment is exempt. No exemption certificate is required.
3. State and Local Taxes. Many State and local sales and other tax laws provide exemptions for instrumentalities of State and local governments. If there is any question about whether a particular law allows an exemption to Local Authorities, the advice of the PHA Field Office Attorney may be requested.

EXEMPTION CERTIFICATE

_____ 19 ____
(date)

The undersigned hereby certifies that he is _____
(title of officer)
of the Housing Authority of the City of _____

and that he is authorized to execute this certificate and that the article or
articles specified in the accompanying order or on the reverse side hereof,
are purchased from _____ for the exclusive
(name of vendor)
use of the Housing Authority of the City of _____.

It is understood that the exemption from tax in the case of sales of articles
under this exemption certificate is limited to the sale of articles purchased
for the exclusive use of the Housing Authority, and it is agreed that if
articles purchased tax free under this exemption certificate are used other-
wise or are sold to employees or others, such fact will be reported by me to
the manufacturer of the article or articles covered by this certificate.^{1/} It
is also understood that the fraudulent use of this certificate to secure
exemption will subject the undersigned and all guilty parties to a fine of
not more than \$10,000, or to imprisonment for not more than five years, or
both, together with costs of prosecution.

(Signature)
(title of officer)

^{1/} For commodities subject to the retailers' excise tax, substitute for the
words "such fact will be reported by me to the manufacturer of the article
or articles covered by this certificate," the words "such fact will be
reported and tax paid by me to the Collector of Internal Revenue for the
district in which the sale was made."

Personal Property Accountability

1. Policy. The Local Authority shall establish and maintain complete and accurate records relating to personal property. Personal property represents a tangible asset and proper accounting for it is a basic requirement of good business practices. Local Authorities should be just as diligent in accounting for materials, supplies, and equipment as they are in accounting for cash. If a good system of property accountability is established at the outset of a program, there is very little difficulty in maintaining it.

2. Definition of Personal Property. Personal property comprises all materials, supplies, and equipment other than land and things (buildings, fixtures, and poles) attached to the land. Items of dwelling equipment, such as ranges, refrigerators, screens, window shades, and movable kitchen cabinets or tables, are considered personal property, since they are easily removed and of a class commonly considered as personal property. Individual space heaters, i.e., space heating equipment not connected to ducts or pipes for distribution of heat, are considered to be personal property. All other space heating equipment and all water heaters are considered to be real property. All playground equipment is considered to be personal property. However, structural playground facilities such as spray pools are considered to be real property. Benches, clothes poles, and flag poles are considered to be real property if permanently installed in a fixed position and to be personal property if not so installed.

3. Classification of Personal Property. Personal property is classified as (a) materials and supplies, (b) expendable equipment, and (c) non-expendable equipment.
 - a. Materials and supplies includes all items which can be used only once (fuel, cleaning supplies, paper, ink, and the like); items which lose their identity or become an integral part of other property when put into use (nails, lumber, cement, and the like); and items which have a useful life of less than one year.

 - b. Expendable equipment includes all items of equipment which have a useful life of more than one year and which cost less than \$25.00. Items with a useful life of less than one year should be considered materials and supplies.

 - c. Non-expendable equipment includes all items of equipment which have a useful life of more than one year and which cost \$25.00 or more.

(Cont'd)

NOTE: These pages 1 and 2 supersede pages 1 and 2 of Section 6.5 of the Small Low-Rent Programs Manual dated 9-2-52. Paragraph 2 has been revised to eliminate inconsistencies in the classification of water heaters, space heaters, and playground equipment in the Low-Rent Program.

4. Records of Materials and Supplies

a. Records shall be kept of materials and supplies when such items are purchased in quantity and stored for future use. Stocks of materials and supplies are costly to maintain and should be held to a minimum. Such stock should therefore be limited to items which cannot be acquired promptly as needed, or are used in such quantities that consolidated purchases will result in considerable savings. When purchased for storage and future use, a record should be maintained of quantities purchased, quantities placed in use and thus expended, and balances on hand. A copy of the purchase order may be placed in an inventory file and used for recording the issuances and balances on hand. The balance should be carried forward to any subsequent orders for replenishing the stock.

b. When the stock of materials and supplies includes a large variety of items the Local Authority will find it desirable to devise a simple stock control record for each item on which to record purchases, issuances, and balances on hand. A suggested form of stock control record is attached as Exhibit 1. All purchases should be entered on the card as received, entering all items received at one time on a single line. There should be entered on the same line in the balance column the sum of the previous balance and the number received. All withdrawals from stock should be entered, using a single line for all withdrawals made at one time and showing a new balance on the same line in the balance column.

c. If, instead of a stock control record by separate items, a Local Authority wishes to control its materials and supplies by means of periodic general inventories, the form of inventory report shown as Exhibit 2 may be used. In this case, the column headed "Unit" shall be filled in with the unit of measurement; that is, pounds, gallons, etc.

5. Records of Expendable Equipment. As of the last day of the Initial Operating Period, an inventory of all expendable equipment shall be taken, and all items shall be priced at actual cost. At the end of each fiscal year thereafter, an inventory of expendable equipment shall be taken, but such inventory need not be priced. Such annual inventories shall be compared with previous inventories to determine that unreasonable losses have not occurred. A suggested form of inventory is attached as Exhibit 2.

6. Records of Nonexpendable Equipment

a. All nonexpendable equipment shall be subject to a strict system of unit accountability, both physical and fiscal.

b. An equipment record card shall be prepared covering all items of equipment of the same characteristics. For instance, one card shall be prepared covering all refrigerators of a given size

(Cont'd)

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Disposition of Excess Personal Property

1. Purpose. The current Annual Contributions Contract provides that excess personal property shall not be sold or exchanged for less than its fair value, and that personal property of the value of \$500 $\frac{1}{2}$ or more which is to be sold to other than a public body for a public use shall be sold at public sale. This Section sets forth procedures for disposing of excess personal property.
2. Sale of Excess Personal Property
 - a. Sales Under \$100. If the estimated sales value of the personal property offered for sale is less than \$100 the Local Authority may negotiate a sale after such informal inquiry as it considers necessary to ensure a fair return. A bill of sale such as that shown in Exhibit 1 may be issued to document the sale.
 - b. Sales From \$100 to \$500 $\frac{1}{2}$. Many of the disposition actions will probably fall within this category. A reasonable exploration of the local market is desirable to ensure that the best prices are obtained. Informal bids should be obtained orally, by telephone, or in writing from all known prospective purchasers; oral bids may be documented by a bill of sale. The form suggested for use in sales of \$500 $\frac{1}{2}$ or more (see Exhibit 2) may be used to obtain informal written bids. A tabulation of all bids received should be prepared and retained as a part of the permanent record.
 - c. Sales of \$500 $\frac{1}{2}$ or More. The Local Authority shall advertise for formal bids if the value of the property offered for sale is \$500 $\frac{1}{2}$ or more. The PHA recommends a form of Invitation, Bid, and Acceptance, such as the attached Exhibit 2. The property offered for sale should be described in this form together with information as to where and when it may be inspected by the bidder. Bids may be invited in the same manner as described for purchases of over \$500 $\frac{1}{2}$ in Section 6.2. Bids should be opened publicly at the time and place specified in the advertisement and the property sold to the bidder offering the highest price. A tabulation of all bids received shall be prepared and filed with the contract as part of the permanent record.
 - d. Sale to a Public Body. The sale of personal property to a public body for public use may be negotiated at its fair value. The transfer should be documented by a bill of sale.

(Cont'd)

$\frac{1}{2}$ \$1000 if the Local Authority elects to dispose of personal property under the contract waiver granted by the Acting Commissioner on 8-8-57.

NOTE: This Section supersedes Section 6.4 dated September 1956. It has been revised to reflect the waiver of the Annual Contributions Contract with respect to the revision of the open market limitation from \$500 to \$1000 in connection with disposition of personal property.

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3. Destruction, Abandonment, or Donation. Personal property should not be destroyed, abandoned, or donated until every effort has been made to sell it. If it has no scrap or salvage value and a purchaser cannot be found, a statement should be prepared for the property accountability records. This statement should list the names of prospective bidders solicited and report the time and manner of the disposition.

Bill of Sale

The undersigned agrees to purchase the property listed below in the quantities listed, for the price stated. The _____
(Name of
_____ hereby sells the listed property
Local Authority)
to the purchaser and acknowledges receipt in full of the purchase price.

Description of Property

2 Hand lawn mowers, 24", used condition (Price)

3 Wheelbarrows, Rubber tired, used (Price)

Total (Price)

(Signature of Purchaser)

(Date)

(Signature and Title of
Local Authority representative)

(Date)

NAME OF LOCAL HOUSING AUTHORITY ADDRESS INVITATION, BID AND ACCEPTANCE SALE OF PROPERTY						
Sirs: The property listed below is offered for sale. If you are interested in these items, we urge you to inspect them before submitting your bid.						
By _____			Title _____			
LOCATION OF PROPERTY		BIDS WILL BE OPENED:				
Address		Date and Hour		Contract No.		
Person to See						
THE BIDDER OFFERS TO BUY THE FOLLOWING PROPERTY:						
Item No.	Description and Location	Quantity Offered	Unit	Quantity Bid	Unit Price	Total Price
Inspection Dates and Hours: _____						
Name of Bidder		Date	Accepted as to Item(s) No. _____			
By (Signature)			Amount \$ _____			
Address			By _____			
			Title _____			
Purchaser's Receipt for Property						
I received the above property on _____ 19____						
Signature			Title			

Personal Property Accountability

1. Policy. The Local Authority shall establish and maintain complete and accurate records relating to personal property. Personal property represents a tangible asset and proper accounting for it is a basic requirement of good business practices. Local Authorities should be just as diligent in accounting for materials, supplies, and equipment as they are in accounting for cash. If a good system of property accountability is established at the outset of a program, there is very little difficulty in maintaining it.

2. Definition of Personal Property. Personal property comprises all materials, supplies, and equipment other than land and things (buildings, fixtures, and poles) attached to the land. Items of dwelling equipment, such as ranges, refrigerators, screens, window shades, and movable kitchen cabinets or tables, are considered personal property, since they are easily removed and of a class commonly considered as personal property. Water heaters and space heaters connected to a flue are not considered to be personal property. All playground equipment is considered as personal property.

3. Classification of Personal Property. Personal property is classified as (a) materials and supplies, (b) expendable equipment, and (c) non-expendable equipment.
 - a. Materials and supplies includes all items which can be used only once (fuel, cleaning supplies, paper, ink, and the like); items which lose their identity or become an integral part of other property when put into use (nails, lumber, cement, and the like); and items which have a useful life of less than one year.

 - b. Expendable equipment includes all items of equipment which have a useful life of more than one year and which cost less than \$25.00. Items with a useful life of less than one year should be considered materials and supplies.

 - c. Non-expendable equipment includes all items of equipment which have a useful life of more than one year and which cost \$25.00 or more.

4. Records of Materials and Supplies
 - a. Records shall be kept of materials and supplies when such items are purchased in quantity and stored for future use. Stocks of materials and supplies are costly to maintain and

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should be held to a minimum. Such stock should therefore be limited to items which cannot be acquired promptly as needed, or are used in such quantities that consolidated purchases will result in considerable savings. When purchased for storage and future use, a record should be maintained of quantities purchased, quantities placed in use and thus expended, and balances on hand. A copy of the purchase order may be placed in an inventory file and used for recording the issuances and balances on hand. The balance should be carried forward to any subsequent orders for replenishing the stock.

b. When the stock of materials and supplies includes a large variety of items the Local Authority will find it desirable to devise a simple stock control record for each item on which to record purchases, issuances, and balances on hand. A suggested form of stock control record is attached as Exhibit 1. All purchases should be entered on the card as soon as received, entering all items received at one time on a single line. There should be entered on the same line in the balance column the sum of the previous balance and the number received. All withdrawals from stock should be entered, using a single line for all withdrawals made at one time and showing a new balance on the same line in the balance column.

c. If, instead of a stock control record by separate items, a Local Authority wishes to control its materials and supplies by means of periodic general inventories, the form of inventory report shown as Exhibit 2 may be used. In this case, the column headed "Unit" shall be filled in with the unit of measurement; that is, pounds, gallons, etc.

5. Records of Expendable Equipment. As of the last day of the Initial Operating Period, an inventory of all expendable equipment shall be taken, and all items shall be priced at actual cost. At the end of each fiscal year thereafter, an inventory of expendable equipment shall be taken, but such inventory need not be priced. Such annual inventories shall be compared with previous inventories to determine that unreasonable losses have not occurred. A suggested form of inventory is attached as Exhibit 2.

6. Records of Non-Expendable Equipment

a. All non-expendable equipment shall be subject to a strict system of unit accountability, both physical and fiscal.

b. An equipment record card shall be prepared covering all items of equipment of the same characteristics. For instance, one card shall be prepared covering all refrigerators of a given size

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regardless of cost; if there are refrigerators of a different size in the project, a separate card shall be prepared to cover all such refrigerators. This card system shall be started as soon as any equipment is purchased during the Development Period and shall be maintained continuously thereafter. All purchases shall be recorded on the card and all disposals shall also be recorded. If equipment is lost, stolen, or destroyed, such loss shall be recorded on the card and a statement covering the circumstances shall be prepared and placed in the property file at the same time the card is adjusted. The record cards will thus serve as a perpetual inventory. At the end of each fiscal year the grand total of the Balance Cost shown on all cards shall be reconciled with the amount shown for nonexpendable equipment in the books of account.

c. An equipment record card designed for recording nonexpendable equipment is attached as Exhibit 3. All purchases shall be recorded on the card as soon as the equipment is received, using a separate line for each individual piece of equipment (20 refrigerators will thus require 20 lines). On the last line used for any purchase there should be entered in the balance column a new total of quantity and of cost including the previous balance plus the items purchased.

d. When items of equipment are disposed of, one entry, on a separate line, will suffice for a number of items disposed of at one time. There should be entered on the same line in the balance column a new total of quantity and of cost representing the previous balance less the items disposed of. Each disposal transaction should be given a numbered entry in the "Key" column; at the same time that the disposal is entered the same "Key" number should be written in the "Key" column against each of the individual items disposed of. All items against which a "Key" number is not entered will thus be those still remaining on hand. Records of equipment lost, stolen, or destroyed shall be made in the same way as records of disposal.

e. In the case of large items of equipment, such as automotive equipment, it is recommended that a separate equipment record card be used for each individual piece of equipment.

f. As of the last day of the Initial Operating Period, a physical inventory shall be made of all nonexpendable equipment, and all items shall be priced at actual cost. This inventory shall be reconciled, both as to quantity and price, with the equipment record cards as of such date. At the end of each fiscal year thereafter a physical inventory, unpriced, shall be taken of all nonexpendable equipment, and the quantity of such equipment thus listed shall be reconciled with the quantities shown on the equipment record cards. A suggested form of inventory is attached as Exhibit 2.

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7. Renting, Borrowing, or Loaning of Nonexpendable Equipment. If any nonexpendable equipment is rented, an equipment record card shall be prepared and maintained in the same manner as for owned equipment. Similarly, if any equipment is borrowed, either from an outside party or from another project operated by the Local Authority, a like record shall be kept. The cost of equipment rented and borrowed shall not, of course, be entered on the equipment record card and will not, therefore, enter into the reconciliation with the Nonexpendable Equipment Account in the books of account. If any equipment is loaned, either to an outside party or to another project operated by the Local Authority, such loan shall be noted in pencil on the equipment record card, but shall not be deducted from the balance columns of quantity and of cost.

Equivalent Elimination

1. General

- a. This Section is not applicable to rural nonfarm projects nor to urban projects built on a site classified as slum. If there is doubt as to its applicability to a particular project, the PHA Field Office should be consulted.
- b. For urban projects not built on the site of a slum, there must be eliminated within five years after completion of the project a number of unsafe or insanitary dwellings in the locality or metropolitan area substantially equal to the number of units in the project. Where such dwellings are occupied by more than one family, the number of families may be counted.
- c. The provisions of this Section are applicable only to projects initiated after March 1, 1949. Local Authorities with projects initiated before March 1, 1949, and for which equivalent elimination has not been completed, must complete elimination in accordance with the provisions of their contracts and procedures based thereon. Such Local Authorities should refer to Section 4411:1 of the Local Housing Authority Manual.

2. Dwelling To Be Eliminated

- a. To determine whether a dwelling is unsafe or insanitary, for equivalent elimination purposes, the same standards should be followed as are used for eligibility purposes (see Part V.A.3. of the Application for Admission - Exhibit 1 to Section 3.2).
- b. To be classified as a dwelling, the unit must consist of a room or group of rooms, occupied or intended for occupancy as separate living quarters by a family or group of persons living together or by a person living alone, provided it has either (1) separate cooking equipment, or (2) two or more rooms and a separate entrance to the outside or to a common hall.

3. Methods of Elimination

- a. Dwellings eliminated by demolition or effective closing can be counted regardless of cause.
- b. To obtain credit for elimination through compulsory repair or improvement, all unsafe and insanitary conditions must have been eliminated by reason of compulsion backed by the power of enforcement.
- c. Lanham Act housing units (including Veterans' Reuse housing provided under Title V of the Lanham Act) may be counted for purposes of equivalent elimination when the units (1) are determined by the Local Authority to be unsafe or insanitary and (2) are demolished and removed from the site.

(Cont'd)

NOTE: These pages 1 and 2 supersede pages 1 and 2 of Section 7.1 dated 9-2-52. Paragraph 3c has been added to provide special instructions for the use of Lanham Act housing in equivalent elimination.

4. Determining Number of Eliminations To Be Claimed

a. An elimination credit may be claimed for any substandard dwelling unit whether occupied or vacant at the time elimination takes place.

b. When an eliminated dwelling was occupied by two or more families just prior to elimination, credit for elimination may be claimed for the number of families living in the dwelling at that time.

c. In determining the number of families in a dwelling unit which was occupied just prior to its elimination, the following types of families may be counted:

Primary family, consisting of the head of the household and one or more persons related to him,

Sub-family, consisting of a married couple with or without children, or one parent with one or more children under 18, related to the head of the household or his wife, and

Secondary family, consisting of two or more persons related to each other, but not related to the household head.

Note that in some dwelling units there may not be a primary family. The head of the household may not be a member of a family living in the household. In that case there will be no primary family present, but only sub-families or secondary families.

5. Area Within Which Elimination Is Counted

a. Elimination must be accomplished within the locality or metropolitan area in which the project is located. The locality is the incorporated town or municipality in which the project is located. The metropolitan area is that area which is within a normal commuting distance, provided that the metropolitan area may include any area designated as such by the Bureau of the Census.

b. In metropolitan areas served by more than one Local Authority, they should jointly decide on a fair method of allocation of credits to make certain that there is no double counting. In such instances, where elimination is claimed outside the locality covered by the Cooperation Agreement, each Local Authority must support its claim by statements from the others that they are not claiming the same credit.

(Cont'd)

6. Period in Which Elimination Must Be Accomplished

a. Equivalent elimination must be accomplished within the period beginning with the date of initiation of the project and ending five years after completion of the project unless the PHA approves a deferment beyond the end of such period. The date of initiation is the date of the first contract for financial assistance, usually the Preliminary Loan Contract. The date of completion of the project shall be considered to be the Date of Full Availability, which is the last day of the month in which substantially all dwelling units in the project become available for occupancy.

b. Where the number of vacant standard dwelling units for sale or for rent for low-income families, at rents equivalent to the maximum rents for admission to the project, bear a ratio of less than 3% to the total number of such dwelling units in the locality, the PHA upon receipt of a documented request will consider the granting of a one-year deferment. With proper justifications, a Local Authority may request additional deferments.

7. Records To Be Maintained. The Local Authority shall maintain records certified to by its own officials or appropriate municipal officials showing the location, number of dwellings in and type of each structure eliminated subsequent to the initiation of the project, the number of families occupying each dwelling unit, a brief description of the unsafe or insanitary condition, and the dates and methods of elimination. These records are to be kept available for PHA audit.

8. Reports

a. As of the Date of Full Availability and annually thereafter, two copies of Form PHA-2306, Report on Equivalent Elimination (see Exhibit 1), are to be submitted to the appropriate PHA Field Office. This reporting is to be continued annually until the elimination requirements have been completed. If the elimination has not been completed within five years after the Date of Full Availability, or a deferment approved, the reporting shall continue but on a quarterly basis.

b. A single report may be submitted for all projects in the same locality which have the same "date of initiation" (see paragraph 6a above). If the report covers more than one project, the first report is to be prepared as of the Date of Full Availability of the first project and thereafter on the anniversary of such date. In adapting the present Form PHA-2306 for combined reporting, the heading of the form is to be filled in as follows:

(Cont'd)

NOTE: These pages 3 and 4 supersede page 3, dated 9-2-52. Paragraph 8 has been revised to permit the submission of a single report for all projects in the same locality which have the same "date of initiation."

Location - Enter same as for a single project.

Project No. - Enter project numbers in numerical sequence.

Report Period Beginning and Ending - For the first report, after the word "beginning" enter the date of initiation of the projects and after the word "ending" enter the Date of Full Availability of the first project. Subsequent report periods will be the annual periods ending on the anniversary dates of the Date of Full Availability of the first project.

Number of Units in Project - Enter the total number of units in all projects covered by the combined report.

Date of Full Availability - Enter Date of Full Availability of the first project.

9. Notice of Completion of Equivalent Elimination. When the PHA is satisfied that the equivalent elimination requirements have been met, it will give notice to the Local Authority of its finding of such fact.

PNA-2306 September 1952 Housing and Home Finance Agency Public Housing Administration REPORT ON EQUIVALENT ELIMINATION	Bureau Budget No. 63-R796 Location _____ (City and State) Project No. _____ Report Period beginning _____ and ending _____ Number of Units in Project _____ Date of Full Availability _____
---	--

	Eliminations Accomplished This Period			Eliminations Previously Reported	Total Eliminations To Date
	Dwelling Units	Extra Families	Total		
	a	b	c		
1. Number of Eliminations					
a. By Method of Elimination					
(1) Demolition.					
(2) Effective Closing					
(3) Compulsory Repair or Improvement.					
b. By Location					
(1) In Locality	XXXXXXXX	XXXXXXXX			
(2) In Metropolitan Area but Outside Locality.	XXXXXXXX	XXXXXXXX			

2. Certification

I, the undersigned, hereby certify that I am the _____ of the _____ (Title) (Name of Local Authority) (herein called the Local Authority) and am duly authorized to execute this certificate on behalf of the Local Authority.

I further certify, with respect to the above-mentioned low-rent housing project, the eliminations reported above were accomplished after the date of initiation of the Project by the demolition, effective closing, or the compulsory repair or improvement of unsafe or insanitary dwelling units located within the limits of _____ (Locality) or its metropolitan area.

I further certify that none of the eliminations included in this report were accomplished by the clearance of the site of a low-rent housing project developed on the site of a slum and that none have been included in any report of elimination which has heretofore been submitted to the PHA in connection with any other project of the Local Authority.

I further certify that this report is true and correct according to the official records on file in the office of the Local Authority.

(Date)

Instructions for Preparing Form

This report is to be submitted to the PHA in accordance with the Manual Section on Equivalent Elimination.

Heading.

Items in the heading on the form are self-explanatory.

Line 1.

Column a. Enter the number of dwelling units eliminated during the period whether vacant or occupied by one or more families.

Column b. For dwelling units reported in Column a which were occupied by more than one family, enter in Column b the number of families in excess of one for each such dwelling unit.

Column c. Enter the total of Columns a and b.

Column d. Enter the amounts reported in Column e of the previous report.

Column e. Enter the total of Columns c and d.

Lines a(1), a(2), and a(3). In each column enter the breakdown of the entries in line 1 by method of elimination.

Lines b(1) and b(2). In columns c, d, and e, enter the breakdown of the entries in line 1 by location.

PROJECT NUMBER PROJECT NAME PROJECT LOCATION NO. OF BUILDING UNITS NO. OF MONTHS		PROJECT BUREAU NO. 01-2144 APPROVAL NUMBER 0-50-31 HOUSING AND HOME FINANCE AGENCY PUBLIC HOUSING ADMINISTRATION INSURANCE INFORMATION		LOCAL HOUSING AUTHORITY SUBMITTED BY (NAME AND TITLE) DATE	
1. FIRE AND EXTENDED COVERAGE 4. DESCRIBE ITEMS BELOW BY THICKNESS AND MATERIAL USED IN CONSTRUCTION 1. EXTERIOR WALLS 2. WALLS BETWEEN UNITS 3. ARE FINISHES BUILT FROM GROUND 4. ARE THEY BUILT TO UNDERSIDE OF ROOF SHEATHING? 5. NO. OF INCHES ABOVE ROOF 6. DESCRIBE OPENINGS, IF ANY					
5. FLOORING SYSTEM 5. FLOORING SYSTEM 4. FIRST FLOOR 3. SECOND FLOOR 2. THIRD FLOOR					
6. ROOF 4. ROOF: <input type="checkbox"/> PITCHED <input type="checkbox"/> FLAT 5. COVERING: 6. SHEATHING:					
7. TYPE OF HEATING (CHECK ONE) CENTRAL HEATING PLANT <input type="checkbox"/> GROUP HEATING PLANTS <input type="checkbox"/> SPACE HEATERS <input type="checkbox"/>					
8. TYPE OF BOILER (CHECK ONE) HOT WATER <input type="checkbox"/> STEAM <input type="checkbox"/>					
9. NO. OF BOILERS D. PRESSURE <input type="checkbox"/> E. 80, 87, HEATING SURFACE PER BOILER					
11. BOILER INSURANCE A. TYPE OF FUEL (CHECK ONE) COAL <input type="checkbox"/> GAS <input type="checkbox"/> OIL <input type="checkbox"/>					
B. TYPE OF HEATING PLANT (BUILDING AND EQUIPMENT) APPROXIMATE VALUE OF HEATING PLANT (BUILDING AND EQUIPMENT) (IF SYSTEM IS COMPOSED OF GROUP HEATING PLANTS, GIVE APPROXIMATE VALUE OF LARGEST PLANT. IF PLANT IS LOCATED IN BASEMENT OR BUILDING, GIVE VALUE OF HEATING AREA ABOVE PLANT WHICH WOULD BE SUBJECT TO DAMAGE BY AN EXPLOSION.)					
C. COMPUTATION OF INSURABLE VALUE. (SEE LATEST APPROPRIATE COST SCHEDULES OR BUREAU-113, ANALYSIS OF REPERATURE AND ROOFING COST STATEMENTS.) 1. ARCHITECTS FEES (INCLUDE 30% OF FEES) 2. STRUCTURES AND EQUIPMENT 3. TOTAL OF 1 AND 2. 4. FOUNDATIONS: (COST BELOW LEVEL OF GROUND) ON IF BASEMENT, ESTIMATED COST BELOW LOWEST BASEMENT FLOOR. 5. EXCAVATIONS: (ESTIMATE COST) 6. UNDERGROUND WORK 7. 20% OF COST OF PLUMBING 8. 20% OF COST OF HEATING 9. 25% OF COST OF ELECTRICAL INSURABLE VALUE					

Burglary, Robbery, and Automobile Collision Insurance

1. The Annual Contributions Contract and Section 8.1 of the Small Low-Rent Programs Manual prescribe the carrying of burglary and robbery insurance. Experience indicates that premiums paid for coverage on these perils far exceed loss recoveries. Countrywide these premiums are reflected in substantial subsidy payments. If this form of protection were dispensed, with it is felt that no Local Authority would be permanently injured because of an uninsured loss of this nature. Such losses would not assume catastrophic proportions because of existing safeguards and could ultimately be recovered as operating costs.
2. The Annual Contributions Contract and manual procedures are accordingly waived to the extent that Local Authorities, if they so elect, need not carry burglary and robbery insurance.
3. Although not required by the Annual Contributions Contract and Section 8.1, it is found that many Local Authorities are carrying collision insurance on automotive vehicles. It is believed that this form of coverage could also be dropped with no serious impairment of a Local Authority and that an overall savings in subsidy payments would result. Should an uninsured vehicle be damaged or destroyed and no recovery effected from third parties, the cost of repairing or replacing such vehicle could be charged as an operating cost. In any event coverage should be dropped when a vehicle ages to the point where the premium is out of proportion to possible loss recovery.

f. Boiler

(1) For all projects on which steam boilers are installed, the Local Authority shall carry boiler insurance (broad form) against property damage only. Pressure piping, expediting, furnace explosion, and personal injury coverages shall not be carried under the boiler policy.

(2) The amount of boiler insurance coverage required may be determined by the value of the heating plant which is shown under the "Boiler Insurance" Section of Form PHA-460.

g. Fidelity Bonds

(1) During management, the positions of check signer and countersigner shall be bonded in amounts ranging between \$4,000 and \$25,000, and each other position which involves custody or control of funds or property shall be bonded in amounts ranging between \$1,000 and \$5,000. The Position Fidelity Schedule Bond secured during the development period may be continued during management with the penalty amounts reduced to conform to the amounts indicated above. Bonds on the check signer and countersigner shall not be reduced until the Actual Development Cost Certificate for the last project has been issued, and the excess development funds, if any, transferred to the Advance Amortization Fund in accordance with Section 301.3 of the Low-Rent Housing Manual. If the Local Authority obtains approval at a later date to undertake the planning of additional projects, the bond should be increased in accordance with Section 214.1 of the Low-Rent Housing Manual.

(2) If there are two cashiers on duty simultaneously, each position shall be bonded and a premium paid for each. In this case, "Number Persons Filling Position" will be TWO. On the other hand, if one person is designated as a cashier and another as an alternate or substitute to act only in the absence of the regularly designated cashier, then the "Number Persons Filling Position" will be ONE. These rules apply to all positions. No person shall be bonded under more than one position. If a person performs the duties of two positions he shall be bonded under the position requiring the larger coverage.

(3) Form PHA-874 is continuous in form. Bonds may be written for a one-year or three-year term. The items appearing on the Schedule at its date of issuance will require a premium charge for one or three years from such date. No additional premium charge or refund will apply during the ensuing term on account of any normal change during such term in the

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NOTE: These pages supersede pages 3 and 4 of Section 8.1 dated 9-2-52, and Supplement 1 to Section 8.1 dated 11-5-52. The minimum penalty has been increased and definite instructions as to when penalty amounts of bonds should be changed have been prescribed (paragraph 2g(1)), and the provisions of Supplement 1 have been incorporated in paragraph 4.

number of persons filling the positions then named in the Schedule. Additional premiums are to be paid on positions at new projects added to the bond. However, a mid-term premium adjustment will be made upon (a) the inclusion in the Schedule of an additional position of a character different from any position then bonded, (b) the cancellation of a bonded position, or (c) change in the amount of coverage applicable to a bonded position. At each premium anniversary date a renewal charge will be made for the ensuing term based on the total number of persons filling each position then named in the Schedule and new schedules furnished for attachment to all copies of the bond.

h. Additional Coverage

(1) In localities particularly susceptible to earthquake, insurance against damage from this hazard may be required by the PHA.

(2) If the Local Authority finds that any insurance in addition to that specified above is necessary, it should obtain the prior approval of the PHA.

3. Obtaining Required Coverages. Fire and extended coverage and public liability insurance must be purchased through competitive bidding as provided in the Contract between the Local Authority and the PHA (unless this Contract provision is waived by the PHA). The method of taking and evaluating bids for such insurance is described in Section 8.2. The other forms of coverage need not be secured through competitive bidding but shall be purchased at not to exceed manual rates. However, it has been found that savings can be achieved where Local Authorities elect to use the bidding procedure.

4. Submittal of Policies

a. Not less than forty-five days before the effective date of the policy the Local Authority shall submit to the Insurance Section, Public Housing Administration, Washington 25, D. C., a certified duplicate copy of policies on fire and extended coverage; owners', landlords', and tenants' public liability; steam boiler insurance; and fidelity bonds. A certified duplicate copy of a policy is an exact copy of the original containing all its terms and conditions and all the endorsements attached thereto, and bearing a certification by an authorized representative of the company that the copy is an exact duplicate of the original.

b. Until further notice the PHA waives all provisions of contracts requiring approval of other types of required coverage. Accordingly, evidence of automobile, workmen's compensation, and burglary and robbery insurance coverage need not be submitted for review and approval. This waiver does not relieve the Local Authority of responsibility for obtaining all required types of insurance as prescribed in paragraph 2 above.

5. PHA Approval. The Local Authority will receive from the PHA Insurance Section a copy of Form PHA-974, Insurance Approval Form, which will signify that the PHA has completed its review of the policies and that all requirements have been met by the Local Authority. If the policies are not disapproved within thirty days after receipt by PHA, they shall be considered as approved.

Insurance Coverages Required During Management

1. Introduction. The Local Authority is required by the Contract to carry certain forms of insurance. The purpose of this Section is to describe the types, amounts, limits, and forms of such required coverages.

2. Required Coverages

a. Fire and Extended Coverage. Fire and extended coverage insurance must be carried in an amount equal to at least 80 per cent of the insurable value of the buildings and equipment which have been accepted from the contractor. It is very strongly recommended that the Local Authority require its fire and extended coverage insurance policies to be written without coinsurance restrictions, or to be written with an amount of insurance clause (see clause (a) of Exhibit 1 to Section 8.2), in lieu of a coinsurance clause; and it is further recommended that all invitations to bid on this insurance so specify. If not written in the recommended form, a sufficient amount of insurance must be in force at all times to prevent the Local Authority from becoming a co-insurer. The insurable value should be computed in the manner shown in item I.C. of Form PHA-460 (see Exhibit 1 to this Section). ^{1/}

b. Owners', Landlords', and Tenants' Public Liability. Owners', landlords', and tenants' public liability insurance must be carried to provide protection against bodily injury or death claims. Property damage coverage shall not be included. Limits of not less than 50/100 thousand dollars for bodily injury or death shall be carried.

c. Workmen's Compensation. The workmen's compensation policy purchased during the development period shall be continued during management. However, the classifications under which the premium is computed will be changed. The classifications usually applied are Codes 8742, 8810, and 9015, which are defined respectively as "Real Estate Agencies employees engaged outside of office -- including collectors"; "Clerical Employees N. O. C."; and "Buildings N. O. C. -- operation by owner or lessee -- including care, custody and maintenance of premises, the operation of elevators or heating, lighting, or power apparatus". Premiums based upon other classifications should be questioned by the Local Authority and referred to the Insurance Branch of the PHA before payment.

d. Automobile Liability - Owned and Nonowned

(1) The blanket employers' nonownership liability insurance policy purchased during the development period shall be continued during management with limits of not less than 50/100

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^{1/} In computing the value on I.C, change "... anticipated cost shown on Form PHA-213, Analysis of Expenditures and Budget Control Statement.)" to read "Development Cost Budget.)"

thousand dollars for bodily injury or death; and property damage insurance of \$5,000. Premium for this protection is based on Class I and II drivers. Generally, Local Authority employees are Class II drivers, since their use of personally owned motor vehicles is incidental to their employment. However, to secure blanket coverage it may be necessary to include one Class I driver. If automobiles, trucks, scooters, or other motor vehicles are owned by the Local Authority, automobile liability insurance with limits of not less than 50,100 thousand dollars for bodily injury or death, and property damage insurance of \$5,000 shall be carried under the same policy.

(2) Endorsements. The policy shall contain the following endorsements:

- (a) "It is agreed that the company shall not contend, in the event of a claim, that the named assured is not liable in tort by virtue of the fact that it is a governmental instrumentality or public body."
- (b) "It is understood and agreed that cancellation may not be effected by the company without ten days' prior notice to the assured."
- (c) "It is understood and agreed that the premium for non-ownership liability is a flat charge and is not subject to audit at the end of the policy period, any reference in the policy to the contrary notwithstanding."

e. Burglary and Robbery

(1) Office Burglary and Robbery. This type of policy will provide burglary and robbery coverage for small projects at the most economical cost. Coverage should be carried in an amount sufficient to cover the largest loss which may be sustained at any time. If more than \$500 coverage is required the cost of bank burglary and robbery and of messenger robbery should be investigated to determine the most economical type of policy.

(2) The policy should be written for a three-year term and should cover all locations where such insurance is required.

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Waiver of PHA Approval of Workmen's Compensation, Automobile Liability, and Burglary and Robbery Insurance Policies During Management of Low-Rent Housing Projects

Due to staff limitations in relation to increased workload, the PHA waives until further notice all provisions of contracts between the PHA and Local Authorities requiring approval by the PHA of insurance policies for low-rent projects in the management stage, except with respect to fire and extended coverage, owners', landlords', and tenants' public liability, and boiler insurance, and fidelity bonds. This waiver does not, of course, in any way relieve the Local Authority of responsibility for obtaining all required types of insurance and in such form and in such amounts as are specified in Section 8.1.

Until further notice, the Local Authority shall, for projects in the management stage, submit to the PHA for approval only fire and extended coverage, owners', landlords', and tenants' public liability, and boiler insurance policies and fidelity bonds. (For projects in the development stage see Section 214.1 of the Low-Rent Housing Manual.)

Competitive Bidding for Fire and Extended Coverage and Public Liability Insurance

1. Introduction. Fire and extended coverage and public liability insurance must be purchased as provided in the Contract between the Local Authority and the PHA (unless the Contract provision is waived by the PHA). The Local Authority is not, however, required to purchase insurance from any company not licensed to do business in the State nor from any company where the purchase will involve any hazard of assessment unless insurance against this hazard is available.

2. Securing Competitive Bids
 - a. Timing. Bids shall be obtained from financially sound insurance companies not less than ninety days prior to the scheduled date of initial occupancy or the expiration of the existing policy. The Local Authority shall give full opportunity for open and competitive bidding and shall give such publicity to advertisements for bids as will assure adequate competition. Sufficient notice and full opportunity to bid shall be given to all insurers who have indicated in writing to the Local Authority their desire to submit a bid. Each company shall be given at least 15 days to make a firm proposal.

 - b. Form of Proposal. Forms for obtaining proposals for fire and extended coverage insurance and public liability insurance are shown in Exhibits 1 and 2.

3. Analysis of Bids
 - a. Types of Companies. The Local Authority should give adequate weight to the difference in practices of the two types of insurance companies. These two types of companies are:
 - (1) Dividend-Paying Companies. The dividend-paying companies charge a gross deposit premium and pay dividends to policy holders on this premium at the end of the policy period. The net premium is determined by deducting the anticipated dividend from the gross deposit premium. Policy holders in some dividend-paying companies are subject to assessments if assessments prove necessary but an examination of the record of leading companies in this group will disclose that such companies have never levied assessments. However, the Local Authority may, if it wishes, purchase insurance against such assessment.

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- (2) Fixed Premium Companies. The companies in this group charge a fixed premium and they neither pay dividends to the policy holders nor levy assessments.

b. Evaluating Proposals. If the deposit premium of the dividend-paying company is greater than the premium charged by a fixed premium company, interest at not exceeding four per cent per annum for the policy period should be computed on the difference between the deposit premium of the dividend-paying company and the fixed premium of the fixed premium company and added to the anticipated net premium charged by the dividend-paying company. If insurance against assessment is deemed necessary, the cost of such protection may also be added, and may be estimated at 5 per cent of the net premium.

4. Submittal of Bids to PHA. Not less than sixty days prior to the effective date, the Local Authority shall forward to the PHA Insurance Branch a list of the proposals received. For the first submittal for a project the proposals shall be submitted on Form PHA-460, with the information indicated in Parts I and II entered. For both initial purchase and renewal the following certification shall appear on the tabulation:

"It is hereby certified that the bidding has been open and competitive, that publicity to advertisements has been given to assure adequate competition, and that all insurers who have indicated in writing their desire to submit a bid and who are licensed in the State have been afforded an equal opportunity to bid."

The submittals shall indicate the Local Authority's determination of the low bidder. The Local Authority will be advised of the concurrence or non-concurrence of the PHA with respect to such determination in sufficient time to purchase the insurance and submit the policies in accordance with the procedures in Section 8.1. (In the event it becomes necessary to place binders, they should be secured from the low bidder and be made subject to pro rata cancellation until the definitive policies have been approved by the PHA.)

Proposal for

FIRE AND EXTENDED COVERAGE INSURANCE

I (we) hereby propose to provide fire and extended coverage (including extended explosion, riot, and civil commotion) insurance for a three-year term in the amount of \$ _____ for _____ (Name of _____ Project) _____, Project No. _____ on all buildings, fixtures, equipment, and supplies belonging to the assured and located at the project as follows:

<u>Deposit</u>	<u>Estimated</u>	<u>Net</u>
<u>Premium</u>	<u>Dividend</u>	<u>Premium</u>
\$	\$	\$

The policy will be written:

- (a) Without a Coinsurance Clause ; or, in lieu of a Coinsurance Clause, an Amount of Insurance Clause reading as follows: "In consideration of the reduced rate and/or form under which this policy is written, it is expressly stipulated and made a condition of this contract that in event of loss this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to \$ _____ (Insert total amount of insurance) _____, nor for more than the proportion which this policy bears to the total insurance thereon."
 (Check appropriate square)
- (b) Blanket coverage of entire project under one item.
- (c) Without a pro rata distribution clause.
- (d) Naming as assureds the (Name of Local Authority) and the Public Housing Administration as their interests may appear.
- (e) With the following endorsement attached: It is understood and agreed that all checks issued by the company in payment of losses shall, if the damage exceeds \$250.00, be payable to the (Name of Local Authority) and the Public Housing Administration. It is further agreed that checks in payment of damage not exceeding \$250.00 shall name as payee the (Name of Local Authority)."
- (f) To provide that cancellation may not be effected by the company without ten days' prior notice to the assured.
- (g) Subject to pro rata cancellation until approved by the Public Housing Administration.

The coverage will be placed with the _____
(Company or Companies)

Submitted by _____
(Firm Name)

By _____
(Name and Title)

Date _____, 19__.

Proposal for

PUBLIC LIABILITY INSURANCE

I (we) hereby propose to provide owners', landlords', and tenants' public liability insurance for _____ (Name of Project) Project No. _____ for a 3-year term with limits of 50/100 thousand dollars against claims arising from accidents resulting in bodily injury or death, by reason of the existence, operation, maintenance, use, ownership, or control of the project at a cost of \$ _____, subject to an estimated dividend of \$ _____.

The policy will be written: 1/

- (a) Blanket, describing project by name and number.
- (b) With an Errors and Omissions Clause reading as follows: "It is hereby understood and agreed that the coverage afforded by this policy shall not be invalidated or affected by any errors, omissions, or improper descriptions of premises, elevators or otherwise mentioned in this policy."
- (c) Providing ten days' notice prior to cancellation by the company.
- (d) Subject to pro rata cancellation until approved by the Public Housing Administration.
- (e) With the following endorsement: "It is agreed that the company shall not contend, in the event of any claim, that the named assured is not liable in tort by virtue of the fact that it is a governmental instrumentality or public body."

The coverage will be placed with the _____
(Company or Companies)

Submitted by _____
(Firm Name)

By _____
(Name and Title)

Date _____, 19__.

1/ If utility or other contracts of the Local Authority contain "Hold Harmless" clauses, the Local Authority should add to the specifications, as item "(b)", a requirement that the policy include contractual liability protection.

Negotiating for Fire and Extended Coverage and Public Liability Insurance

1. The PHA strongly advises Local Authorities to obtain fire and extended coverage and public liability insurance on the basis of competitive bidding as called for in the Contract. However, where the Local Authority finds that the purchase of such insurance through negotiation will afford the Local Authority more adequate service and protection or will otherwise be in the public interest the PHA will waive the requirement as to competitive bidding provided the following conditions are met:
 - a. If the Local Authority, through negotiation, is placing insurance with a stock company which subscribes to a State or other authorized rating bureau, the cost of insurance obtained from such stock company must be reasonably within range of the lowest net cost known by the PHA or the Local Authority to be available from any other financially sound and responsible insurer licensed to do business in the State but which does not subscribe to such rating bureau.
 - b. If the Local Authority, through negotiation, is placing insurance with a mutual company, the net cost of insurance obtained from such mutual company must be reasonably within range of the lowest net cost known by the PHA or the Local Authority to be available from any other financially sound and responsible insurer licensed to do business in the State.
 - c. The PHA will approve insurance purchased by negotiation only if the form of the policy is in all respects satisfactory to the PHA. The PHA will not approve the purchase by negotiation of fire and extended coverage insurance unless the form of the policy excludes any coinsurance restrictions or includes an amount of insurance clause (see clause (a) of Exhibit 1, Section 8.2) in lieu of a coinsurance clause.
2. "Reasonably within range" shall be interpreted as meaning that the net cost from such other insurer is not more than 20 per cent less than the net cost at which the insurance is being purchased. "Net Cost" means the gross deposit premium, plus the cost of insurance against the hazards, if any, of assessments, less any anticipated dividend based on the dividend payment and assessment record of the insurer for the previous ten years (see Section 8.2 for the method of computing Net Cost).
3. The PHA will, upon request of any Local Authority and prior to initiation of any such negotiations, advise the Local Authority of the lowest net cost known by the PHA to be available to such Local Authority from financially sound and responsible insurers licensed to do business in the State.

Reporting Losses and Accidents Covered by Insurance on Low-Rent Housing Projects

1. Purpose. This Section sets forth the procedure to be followed by Local Authorities managing low-rent housing projects in reporting losses and accidents which are covered by insurance policies.
2. Accident Reports
 - a. Injury to Third Parties. (Owners', landlords', and tenants' public liability and automobile liability.)
 - (1) Report to Carrier. Local Authorities must make an immediate report of all accidents to their public liability insurance carriers in accordance with the provisions of the insurance policies. Commissioners and employees of Local Authorities should not attempt to determine the legal equities and liabilities growing out of an accident. The only safe course to pursue is to report every accident involving personal injury or property damage to the insurance carrier immediately even though it may appear that no liability exists. Failure to give this notice may exonerate the insurance carrier from all liability for damage under the policy and result in the Local Authority being charged with the payment of a substantial sum of money which it would otherwise not have to pay.
 - (2) Claims Involving Litigation. Copies of each claim, notice, summons, or other process in suit shall be sent by the Local Authority to the PHA Insurance Section and the appropriate Field Office of the PHA together with complete details concerning the accident.
 - b. Injury to Employees. Local Authorities shall report all injuries to employees to their workmen's compensation insurance carrier.
3. Fire and Extended Coverage Loss Reports
 - a. General. All damage to the project from fire or extended coverage hazards should be reported to the fire insurance carrier. The report should provide the following information:
 - (1) The location, date, hour, and cause of the damage,
 - (2) The extent of the damage, and
 - (3) The estimated cost to make complete restoration.
 - b. Losses in Excess of \$250. If the loss is estimated to exceed \$250, a copy of the report to the insuring carrier should also be sent to the PHA Insurance Section. If the final cost of restoration is in excess of \$250,

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the check or checks in payment thereof must name the PHA as an additional assured and be sent to the PHA Insurance Section for endorsement.

4. Boiler Explosion Reports. The Local Authority shall prepare an immediate report of steam boiler explosions and sent it to the boiler insurance carrier. A copy of the report shall be sent to the PHA Insurance Section. If a fire ensues, a report shall be made to the fire carrier in accordance with paragraph 3, above.

5. Burglary, Robbery, or Theft Reports

a. General. The Local Authority shall report to the carrier all losses of funds or damage to property resulting from burglary, robbery, theft, or attempt there at, and copies of the report shall be sent to the PHA Insurance Section and the PHA Field Office. The report should include the following:

- (1) The date and hour of loss,
- (2) Complete details concerning the loss, and
- (3) The action taken by the Local Authority with respect to the notification of law enforcement agencies.

b. Final Settlement. The Local Authority shall notify the PHA Insurance Section and the PHA Field Office when it has been reimbursed by the insuring carrier, stating the amount of loss and the amount of recovery.

6. Losses Resulting From Employee Dishonesty

a. General. Immediately upon discovery of any loss of funds or property through larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wilful misapplication, or any other act of fraud or dishonesty on the part of a Local Authority employee, the surety shall be given notice thereof, and copies of such notice shall be sent to the PHA Insurance Section and the PHA Field Office. Under the terms of the bond the surety may deny liability for a loss if notice of the discovery is not given to the surety within a reasonable time.

b. Termination. Immediately upon discovery of any loss described above, all coverage under the bond for that employee ceases. Consequently, he must be relieved of responsibility for handling funds or property at once.

c. Settlement. No final settlement should be made with the surety without prior approval of the PHA Insurance Section.

7. Address. The address of the PHA Insurance Section is Public Housing Administration, Washington 25, D. C.

Introduction to Accounting Procedures During the Operations Period

1. General

a. The accounting work necessary for the operation of low-rent projects may be divided into two parts:

- (1) The routine day-to-day recording of receipt of rent and other income and the disbursement of funds to pay operating expenses;
- (2) The nonroutine accounting, including summarization of the daily routine records in the general ledger and the preparation of financial statements. Nonroutine accounting also includes such matters as the receipt and recording of annual contributions and payment of interest and principal on the Bonds or Notes.

As a general rule the Local Authority with a small program cannot afford the services of a full-time accountant with the required technical knowledge to maintain the general ledger and handle other nonroutine accounting. However, the recording of the day-to-day transactions can be done by a person without technical knowledge. Accordingly, such recording will normally be done by the same person or persons who are responsible for other management activities. The Local Authority should be able to arrange for maintenance of the general ledger, etc. by a qualified accountant on a part-time or contract basis or by arrangement with a nearby Local Authority which has a sufficiently large program to justify a full-time accounting staff.

b. These Sections of the Small Low-Rent Programs Manual-Operation (Sections 9.1 through 9.15) are designed to provide the necessary guidance for recording the routine day-to-day transactions. A separate volume of the Small Low-Rent Programs Manual provides instructions for the nonroutine accounting. The Small Low-Rent Programs Manual-Accounting also incorporates this Section on routine records so that persons using the Accounting Volume will have all accounting procedures readily available.

2. Consolidation of Projects for Accounting Purposes

a. In order to reduce the accounting workload of Local Authorities having small low-rent programs, all projects under a single Contract shall be consolidated and treated as a single project for accounting purposes, except that if there are any Nonpermanently Financed Projects under such a Contract a separate set of operating accounts must be maintained for each such project.

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NOTE: This Section supersedes Section 9.1 dated 9-2-52. Paragraph 3 has been rewritten to reflect the current organization of the PHA, to define Reports on Audit and Notices of Exception, and to provide copies of these items for all Local Authority Commissioners.

b. The majority of small programs are under a single Contract and normally there will be no Nonpermanently Financed Projects in the operations stage. Sections 9.1 through 9.14 are written to fit the majority of small programs, i.e. those requiring only one set of accounts. Section 9.15 provides such additional instructions as are necessary where more than one set of accounts must be maintained.

3. PHA Assistance and Fiscal Audits

a. The PHA will furnish assistance to Local Authorities, if needed, in installing accounting records and procedures, and training employees in the maintenance of such records. To obtain such assistance the Local Authority should communicate with the Supervising Auditor for the Regional Office area in which the Local Authority is located.

b. The PHA Project Auditing Section will conduct fiscal audits^{1/} of the Local Authority accounts and records annually or more often, as may be necessary. The field auditor's report is reviewed in the PHA Project Auditing Branch and a Report on Audit is prepared. The Report on Audit consists of an opinion signed by the Director of the PHA Project Auditing Branch, together with appropriate comments, and financial statements for each project, including a balance sheet, income and expense statement, and necessary supporting exhibits and schedules. Items discussed with Local Authority officials at the Audit Conference may be included in the Report on Audit. Audit findings and general narrative comments contained in the Report on Audit are not necessarily audit exceptions, but constitute items considered appropriate for the attention of the Chairman of the Local Authority and responsible PHA officials. When necessary, formal audit exceptions are prepared by the PHA Project Auditing Branch on Form PHA-1866, Notice of Exception.

c. The Report on Audit and the Notice of Exception, if any, shall be sent by letter from the Regional Director addressed to the Chairman of the Local Authority Board of Commissioners. This letter shall point out the items of major importance and recurrences of previously criticized deficiencies and shall request that necessary corrective action be taken. Copies of the transmittal letter, the Report on Audit, and the Notice of Exception shall also be sent simultaneously to each of the other Local Authority Commissioners and the Executive Director.

d. The Local Authority will be further notified of the decision made by the PHA with respect to audit exceptions.

^{1/} These audits are identified as "fiscal" audits in order to distinguish them from other PHA audits, reviews, and inspections of Local Authority operations. Their scope, however, is not necessarily confined to accounting matters but may include related responsibilities as assigned to the auditors by the PHA.

Cash Collections

1. General

- a. An official Cash Receipt shall be issued for each collection received from tenants for rent, security deposits, or other charges at the time the collection is made.
- b. All employees who make collections shall be covered by a fidelity bond (see Section 8.1).
- c. This Section outlines the procedure with respect to the collection, reconciliation, recording, safeguarding, and the deposit of cash (including checks, money orders, bank drafts, etc.).

2. Preparation of Cash Receipts. Cash Receipts (see Exhibit 1) shall be pre-numbered at the time of printing and used in numerical sequence. Since every Cash Receipt must be accounted for, the original and all copies of voided receipts must not be destroyed but shall be retained in the project files. Cash Receipts shall be prepared in duplicate and signed by the person handling the transaction. The original shall be given to the tenant and the copy shall be retained in the project office for posting and auditing purposes. After posting, the copies shall be filed in numerical sequence in a permanent file.
3. Reconciling Cash Collections. At the close of each day, an adding machine tape or manual listing shall be prepared of all receipts issued for the day. The adding machine tape or listing shall show the date the receipts were issued, the first and last number of the receipts issued for the day, the amount of each receipt, and the total collections for the day. Separate totals shall be shown on the adding machine tape or manual listing for rental collections and other revenue, and for security deposits. The grand total of collections as shown by the tape or listing shall be reconciled with the actual amount of cash received. Cash overages and shortages shall be handled in accordance with instructions in Section 9.13 of this Manual.
4. Recording Cash Receipts. Collections received in payment of rent or other charges shall be posted to each tenant's account on the Tenants Rental Register (see Section 9.5); security deposits are to be posted to the

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NOTE: This Section supersedes Section 9.2 dated 9-2-52. Paragraph 6 has been revised to provide: (1) more frequent deposits of cash, and (2) that complete information with respect to each deposit be shown on the deposit tickets; paragraph 7 has been revised to clarify the instructions for recording returned checks; paragraphs 4 and 8 have been reduced to cross references to other Sections; and other minor changes have been made throughout.

individual Tenants Security Deposit Record in accordance with the instructions in Section 9.6. The total of all collections, including security deposits, shall be recorded in the Combined Cash Journal as provided in Section 9.8.

5. Safeguarding of Collections. Adequate provision shall be made for the safeguarding of collections. Collections shall not be permitted to accumulate in the cash drawer but shall be deposited periodically in the project safe.

6. Deposit of Collections

a. All monies received during the first few days of the month, when collections are heavy, shall be deposited daily; during the remainder of the month, deposits should be made not less frequently than every three days, provided that the total amount held at the project overnight is not in excess of the insurance coverage.

b. Deposit tickets shall be prepared in an original and one copy showing complete details as to currency, coin, and checks. The original will be retained by the depository, and the acknowledged copy shall be retained at the project for auditing purposes. The acknowledged copies of deposit tickets shall be filed in date order in a permanent file.

7. Returned Checks

a. Checks accepted from tenants in payment of rent or security deposits which are later returned by the bank because of insufficient funds or for any other reason, shall be credited to the bank and charged to the tenant's account. Upon receipt of the bank debit memorandum and the unpaid check from the bank the transaction shall be recorded in the Combined Cash Journal (see Section 9.8). The amount of the returned check applicable to rent shall be entered in parentheses in Columns (4) and (9) of the Combined Cash Journal; the amount applicable to security deposits shall be entered in parentheses in Column (4) or (7), as applicable, and in Column (9) of the Combined Cash Journal. At the same time the total amount of the returned check shall be entered in Column (16) of the Tenants Rental Register (see Section 9.5) as a charge to the tenant's account.

b. If the tenant later makes the check good by paying cash, or the check is redeposited in the bank, or another check is accepted in lieu thereof, a cash receipt shall be issued and recorded as a credit to the tenant's account (Account 1122).

8. Recording Collections on Accounts Previously Charged to Collections Losses. Instructions for recording collections on accounts previously charged to collection losses are in Section 25-7-1 of the Small Low-Rent Programs Manual - Accounting.

Payment of Bills and Preparation of Voucher Checks

1. General. Disbursements from Local Authority funds on deposit shall be made by means of Voucher Checks.
2. Exhibit. A specimen form of Voucher Check and Voucher Check Copy with space for accounting distribution, showing an example of a transaction, appears as Exhibit 1. Where more than one bank account is maintained by the Local Authority, either for the same Contract or for different Contracts, or for security deposit funds, it is recommended that the Voucher Checks for each bank account be of different color.
3. Instructions for Use of Voucher Checks and Voucher Check Copies
 - a. Numbering. Voucher Checks shall be prenumbered and used in numerical sequence. Voucher Check Copies shall bear the same numbers as the Voucher Checks. Voided Voucher Checks and Copies must not be destroyed.
 - b. Issuing. Voucher Checks in payment of services rendered and/or materials furnished shall not be issued until all supporting documents have been properly verified, assembled, and approved for payment. Supporting documents will include invoices, purchase orders, travel expense reports, payrolls, etc. Voucher Checks shall then be written, making imprints on the Voucher Check Copies. The accounting distribution shall be shown in the space provided, if known. If the accounting distribution is not known by the person preparing the Voucher Check and Voucher Check Copy, such distribution may be left for insertion by the part-time accountant employed to maintain the General Ledger, etc. Signature indicating receipt and certification of services and/or materials need not be shown on the Voucher Check Copies if the required certification is shown on the supporting documents. After approval for payment is shown on each Voucher Check Copy, the disbursement should be recorded in Column 5 (in Column 8, if a security Deposit Refund) of the Combined Cash Journal (see Section 9.8).
 - c. Filing. The Voucher Checks, paid and canceled by the bank, shall be retained in numerical sequence with the bank statement until audited by the PHA. Voucher Check Copies, with properly verified and certified supporting documents firmly attached, shall be filed in numerical sequence.

SPECIMEN FORMS OF VOUCHER CHECK AND VOUCHER CHECK COPY

ANY HOUSING AUTHORITY
ANYTOWN, ANystate

Check No. 114

Annual Contribution CONTRACT NO. A-78
Date April 30, 1952

Pay to the
Order of Betty Smith \$ 90 ⁵⁰/₁₀₀

Ninety and ⁵⁰/₁₀₀ DOLLARS

TO ANYBANK ANYTOWN, ANystate

William Jones
Executive Director
Richard Green
Chairman

DATE	DESCRIPTION	AMOUNT
<u>4-30-52</u>	<u>Salary for April, 1952</u>	\$ <u>100 00</u>
	<u>Less: Withholding Tax</u>	<u>(8 00)</u>
	<u>S. S. Tax</u>	<u>(1 50)</u>
		\$ <u>90 50</u>

On voucher check copy, signature
spaces shall be omitted and the
word nonnegotiable shall be
printed beneath name of bank.

COPY

DISTRIBUTION

Account No.	Combined Cash Journal	Amount
<u>4115</u>	<u>Salaries</u>	\$ <u>100 00</u>
<u>2117.1</u>	<u>Income Tax Withholding</u>	<u>(8 00)</u>
<u>2117.4</u>	<u>F.O.A. & S.I. Tax Deduction</u>	<u>(1 50)</u>
<u>1111</u>	<u>Cash - General Fund</u>	<u>(90 50)</u>

Services, Quantities, Prices and Extensions Checked by
William Jones

Approved for Payment By
William Jones

Pro Rata Rent Schedule

1. General. Interim charges or credits to tenants accounts are required when tenants move into or vacate units during a rental period. The computations with respect to interim charges and credits shall in all cases be in conformity with the stipulations contained in the lease. For the purpose of readily determining the amount of rentals chargeable against tenants who move into or vacate a Project during the month, a Pro Rata Schedule shall be established covering each anticipated rent charge.

2. Preparation of Pro Rata Rent Schedule. The schedule may be prepared on the basis of actual calendar days in any month or on the basis of a 30-day month. If necessary, the PHA will assist the Local Authority in preparing such a schedule after a determination has been made as to the basis on which pro rata rent charges and unearned rental credits will be made.

Maintenance of Tenants Rental Register

1. General

a. A loose leaf Tenants Rental Register shall be maintained to record all financial transactions with tenants (except Security Deposits, see Section 9.6). All transactions with tenants shall be posted daily to the Tenants Rental Register so that the balances of individual accounts may be readily determined at any time.

b. If a Local Authority prefers it may, in lieu of the Tenants Rental Register, maintain a Tenants Accounts Receivable Ledger in accordance with the instructions contained in the Small Low-Rent Accounting Manual. It is believed that the Tenants Rental Register will be more practicable for programs of less than 100 units, while for programs of over 100 units it may be preferable to maintain a Tenants Accounts Receivable Ledger.

2. Exhibit. A specimen Tenants Rental Register, showing examples of recorded transactions, appears as Exhibit 1 at the end of this Section. A ruled analytical pad of 25 columns may be used for this purpose. The heading of the form shall show the title "Tenants Rental Register." The heading of each sheet shall provide spaces for the month and year date, Annual Contributions Contract number, and the number of each project under the Contract. The Local Authority may find it desirable to maintain a separate Tenants Rental Register for each project.

3. Current Entries in Tenants Rental Register. Account numbers shall be assigned each dwelling unit in all projects, and shall be in sequence, with the first unit bearing the number 1. The account numbers so arranged and established shall remain constant notwithstanding that several tenants may have occupied the same unit.

Column (1), Line No. Line numbers shall be shown on the form at the time the form is printed or otherwise prepared. Each sheet shall begin with Line No. 1.

Column (2), Account No. At the beginning of each month, starting on Line 1, enter in consecutive order the number of each dwelling unit (account number) in all projects, whether the unit is occupied or vacant.

Column (3), Name of Tenant. At the beginning of each month, starting with Account Number 1, enter in this column the name of the tenant occupying each dwelling unit.

(Cont'd)

NOTE: These pages supersede the corresponding pages of Section 9.5 dated 9-2-52. Paragraph 3 has been revised to provide for recording retroactive rent charges in Column (8) of the Tenants Rental Register.

Column (4), Effective Date of Lease. Enter in this column, opposite the name of the tenant, the date the monthly rent is to begin. For example, the lease may have been prepared and executed on January 25 to be effective February 1, 1952. In this case, the date to be inserted would be 2/1/52. The effective date of the lease need be shown only for the month during which the tenant moved in.

Column (5), Monthly Rental Rate. Enter in this column, opposite the name of the tenant, the monthly rental rate to be charged the tenant as shown in the lease. When a change in a tenants rent has been authorized, because of a change in family income or for other reasons, the adjustment of the tenants account shall be made on the basis of a new lease or such other formal instrument as is used for this purpose. Such a change in monthly rental should be made effective as of the first of a month. Therefore, when the Tenants Rental Register sheet is prepared for the subsequent month the new rental rate shall be entered in Columns (5) and (8) in the usual manner.

Column (6), Termination Date of Lease. This column is not to be filled in until the tenant vacates the dwelling unit. When the tenant moves out, the last date for which rent is to be charged shall be entered in this column on the Tenants Rental Register sheet for the month during which he vacated.

Column (7), Balance of Account Brought Forward. Enter in this column, opposite the name of the tenant, the balance of the tenant's account, if any, as shown in Column (23) of the Tenants Rental Register for the preceding month. The aggregate of the totals of all amounts entered in this column shall agree with the balance of Account 1122, Accounts Receivable - Tenants, in the General Ledger, at the close of the preceding month. Credit balances shall be shown in red or in parentheses. Debit balances shall be shown without further designation.

Column (8), Monthly Rent. Enter in this column, opposite the name of the tenant, the amount of monthly rent as shown in the lease, for each tenant in possession on the first day of the month. Retroactive rent charges, if any, shall also be entered in this column directly above the amount entered for monthly rent. If a tenant moves in after the first of the month, no amount will be entered in this column for that month (see instructions for Column (9)).

Column (9), Pro Rata Rent. Enter in this column, opposite the name of the tenant, the amount of the pro rata rent charge for tenants who move in after the first of the month, as shown by the lease. "Pro rata rent" is the amount of rent charged the tenant from date of occupancy until the end of the month during which he moved in. The amount of the pro rata rent charge shall be determined by the Pro Rata Rent Schedule prepared in accordance with Section 9.4 of this Manual.

(Cont'd)

Column (10). Excess Utility Charges. Enter in this column, the amount of any charge to the tenant for excess utility consumption. Charges to tenants for excess utility consumption shall be made as soon as the charges can be established. If charges are to be made to several tenants at one time, a list of such charges shall be prepared showing the account number, name of tenant, the amount of the charge to each tenant, and the total charges to all tenants. A "Miscellaneous Charge and Credit Ticket" shall then be prepared for the total charges shown on the list, to which the list shall be attached. The list shall be utilized as posting media for entering the charges to tenants accounts. After all charges have been posted to the Tenants Rental Register, the "Miscellaneous Charge and Credit Ticket," with the list attached, shall be filed in accordance with instructions in Section 9.9.

Column (11). Other Charges. Enter in this column, opposite the name of the tenant, the amount of miscellaneous charges to tenants, such as: charges for breakage and damage, key replacements, fumigation and exterminating services, fuses, penalties for delinquent payments, rental of equipment, and charges for use of community space, etc. A "Miscellaneous Charge and Credit Ticket" may be utilized to record the description and amount of the charge to the tenant; after posting, the original of the "Miscellaneous Charge and Credit Ticket" may be filed in numerical sequence in a permanent file and the copy may be filed in the tenant's folder. All miscellaneous items sold to tenants, even though sold for cash, shall be charged to the tenant's account; a cash receipt shall then be issued in the usual manner and entered in Column (19).

Column (12). Unearned Rent. Enter in this column, opposite the name of the tenant, the amount of unearned rent allowed the tenant who moves before the last day of the month. Unearned rent for move-outs prior to the first of the month shall be determined by a Pro Rata Rent Schedule prepared in accordance with Section 9.4 of this Manual.

Column (13). Total Income. At the close of each month, after all charges and credits have been posted to tenants accounts, enter in this column, opposite the name of the tenant, the total of Columns (8), (9), (10) and (11) less the total of Column (12). The total in this column represents the total charges to the tenant for the month for rental and miscellaneous items.

Column (14). Ref. No. Enter in this column, opposite the name of the tenant, the number of the Voucher Check by which a refund

(Cont'd)

of unearned rent is made to a tenant. If the refund is made from petty cash, the number of the Voucher Check by which the Petty Cash Fund is reimbursed shall be shown in this column.

Column (15). Amount. Enter in this column, opposite the name of the tenant, the amount of rental refund paid to the tenant. Rental refunds are due tenants who have paid rent in advance, and, after giving notice of intent to vacate within the period specified in the lease, move out before the expiration of the period for which rent has been paid.

Column (16). Returned Checks. Enter in this column, opposite the name of the tenant, the amount of a tenant's check which has been returned unpaid by the bank (see also Section 9.2).

Column (17). Total Charges. At the end of the month, after all charges have been posted, enter in this column opposite the name of the tenant the total of Columns (13), (15), and (16).

Column (18). Ref. No. Enter in this column, opposite the name of the tenant, the number of the cash receipt issued for the amount of collections shown in Column (19).

Column (19). Cash Collections. Enter in this column, opposite the name of the tenant, the amount of rental and other collections (except Security Deposits, see Section 9.6) collected from tenants as shown by the cash receipt, the number of which is shown in Column (18).

Column (20). Transfers From Security Deposits. Enter in this column, opposite the name of the tenant, the amount of a security deposit applied to the tenants account as shown by a Miscellaneous Charge and Credit Ticket.

Column (21). Transfers to Collection Losses. Enter in this column, opposite the name of the tenant, the amount of the tenants account which has been determined to be uncollectible. All tenants accounts of tenants who have vacated the project which are considered to be uncollectible and which are to be transferred to Collection Losses shall be approved by resolution of the Board of Commissioners of the Local Authority, or by a designated official to whom such authority has been delegated by resolution of the Board. Amounts due from tenants still in possession shall never under any circumstances be determined to be uncollectible.

(Cont'd)

Column (22). Total Credits. At the end of the month, after all credits have been posted, enter in this column opposite the name of the tenant the total of Columns (19), (20), and (21).

Column (23). Balance of Account Carried Forward. At the close of the month enter in this column, opposite the name of the tenant, the balance due which is the difference equal to the totals of Columns (7) and (17), less the amount shown in Column (22). Debit balances shall be shown without designation; credit balances shall be shown in red or in parenthesis. Each individual amount shown in this column at the end of the month shall be shown in Column (7) on the Tenants Rental Register sheet for the succeeding month.

Column (24). Line No. Line numbers shall be the same as shown in Column 1.

4. Move-Ins After the First of the Month. If after the first of the month a tenant moves into a dwelling unit which has not been previously occupied during the month, the name of the tenant and lease information shall be entered in the space allotted to the dwelling unit on the Tenants Rental Register. However, if a tenant occupies a dwelling unit that has been previously occupied during the month, the dwelling unit number, the name of the tenant and the lease information shall be entered on the last sheet of the Tenants Rental Register on the line next following the last consecutive dwelling unit number. When the Tenants Rental Register is prepared for the succeeding month, however, if the tenant is still in possession of the dwelling unit on the first of the succeeding month, the name of the tenant, lease information and account balance, if any, shall be listed in the space allotted to the dwelling unit which he occupies.

5. Former Tenants Accounts. When a tenant vacates a dwelling unit, and has a balance, either debit or credit, the account number, the name of the tenant, and the balance of the account shall be forwarded to the Tenants Rental Register for each succeeding month until the balance is paid, collected, or transferred to Collection Losses. The accounts of former tenants shall be listed on the Tenants Rental Register for each succeeding month in account number sequence at the bottom of the last sheet, after listing the account numbers of all dwelling units in all projects and after allowing a sufficient number of lines for entering the names of tenants occupying dwelling units after the first of the month which units has been previously occupied during the month.

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6. Monthly Closing. At the close of each month, after all charges and credits have been posted, each amount column shall be totaled vertically and proved in the following manner: the aggregate of the totals of Columns (8), (9), (10), and (11) less the total of Column (12) shall equal the total of Column (13); the aggregate of the totals of Columns (13), (15), and (16) shall equal the total of Column (17); the aggregate of the totals of Columns (19), (20), and (21) shall equal the total of Column (22); and the aggregate of the totals of Columns (7) and (17), less the totals of Column (22), shall equal the total of Column (23).

Maintenance of Tenants Security Deposit Record

1. General. The PHA strongly urges that Security Deposits not be required. If, however, the Local Authority requires such deposits the necessary accounting records and procedures to be followed are described in this Section.
2. Exhibit. A specimen Tenants Security Deposit Record appears as Exhibit 1 at the end of this Section. The heading of the record shall show "Tenants Security Deposit Record." The heading of each record shall also provide spaces for the account (i. e, dwelling unit) number, the effective date of the lease, the termination date of the lease, and the name and address of the tenant. It is recommended that this record be maintained on a 4" x 6" or 5" x 8" card; if preferred, however, the record may be maintained in a loose-leaf ledger.
3. Preparation and Posting of Tenants Security Deposit Record. A Tenants Security Deposit Record shall be prepared for each account number established in accordance with instructions set forth in paragraph 3 of Section 9.5. As tenants move into the dwelling units, and a security deposit is collected, the heading of the Tenants Security Deposit Record shall be filled in with the information required by paragraph 2 above. The media for posting the security deposit to the Tenants Security Deposit Record is the copy of the cash receipt given to the tenant at the time the security deposit is collected. The date of the cash receipt shall be shown in the "Date" column, the number of the cash receipt must be shown in the "Ref." column, the amount of the security deposit collected shall be entered in the "Credit" column, and extended to the "Balance" column.
4. Transfer of Security Deposits to Tenants Accounts Receivable Where Security Deposits and Rent Collections Are Deposited in a Single Bank Account. If security deposits and rent collections are deposited in the same bank account, transfers from security deposits to tenants accounts receivable shall be recorded by use of a "Miscellaneous Charge and Credit Ticket." The amount shown as a debit on such ticket shall be posted as a debit to the Tenants Security Deposit Record; the amount shown as a credit on the ticket shall be entered in Column (20) of the Tenants Rental Register opposite the name of the tenant.
5. Transfer of Security Deposits to Tenants Accounts Receivable Where Security Deposits and Rent Collections are Deposited in Separate Bank Accounts
 - a. If security deposits and rent collections are kept in separate bank accounts, the procedure for transferring security deposits

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to rent accounts is identical with the procedure outlined in paragraph 4 above in so far as the tenants rent account and the Tenants Security Deposit Record are concerned. The procedure for transferring funds between the bank accounts, and between General Ledger Accounts 1122 and 2114, is outlined in paragraph 6 below.

b. At the end of the month, after all columns of the Tenants Rental Register have been totaled and proved, a Voucher Check shall be drawn on the Security Deposit Fund (Account 1114) for the amount of the transfers shown in column (20) of the Tenants Rental Register. The Voucher Check shall be recorded in the Combined Cash Journal as a disbursement in the column headed "Account 1114," and as a debit to Account 2114, and as a receipt in the column headed "Account 1111," and as a credit to Account 1122. The check shall then be deposited in the General Fund (Account 1111) in the usual manner.

6. Refunds of Security Deposits. Refunds of security deposits shall be made and recorded in accordance with Section 9.7 of this Manual.

Refunds of Security Deposits and Unearned Rent

1. General. The procedure for making and recording refunds of security deposits and unearned rent is set forth in this Section.
2. Exhibit. A specimen form of Request for Refund of Security Deposit and Unearned Rent appears as Exhibit 1 to this Section.
3. Preparation. When a unit is vacated during a rental period for which the rental has been paid in advance, the tenant's account will have been credited with the unearned portion of the rent originally charged (see Section 9.5). The amount so credited to the tenant's account shall be shown in the space provided on the Request for Refund of Security Deposit and Unearned Rent. The amount of unpaid miscellaneous charges and any unpaid balance from the previous month shall be listed in the appropriate spaces and deducted from the amount of unearned rent to determine the "net rental refund"; if negative amount enter in red or within parentheses. The amount of the security deposit previously paid by the tenant shall be added to the "net rental refund" to determine the total refund due the tenant. Other appropriate spaces shall be completed as required.
4. Payment. When the Request for Refund of Security Deposit and Unearned Rent has been prepared properly and signed by the approving official, a Voucher Check shall be drawn in favor of the tenant for the amount of any refund. Refunds of \$10 or less may be made from the Petty Cash Fund, if desired. The Voucher Check or Petty Cash Voucher shall be supported by a copy of the Request for Refund of Security Deposit and Unearned Rent.
5. Recording Voucher Check. If the amount is refunded by a Voucher Check, the Voucher Check copy shall be entered in the Combined Cash Journal as a disbursement in the column headed "Account 1111, Cash - General Fund," (or as a disbursement in the column headed "Account 1114, Cash - Security Deposit Fund" for the amount of the security deposit refund if security deposits are kept in a separate bank account), and as a debit to Account 1122, Accounts Receivable - Tenants, (and/or Account 2114, Tenants Security Deposits). The number of the Voucher Check and the amount representing a refund of rental shall be entered in Columns (14) and (15), respectively on the Tenants Rental Register opposite the name of the tenant; the date of the Voucher Check, the Voucher Check number, and the amount representing a refund of a security deposit shall be posted to the Tenants Security Deposit Record.
6. Recording Petty Cash Voucher. If the refund is made by Petty Cash Voucher, the Voucher Check and Voucher Check Copy used to reimburse the petty cash fund shall be entered in the Combined Cash Journal and posted to the Tenants Rental Register and the Tenants Security Deposit Record as prescribed in paragraph 5 above.

NOTE: This Section supersedes Section 9.7 dated 9-2-52. Paragraph 4 has been revised to limit refunds from the Petty Cash Fund to amounts which are \$10 or less.

Maintenance of Combined Cash Journal

1. General. A Combined Cash Journal shall be maintained for each Annual Contributions Contract to record the receipt and disbursement of funds from transactions pertaining to the project or projects under each Contract.
2. Exhibit. A specimen form of Combined Cash Journal sheet, showing examples of recorded transactions, appears as Exhibit 1 at the end of this Section. Space has been provided to show the Annual Contributions Contract number and the project or projects numbers in the Annual Contributions Contract.

3. Maintenance of Combined Cash Journal

- a. Posting

Column (1), Date.

Column (2), Description. The number of the first and last receipt issued to tenants for the day for collections of rent and security deposits shall be shown in this column. For receipts of cash (except from tenants), enter the name of the person, firm, or agency from whom received. For cash disbursements, enter the name of the person, firm, or agency to whom the Voucher Check is issued.

Column (3), Check Number. Enter in consecutive order the serial number of each Voucher Check drawn against the bank accounts(s). Numbers of voided checks must be entered with appropriate notations.

Column (4), General Fund - Receipts. On the first day of each month enter in this column the amount of cash on hand and on deposit as shown in Column (6) of the Combined Cash Journal at the close of the preceding month; the balance shall also be shown in Column (6). Enter in Column (4) the amount of cash receipts from all sources (except security deposit collections kept in a separate bank account). The distribution of receipts to other columns of the Combined Cash Journal shall be left for completion by the part-time Accountant who is employed by the Local Authority to maintain the General Ledger.

Column (5), General Fund - Disbursements. Enter in this column, opposite the check number, the face amount of each Voucher Check issued (except for security deposits if deposited in a separate bank account), and with appropriate identification, the amounts

(Cont'd)

of bank debit memoranda for bank charges, etc. The distribution of disbursements to other columns of the Combined Cash Journal shall be left for completion by the part-time accountant employed by the Local Authority.

Column (6), General Fund - Balance. After entering each receipt or disbursement of cash the balance remaining on hand and on deposit shall be shown in this column.

Column (7), Security Deposit Fund - Receipts. This column is for use only when local laws require the deposit of security deposits in a separate bank account. Enter in this column, opposite the numbers of the cash receipts issued to tenants as shown in Column (2), the amount of security deposits collected from tenants.

Column (8), Security Deposit Fund - Disbursements. If security deposits are deposited in a separate bank account, enter in this column, opposite the check number shown in Column (3), the amount of each Voucher Check issued against the Security Deposit Fund.

Column (9) Through Column (21). Distribution of receipts and disbursements shall be made, as appropriate, by the part-time accountant employed by the Local Authority to maintain the General Ledger, etc.

b. Monthly Closing. At the close of the month, the entries in Columns (4), (5), (7), and (8) shall be totaled. It shall be determined that the balance shown in Column (6) is equal to the difference between the total of Column (4) and Column (5).

Miscellaneous Charge and Credit Tickets

1. General. A Miscellaneous Charge and Credit Ticket may be utilized as posting media for miscellaneous charges to tenants accounts (see paragraph 3, Section 9.5), and for transfer of security deposits to rent accounts (see paragraph 4 of Section 9.6).
2. Exhibit. A specimen form of Miscellaneous Charge and Credit Ticket appears as Exhibit 1 at the end of this Section.
3. Preparation of Miscellaneous Charge and Credit Ticket. Miscellaneous Charge and Credit Tickets should be prepared in duplicate, numbered consecutively, dated, contain explanatory information, and be approved by the Executive Director or his designated representative.
4. Filing. After posting, the original of the Miscellaneous Charge and Credit Ticket may be filed in numerical order in a permanent file; the copy may be filed in the tenant's folder.

SPECIMEN FORM OF MISCELLANEOUS CHARGE AND CREDIT TICKET

No. _____		
ANY HOUSING AUTHORITY ANYTOWN, ANYSTATE		
MISCELLANEOUS CHARGE AND CREDIT TICKET		
Contract No. _____ Date _____, 19__		
Name of Tenant _____ Account No. _____		
EXPLANATION	CHARGE	CREDIT
Prepared by: _____ Approved by: _____		

Reconciliation of Bank Account(s)

1. General. The bank or banks with which General Funds have been deposited should furnish a statement of the bank account, as of the last day of each month, with canceled Voucher Checks paid during the month. The balance shown on the statement shall be reconciled each month with the balance shown in Column (6) of the Combined Cash Journal.

2. Instructions for Reconciling Bank Account
 - a. The balance shown on the bank statement shall be reconciled with the balance of Account 1111 - Cash - General Fund, using the Combined Cash Journal for ascertaining the information pertinent to the reconciliation. Any difference between the balance shown on the bank statement and the balance in Column (6) of the Combined Cash Journal will usually be the result of outstanding Voucher Checks and deposits not yet entered by the bank. However, there may be other items which must be considered in the reconciliation.

 - b. The verification of the bank account balance shall include a careful examination of the canceled Voucher Checks as to amounts and endorsements. Voucher Checks which remain outstanding for more than a reasonable time should be investigated.

 - c. The bank account reconciliation shall be filed with the bank statement and should be in a form similar to the following:

Reconciliation of Account With
Any Bank, Anytown, Anystate
as of December 31, 1951

Balance per bank statement 12/31/51				\$ 10,000.00
Deduct - Outstanding Voucher Checks:				
<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	
12/2/51	42	John Doe	\$ 300.00	
12/9/51	45	Samuel Brown	400.00	
12/30/51	48	George Smith	700.00	<u>1,400.00</u>
				\$ 8,600.00
Add: Deposit 12/31/51, credited by bank, 1/3/52				<u>1,300.00</u>
Balance, Column (6) Combined Cash Journal, 12/31/51				<u>\$ 9,900.00</u>

Time and Leave Records

1. Employee Time Reports

a. In order to obtain an analysis and distribution of labor costs of Local Authority employees, and to document the hours worked and amount earned, a record of hours of work and time spent at each assignment should be kept for each employee for each payroll period. All time will be distributed to the following accounts:

Management Expense, Salaries - Account No. 4115. Time spent in the performance of administrative functions directly related to the project such as: management supervision, tenant selection, rental and leasing, handling tenant complaints and service requests, collections, budgeting, accounting and reporting, procurement, and stenographic and clerical services.

Heating Labor - Account No. 4350. This account is used only where space heating or hot water is furnished to tenants by a project-operated plant. In such cases distribute to this account the time spent in the operation of such plant. Time spent in the repair or maintenance of the plant shall be distributed to Account No. 4496. Where heat or hot water is not furnished to tenants by a project-operated plant, distribute any time spent in the operation of any plant used to service the project office or other nondwelling space to Account No. 4496.

Operating Services and Repair, Maintenance and Replacement, Labor - Account No. 4496. Time spent in performing any janitorial or exterminating work, in maintaining grounds, in repair, maintenance, or replacement of structures and equipment, in painting and decorating, and in the maintenance or repair of automotive equipment or other movable equipment.

Property Betterments and Additions - Account No. 7545. Time spent in constructing any betterments and additions.

b. Exhibit. A specimen Employee Time Report is shown as Exhibit 1 at the end of this Section.

(Cont'd)

c. Preparation

(1) The heading of the form is self-explanatory. The account number and name of the Operating Expense Account to which the hours of work are to be charged should be inserted in the space provided for this purpose. The number of hours worked each day shall be shown under the day of the month opposite the account classification which is to be charged. When all entries have been made for the payroll period, the columns shall be totaled. The number of hours shown in the "Total Hours" column shall be multiplied by the hourly rate of the employee, and the product inserted opposite each account classification in "Total Amount" column.

(2) The Employee Time Report should be used as the basis for the preparation of the Voucher Check in favor of the employee for the net amount earned for the payroll period. The total amount earned, the type and amount of deductions, and the net amount earned shall be shown on the Voucher Check and Voucher Check Copy. The Employee Time Report should be firmly attached to the Voucher Check Copy as support of the total amount earned.

2. Leave Record

a. General. It is recommended that the leave policy established by the Local Authority by resolution shall not provide for the accrual of annual and/or sick leave. If, however, such leave is to be accrued, an accurate record of such leave shall be maintained for each employee.

b. Exhibit. A specimen form of Leave Record is shown as Exhibit 2 at the end of this Section.

c. Instructions for Maintenance of Leave Record. The columnar headings of the specimen form are self-explanatory. Leave earned and taken shall be recorded in hours or days, according to the leave policy of the Local Authority. Postings to the Leave Record shall be made at the end of each pay period.

SPECIMEN FORM OF EMPLOYEE TIME REPORT

ANY HOUSING AUTHORITY, ANYTOWN, ANystate
EMPLOYEE TIME REPORT

Employee: John Jones Title: Labourer From Oct 1, 1951 to Oct 15, 1951
 Employee Number: 6 Total Hours: 88 Rate Per Hour: \$1.00 Total \$88.00

Account Number	Name of Account	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total Hours	Total Amount
		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30			31
4350	Heating Labor	8			1				8				4				21	\$21.00
4496	Rm-R Labor		8	8	7	8				8	8	8	4			8	67	67.00
	Totals	8	8	8	8	8			8	8	8	8	8			8	88	\$88.00

Petty Cash Fund

1. General. The instructions for the use of the Petty Cash Fund and for the preparation of Petty Cash Vouchers are in Section 25-5-3 of the Small Low-Rent Programs Manual - Accounting. This Section contains the procedure for the reconciliation and reimbursement of the Petty Cash Fund.
2. Reconciliation of Petty Cash Fund. If the Petty Cash Fund is used for making change, a reconciliation shall be made daily at the time the collections for the day are reconciled with the amount of cash on hand. If the Petty Cash Fund is not used for making change, a reconciliation shall be made at least once each week.
3. Reimbursement of Petty Cash Fund. The Petty Cash Fund shall be reimbursed at the close of each quarter, and it may be reimbursed as frequently as required during the quarter. Reimbursement shall be made by Voucher Check for the total amount of Petty Cash Vouchers on hand. The Petty Cash Vouchers shall be attached to the Voucher Check Copy in numerical sequence, and the Voucher Check recorded in the Combined Cash Journal in the usual manner.

NOTE: This Section supersedes Section 9.12 dated 9-2-52. It has been completely rewritten.

SPECIMEN FORM OF PETTY CASH VOUCHER

P E T T Y C A S H V O U C H E R		
		Date _____ 19__ No. _____
Received _____		Dollars \$ _____
For _____		
ACCOUNT	AMOUNT	Rec'd. By _____ Paid By _____

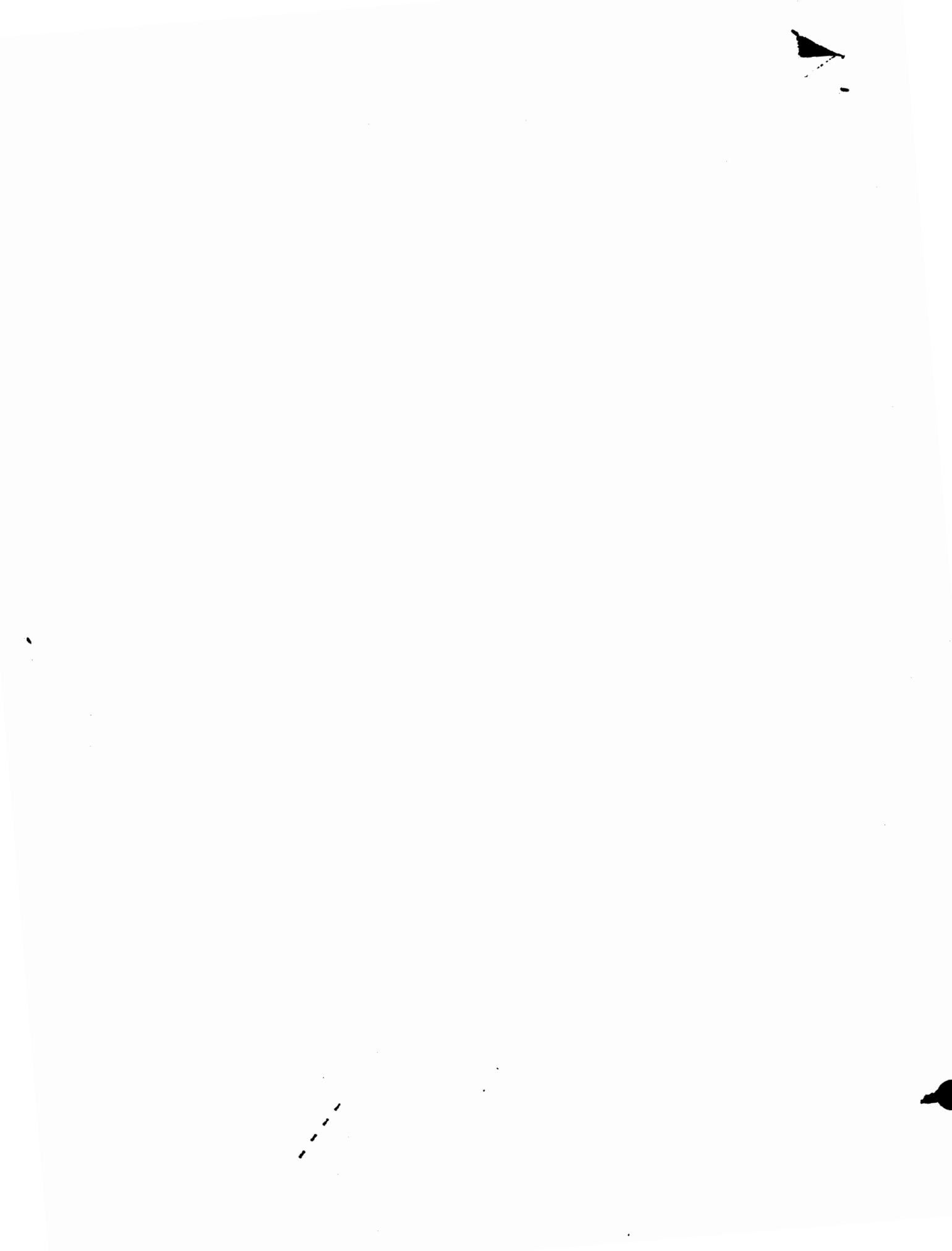
Cash Overages and Shortages

1. Cash Overages. If cash overage exists, and a recheck fails to establish accountability, such excess shall be recorded in the Combined Cash Journal as a debit to Account 1111, Cash - General Fund, and as a credit to Account 2119, Accounts Payable - Sundry.

2. Cash Shortages. The amount of any cash shortage shall be recorded in Accounts Receivable - Sundry (Account 1129) against the responsible employee. The Board of Commissioners shall consider the circumstances involved with respect to each recorded loss and determine whether the individual should be held accountable for the loss. If a shortage exists that appears to be the result of misappropriation or embezzlement, the bonding company shall be notified immediately.

Report on Tenants Accounts Receivable

At the end of each Fiscal Year, the Tenants Accounts Receivable shall be classified and a schedule of the accounts shall be submitted in an original and one copy to the PHA Field Office on Form PHA-2295, Schedule of Tenants Accounts Receivable (see Exhibit 1). This schedule should show the number of accounts having balances within the limits indicated and the aggregate balances in each group and should agree in total with the balance reflected in Column (23) of the Tenants Rental Register at the close of the Fiscal Year.



PUBLIC HOUSING ADMINISTRATION
HOUSING AND HOME FINANCE AGENCY

PHA-2295
September 1952

SCHEDULE OF TENANTS ACCOUNTS RECEIVABLE

Contract No. _____ (Name of Local Authority)
Project Nos. _____
No. of Dwelling Units _____ (Location)

Date as of which schedule is prepared _____, 195__

Account Balances	<u>No. of Accounts</u>	<u>Aggregate Amount</u>
Debit Balances:		\$
Up to \$25.00	-----	-----
\$25.01 to \$50.00	-----	-----
\$50.01 to \$100.00	-----	-----
\$100.01 to \$150.00	-----	-----
\$150.01 to \$200.00	-----	-----
Over \$200.00	-----	-----
Total	-----	-----
Former Tenants	-----	-----
Total Debit Balances	-----	-----
Tenants Credit Balances	-----	-----
Balance, Column (23), Tenants Rental Register, at end of quarter.		-----

Special Instructions for Programs for Which More Than One Set of Accounts Are Required

1. General

a. Where the Projects of the Local Authority are under two or more Contracts separate sets of accounts and separate bank accounts must be maintained for all the Projects under each such Contract.

b. Where an Annual Contributions Contract contains one or more Non-Permanently Financed Projects separate operating accounts must be maintained for each such Project but no separate bank account is required. For example, if under one Annual Contributions Contract there are two Permanently Financed Projects and two Non-Permanently Financed Projects one set of accounts will be maintained for the two Permanently Financed Projects and a separate set of accounts will be maintained for each of the two Non-Permanently Financed Projects, but only one bank account will be required for all four of the projects.

2. Instructions. The following additional instructions are necessary where more than one set of accounts are required:

<u>Section</u>	<u>Separation of Accounts Where There Are Two or More Contracts</u>	<u>Separation of Accounts Within a Contract Where There are Non-Permanently Financed Projects</u>
9.2, Cash Collections	Maintain complete separation for each contract	No separation required
9.3, Payment of Bills and Preparation of Voucher Checks	Maintain complete separation for each Contract. Example: Portion of Executive Director's salary chargeable to each Contract will be paid by separate check	No separate Voucher Check required but distribution of amount of voucher by project must be shown on carbon copy of Voucher Check
9.5, Maintenance of Tenants Rental Register	Maintain complete separation for each Contract	Maintain complete separation for each project

(Cont'd)

Section	Separation of Accounts Where There Are Two or More Contracts	Separation of Accounts Within a Contract Where There Are Non-Permanently Financed Projects
9.6, Maintenance of Tenants Security Deposit Record	Maintain complete separation for each Contract	No separation required
9.7, Refunds of Security Deposits and Unearned Rent	Maintain complete separation for each Contract	For security deposits no separation required For unearned rent maintain complete separation for each project
9.8, Maintenance of Combined Cash Journal	Maintain complete separation for each Contract	Only one cash journal required but breakdown of operating expense to be posted as indicated on Voucher Check Copy
9.10, Reconciliation of Bank Account(s)	Maintain complete separation for each Contract	No separation required
9.11, Time and Leave Records	Distribute time by Contract as well as by account	Distribute time by project as well as by account
	No separation of leave records required	No separation of leave records required
9.12, Use, Reconciliation, and Reimbursement of Petty Cash Fund	No separation required but petty cash payments shall be distributed by Contract	No separation required but petty cash payments shall be distributed by project
9.14, Report on Tenants Accounts Receivable	No separation required but may be separated if more convenient to Local Authority	No separation required but may be separated if more convenient to Local Authority

Use or Investment of Advance Amortization Funds

1. Purpose. This Section constitutes approval, pursuant to Sec. 417 of the Annual Contributions Contract, Sec. 7(E) of the Bond Resolution, and paragraph 5 of the Fiscal Agent Agreement of the use or investment of Advance Amortization Funds as hereinafter provided.

2. Use of Advance Amortization Funds. Advance Amortization Funds shall be applied promptly:
 - First. To the payment of Permanent Notes and of Temporary Notes issued in connection with Permanently Financed Projects;

 - Second. To the purchase of Bonds, at not more than their face value, issued in connection with Permanently Financed Projects; and

 - Third. With the prior approval of the PHA in specific cases, to the payment of Development Costs of Permanently Financed Projects in lieu of the issuance of Bonds or Notes for such purpose.

3. General Information About Purchase of Bonds
 - a. In order to obtain the highest yield the Bonds purchased shall be of the longest maturities which can be secured. The term "longest maturities" shall generally be construed as meaning the last ten maturities of a particular issue; but shall not be limited to these maturities if an advantageous purchase can be made of earlier maturities.

 - b. In order to utilize the Advance Amortization Fund to the fullest extent, the accrued interest on the Bonds purchased may be paid out of any funds of the Local Authority. For example, if the purchase price of the Bonds, exclusive of accrued interest, will absorb the balance in the Advance Amortization Fund, the accrued interest may be paid from the General Fund. The General Fund will be reimbursed on the next following Annual Contribution Date from Residual Receipts or the Accruing Annual Contribution, as the case may be, which on said Date would otherwise be available to pay the interest coupons which will have been canceled.

 - c. Local Authorities may consult the PHA, banks, or national municipal bond dealers as to the availability of Bonds for purchase. Communications to the PHA on this subject should be addressed to the Deputy Commissioner, PHA, Washington 25, D. C. If the available amount is sufficient to warrant such action the Local Authority or the Fiscal Agent may invite or advertise for tenders of Bonds for purchase.

(Cont'd)

NOTE: This Section supersedes Section 10.2 dated July 1958. Paragraphs 3c, 3d, and 5 have been revised and paragraph 3e has been added to clarify the instructions as to the information needed by the PHA with respect to Bonds purchased by the Local Authority.

d. The Bonds purchased shall not be reissued, but shall be promptly canceled and destroyed. Sec. 14(E) of the Bond Resolution requires the Fiscal Agent to furnish the PHA periodically a copy of the certificate of cremation of Bonds purchased or otherwise retired by the Local Authority.

e. Promptly upon the purchase of any outstanding Bonds the Local Authority shall furnish the Comptroller, PHA, Washington 25, D. C., the following information with respect to each issue of Bonds purchased:

- (1) Date of purchase.
- (2) Face amount of Bonds purchased with respect to each maturity date.
- (3) Purchase price of Bonds with respect to each maturity date.
- (4) Interest rate and amount of accrued interest paid.
- (5) Date to which interest was paid.
- (6) Cash accounts from which funds were used for the purchase of Bonds and the amount paid from each account.

4. Investment or Deposit of Advance Amortization Funds. If the purposes described in paragraph 2 above are not available for the use of Advance Amortization Funds such Funds may, at the direction of the Local Authority, be invested or deposited by the Fiscal Agent:

- a. Through the purchase of any of the securities described in paragraph 6 of Section 10.1; and
- b. If permitted by State Law, by deposit in time or savings deposits or accounts insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation to the amount of such insurance.

Securities purchased pursuant to paragraph 4a above and evidence of deposits pursuant to paragraph 4b above shall be held by the Fiscal Agent in safekeeping for account of the Advance Amortization Fund and interest or other increment accruing by reason of such purchases and deposit shall constitute a part of the Advance Amortization Fund.

5. Liquidation of Investments and Deposits

- a. Whenever, after the investment or deposit of the Funds as discussed in paragraph 4 above, any of the purposes discussed in paragraph 2 above become available for the use of the Funds the Local Authority shall promptly require the Fiscal Agent to liquidate (at not less than the

(Cont'd)

purchase price thereof) any securities and withdraw any deposits held for account of the Advance Amortization Fund and apply such Funds to any of the purposes, as described in paragraph 2 above, then available.

b. When Advance Amortization Fund investments are liquidated, the Local Authority shall furnish the Comptroller, PHA, Washington 25, D. C. with information as to the principal amount liquidated and the amount of interest received at time of liquidation.