



**FRANKLIN COUNTY REGIONAL HOUSING &
REDEVELOPMENT AUTHORITY**

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**ANNUAL REPORT
October 1, 2017 – September 30, 2018**

The Franklin County Regional Housing and Redevelopment Authority is a public body politic and corporate, created by the Massachusetts legislature in 1973 to serve the residents and communities of Franklin County. HRA has all of the powers and responsibilities of a local housing authority and a redevelopment authority in all 26 communities of Franklin County. Our services include housing education; development, ownership and management of affordable rental housing; administration of housing subsidies; programs for homeless families; homeownership and foreclosure prevention education and services; and Community Development Block Grant application and administration for Franklin County towns.

Housing Consumer Education Center

HRA is part of a statewide network of nine regional Housing Consumer Education Centers of the Regional Housing Network (RHN) that provide information, education, counseling, and referrals to individuals and families regardless of income with housing-related questions or problems. HCEC staff work closely with social and human services providers, schools and banks to coordinate assistance to individuals and families in need to provide information and referral on housing-related resources.

HCEC assisted a total of 1,534 clients in FY 2018. Clients by type included:

| | |
|-------------------------------------|------|
| Tenants | 51% |
| Other agencies and client advocates | 17% |
| Homeless households | 18% |
| Homebuyers | 8.7% |
| Homeowners | 4.1% |
| Landlords | 1.2% |

The Residential Assistance for Families in Transition (RAFT) Program provides homelessness prevention and re-housing assistance to families with very low incomes. Due to changes in the regulations, the RAFT program was able to expand services to households that met the expanded definition of family which consisted of elders and families that had custody of their children less than 50% of the time. HRA assisted 100 families and 30 under the expanded definition in FY2018. A total of approximately \$311,389.03 in RAFT funding was used to pay rent, utility and mortgage arrears, security deposits, assistance with rent, and transportation-related expenses. Average assistance per family was \$2,395.30.

RAFT funds were used as follows:

| | |
|-------------------------|-------|
| Rental arrears | 27% |
| First/last month's rent | 16.5% |
| Utilities | 8.6% |
| Security deposits | 11.2% |

Rental Assistance • Housing Development • Housing Management • Community Development
Municipal Assistance • Rehab Financing • Housing Counseling and Education • Public Infrastructure

Equal Housing Opportunity

| | |
|------------------------|-------|
| Mortgage arrears | 2.2% |
| Furniture | 6% |
| Miscellaneous | 15.4% |
| Monthly rental stipend | 13.1% |

HRA also manages the HomeBASE program for Franklin County, which helps families avoid homelessness and provides re-housing services for families in the state’s family shelter program. HomeBASE is available to families that are eligible for the state’s Emergency Assistance shelter program. HRA provides a year of housing stabilization services to these families. HRA served 41 families through the HomeBASE program in FY 18. The main goals of stabilization are:

- * Program and lease compliance
- * Progress toward financial responsibility
- * Job training & employment
- * Educational goals
- * Children’s well being

In addition, we connect families to as many local resources as they may need and works with helping the family to achieve the desired goals.

Housing Counseling is provided through the HCEC program as well. The Housing Counselor offered one-on-one counseling to a variety of clients, with a variety of situations such as budget counseling, loan refinance counseling, property tax issues, rehab loan referrals and plans for future housing needs.

A total of 46 received one-on-one counseling:

FTHB Online Education/in-person counseling

11 online classes (also received 1 on 1 counseling)

In-Person Counseling

| | |
|---------------------------------------|---|
| Pre-purchase/homebuyer: | 20 (includes the 11 who took the online course) |
| Mortgage delinquency/foreclosure: | 9 |
| Non-delinquency homeowner counseling: | 6 |
| Rental counseling: | 11 |

Here is an overview of workshops offered in FY18:

- * 4 First Time Homebuyer Workshops with 42 households attending
- * 4 Budgeting Workshops 24 attendees
- * 4 Housing Search Workshops with 42 attendees

- * 1 Landlord workshop with 14 attendees
- * 9 Online FTHB Education with in person counseling.

Total number of people/households attending in person workshops was 122 this does not include FTHB online course.

HCEC continues to offer foreclosure prevention services to Franklin County homeowners through a partnership with the Western Massachusetts Foreclosure Prevention Center run by WayFinders. These services are most successful when homeowners seek assistance as soon as they know they are having difficulty making mortgage payments. We were able to assist 6 families using RAFT funds to cure foreclosures.

Sources of funding for the Housing Consumer Education Center in FY 2018 included:

- * Massachusetts Department of Housing and Community Development
- * CHAPA/HUD
- * Division of Banks, through WayFinders

Property Management

In FY 2018, HRA managed 265 units of affordable rental housing, including:

- * 118 units of state-assisted public housing for elders and persons with disabilities located in the towns of Bernardston, Gill, Montague, Northfield, and Shelburne.
- * 27 units of state-assisted public housing for families located in the towns of Bernardston, Buckland, Charlemont, Northfield, and Orange.
- * 48 units at the Crocker and Cutlery Block buildings in Montague.
- * 26 single-room occupancy units for individuals in recovery from substance abuse at the Moltenbrey Building in Montague.
- * 18 units at the Ashfield House in Ashfield.
- * 8 double-occupancy units for men in recovery from substance abuse at the Orange Recovery House in Orange.
- * 6 units at Prospect and Grove Apartments in Orange.
- * 2 units for elders at the Smikes House in Whately.
- * 2 fully-accessible units for people with disabilities at the Wisdom Way Solar Village in Greenfield.
- * 10 studio units at Orange Teen House in Orange for at risk youths.

Sources of revenue for property management include rent, subsidies, and laundry income. Rent at public housing properties is set as a percentage of tenant income. At these properties, the state pays the difference between the resident rent portion and a maximum level of subsidy set by the Commonwealth each year.

HRA's 99 public housing units had a lease-up rate of 97 percent in FY 2018. Current tenant accounts receivable at the end of the year were less than three percent of FY 2018 total rent.

Work orders are the life blood of property management so the staff has paid close attention to communicating the need for precision in creating work orders. As a consequence of doing so, the amount of time it takes to create and perform the work delineated on work orders has decreased from an average of 66.5 days in FY 2017 to 1.47 days in FY 2018. This was accomplished by simply asking residents when a work order was generated, “Do we have permission to enter your unit to perform needed repairs if you are not home?” That simple question helped shave 50% of the time needed to close work orders from previous years. Furthermore our work product has expanded from 510 work orders generated in FY 2017 to 670 work orders generated in FY 2018. Emergency work orders were level in both years at 58. In FY 17 nine of those 58 emergency work orders were open longer than 24 hours. In FY 2018, all emergency work orders were completed within 24 hours.

HRA completed a number of capital projects in FY 2018 the most important of which was the purchase of and move to the new Central headquarters at 241 Millers Falls Road. In addition, the emergency exit ramp from the Winslow Wentworth Building was completed eliminating a situation where evacuation could have posed major problems for those residents needing the use of mobility devices such as wheel chairs.

FY 2018 has seen Property Management working with DHCD to identify and schedule capital projects totaling \$255,663.00. These projects include: paving at our Northfield Senior and Family Housing site(s), the removal and replacement of the entire interior drop ceiling in our Bernardston Family Housing, as well as scheduled repairs and upgrades to several of our Elderly Housing sites throughout Franklin County.

Leased Housing

In FY 2018, HRA assisted a total of 670 households with federal and state subsidies that allowed individuals and families with low incomes to rent privately-owned housing or purchase their own homes.

HRA served 39 families through the Massachusetts Rental Voucher Program (MRVP) in FY 2018. Seventeen of those vouchers were project-based, which means that they are connected to a particular property. These vouchers subsidize rent for clients of a program run by Franklin County DIAL/SELF, Inc., which assists young adults to become self-sufficient, and the Positive Parenting Program run by the United ARC, which helps stabilize at-risk families. HRA is currently administering 23 mobile state vouchers, which can be used in any property statewide that meets health and safety standards. Seven of these vouchers are currently located in Greenfield, two in Turners Falls, two in Florence, two in Sunderland, one in Erving, one in Orange, one in South Deerfield, one in Athol, one in Fall River, one in Hyde Park, one in Williamsburg, one in Millers Falls, one in Webster and one in Worcester. One family issued an MRVP through HRA has moved to another location in the Commonwealth, resulting in transfer of administration of these subsidies to other agencies.

HRA also administers 579 federal Section 8 Housing Choice Vouchers. This program served 628 families in 2018 which represents a turn-over of 63 households over the course of the year. Of these vouchers:

- * 406 were held by families where the head of household or the spouse is disabled
- * 138 were held by families with an elderly head of household
- * 157 were held by families with children.

Of the agency's 579 vouchers, 445 are mobile and 134 are project-based, which means that they are attached to specific buildings. Mobile vouchers may be used anywhere in the U.S.

The majority of HRA's Section 8 vouchers are used in Franklin County, as shown in the chart below:

| | |
|------------------|-------|
| Franklin County | 85.5% |
| Hampshire County | 7.7% |
| Hampden County | 2.8% |
| Worcester County | 2.6% |
| Berkshire County | 0.1% |
| Out of state | 0.9% |

During FY18 HRA pulled 146 applicants off the Section 8 waitlist to determine their eligibility for a Section 8 voucher. Of those 146 applicants, 73 responded to the request for paperwork and were eligible to receive a voucher. 26 of the 73 that received vouchers were local veterans. HUD regulations give priority for mobile vouchers to families who complete a year of successful tenancy in project-based units. HRA also gives priority for available Section 8 mobile vouchers to eligible veterans and to tenants in project-based MRVP apartments when landlords choose to opt out of the MRVP program.

In January 2018, HRA was notified that it received a score of 100 percent on the HUD Section 8 Management Assessment Program (SEMAP) for 2017. This is a remarkable accomplishment that entitles the agency to receive the highest level of administrative payments possible for the Section 8 program.

HRA collaborates with Greenfield Housing Authority with the Family Self-Sufficiency Program (FSS) for Section 8 voucher holders. Holders of Section 8 vouchers are required to pay 30 percent of their income in rent. In general, when income rises, program participants are required to pay more rent. The FSS program allows participants to save increased earnings to achieve specific goals, such as earning a higher education degree, starting a small business, or purchasing a home.

In FY 2018, 33 of HRA's Section 8 voucher holders were enrolled in the Family Self-Sufficiency (FSS) Program. Of the 33 voucher holders, HRA contributed to escrows for 19 on a monthly basis. This means that those 19 families increased their income from employment above their income when they joined the FSS Program. One participant graduated in FY 2018 due to goal completion, and became a college professor. There are currently 11 families participating in HRA's homeownership program, using their vouchers to assist with the mortgage payments.

There have been no significant policy changes in administration of the Section 8 program during the past fiscal year. Regulations are updated when they are received from HUD none of which have been significant enough to cause any hardship to HRA's voucher holders. HUD has temporarily reduced reporting requirements for participants for annual re-certifications, which also reduces the administrative burden on the agency.

Community Development

The HRA Community Development Department provides application preparation, program implementation, and administrative services to Franklin County towns in connection with Community Development Block Grants (CDBG). CDBG is a federal funding source designed to benefit people with low and moderate incomes, defined as less than 80% of Area Median Income (AMI). Cities and large municipalities receive CDBG funds on an entitlement basis directly from the U.S. Department of Housing and Urban Development. Smaller communities may submit competitive applications to the Commonwealth. Typically, HRA submits an application on behalf of a group of smaller communities in the County. In FY18, HRA submitted two applications for individual towns; Orange and Montague. Eligible activities for CDBG funds include public infrastructure improvements, housing rehabilitation, social services, architectural/engineering design, architectural barrier removal, and planning projects. In Orange, we were awarded our full request of \$800,000 to complete 15 units of housing rehabilitation. In Montague, we were awarded \$738,000 to complete Phase 1 of the Rutter's Park Public Recreation Facility expansion/improvements, support 4 social service agencies working with Low and Moderate Income (LMI) Clients, and 3 Units of Housing Rehabilitation

In FY 2018, HRA administered six Community Development Block Grants for sixteen Franklin County towns:

- * FY 2016 and FY 2017 grants to the Town of Montague
- * FY 2015 regional grant to the Town of Erving, including the towns of New Salem, Northfield, Wendell and Warwick
- * FY 2016 regional grant to the Town of Bernardston, including the towns of Gill and Rowe
- * FY 2016 regional grant to the Towns of Shelburne, including the towns of Buckland and Colrain
- * FY 2017 regional grant to the Town of Leverett, including the towns of Conway, Deerfield and Sunderland

All six grants included a major housing rehabilitation component, and in three towns, the grants also funded a Supplemental Fuel Assistance program. In Montague, CDBG funds were/will also (be) used for infrastructure improvements, planning projects, design projects, and five social service programs.

HRA administered the Housing Rehabilitation Loan Program for all six grants. Income-eligible participants may borrow up to \$40,000 at zero percent interest to make health and safety improvements to their homes, including but not limited to repair or replacement of septic systems, wells, heating systems, plumbing and roofing, and abatement of lead paint. In most communities, fifty percent of each loan is forgiven gradually over a 15-year period as long as the property owner owns the home. The remainder is due and payable upon sale or transfer of the property.^[1] All of the rehabilitation work is done by local, qualified contractors selected by the property owners.

On an ongoing basis, HRA administers a Housing Rehabilitation Revolving Loan Fund (HRRLF) for many communities in Franklin County. When loans from previous CDBG housing rehabilitation programs are repaid, the proceeds are deposited into the HRRLF and those funds are made available to income-eligible residents of the same town.

^[1] The Town of Colrain has opted to require full repayment of housing rehabilitation loans upon sale or transfer of the property.

In FY 2018, HRA-administered housing rehabilitation programs loaned approximately \$617,000 to help Franklin County households. The average project loan was \$26,826, an increase of ~\$4000 over our FY 17 average project loan size. In total, HRA completed twenty three projects in eleven Franklin County towns using CDBG-funded housing rehabilitation loan programs. There are a number of factors that have impacted this year over year decrease from 50 units completed in FY17 including: a lack of a Rehab Specialist since May and an increasing trend in our “Applications Initiated to Projects Completed” ratio which currently stands at 5 to 1. On a more positive note, home inspections, project scoping and contracts on 5 homes will be completed in the first few weeks of FY19. That, along with the start of our new Rehab Specialist on Oct 1, will have our annual average back up in the 40+ units completed for FY19.

| CDBG-funded Housing Rehabilitation Projects, HRA FY 2018 | | |
|---|-----------------------------------|---------------------------------|
| Town | # units committed in FY 18 | Funds committed in FY 18 |
| Bernardston | 5 | \$89,183.76 |
| Buckland | 1 | \$33,227.00 |
| Conway | 2 | \$60,780.58 |
| Deerfield | 4 | \$119,312.48 |
| Erving | 1 | \$20,705.00 |
| Gill | 1 | \$33,512.00 |
| Hawley | 1 | \$10,175.00 |
| Leverett | 2 | \$65,178.00 |
| Montague | 4 | \$122,575.00 |
| Shelburne | 1 | \$32,375.00 |
| Wendell | 1 | \$29,812.00 |
| Total | 23 | \$616,835.82 |

Along with administering the Housing Rehabilitation Loan programs, HRA oversees the administration of CDBG-funded public social service activities by area non-profits. In FY18, these programs included:

- * “Keeping Franklin County Warm” administered by Community Action
 - A fuel assistance program serving low and moderate households in Northfield, Erving, New Salem, Wendell and Warwick, Bernardston, Gill and Rowe. Over 300 households have been served during FY18 in this program.

- * “Early Literacy Education & Care” administered by Montague Catholic Social Ministries
 - The program provides low and moderate income Montague residents with limited English Proficiency an opportunity to attend classes for English and also provides childcare services while the parents are attending the classes.
 - The FY18 Program with MCSM, “Our Women’s Network of Western Mass, a new activity provided support for business development and trainings for women who face barriers to working in a normative workplace.

- * “Home Delivered Meals” administered by LifePath
 - Provides home-delivered meals to homebound, low income elders throughout Montague.

- * “Montague Youth Leadership Skills Program” administered by The Brick House
 - Serves at-risk low and moderate income Montague youth through two structured youth groups. This intent is to provide leadership skills, job readiness, mentoring, and healthy living.

- * “Western MA Recovery Learning Center”
 - The program established a new resource center to offer peer-to-peer support and at two groups for residents in recovery.

In the Town of Montague, HRA oversaw the design and planning for demolition work of unsafe structures within the Mill district.

Last year we discussed modifications at the state level that impacted our most recent Montague grant amount. The Commonwealth’s treatment of repayment of home rehabilitation loans changed dramatically and impacted our program income budget line items.

DevelopmentHRA’s non-profit affiliate, Rural Development, Inc. (RDI), develops new affordable housing and provides housing development consulting services. RDI has a July 1 to June 30th fiscal year, so as of July 1, 2018, it has been operating in FY 2019.

In FY 17, RDI was selected by the Town of Sunderland to develop 34 units of senior housing. In FY 18 RDI completed much in the way of predevelopment engineering, design, and preliminary financing plans. We submitted a Project Eligibility Application to DHCD, the first step in both local permitting and project financing via LIHTC. There have been some issues around wetlands that need to be resolved and yet, the ZBA Comprehensive Permit Process (Chapter 40B) began in late FY18 with ZBA hearings that have been favorable to the project to bring 33 units of affordable senior housing to Sunderland’s Downtown.

Administration and Finance

In FY 18 HRA sold 42 Canal Road, Turners Falls, the location of its administrative offices for almost 40 years and acquired 241 Millers Falls Road, Turners Falls as its new office location. This move was accomplished through a great deal of hard work and support from many areas: the Board of Commissioners, Mass. Department of Housing and Community Development, and the Franklin County legislative delegation. Special thanks needs to be given to State Representative Steve Kulik for his unwavering support for this move.

HRA commissions an independent annual audit. HRA’s audited financial statements include revenue and expenses that are passed through the agency to other parties, such as the revenue that the agency receives from the federal government for the Section 8 Housing Choice Voucher Program, which is paid to landlords on behalf of voucher holders. Capital assets and depreciation are also included in the audited statements. ***Because HRA has an October 1 fiscal year, the most recent audited financial statements are for the FY 17 fiscal year, which ended September 30, 2017, so the figures reported below are from the previous fiscal year.***

Financial Highlights:

The Authority's net position decreased by \$473,291 during 2017. The decrease reflects Results from Operations, which includes a decrease in the investment in Capital Assets of \$58,562, a decrease in unrestricted net position of \$407,462 and a decrease in restricted net position (Sec 8 HAP Funds) of \$7,267. Since the Authority engages only in business-type activities, the decreases are all in the category of business-type net position. Total net position was \$2,171,087 and \$1,697,796 for 2016 and 2017 respectively.

The Agency wrote down the value of 42 Canal Street office building in 2017, loss of \$74,852. The subsequent purchase of the 241 Millers Falls office building and renovation will be reflected in the 2018 & 19 financials. 24.2% is funded by DHCD and 28% is funded by RDI.

Total Revenues decreased by \$302,798 or 3.56% during 2017, and were \$8,502,320 and \$8,199,522 for 2016 and 2017 respectively.

Total expenses of all Authority programs decreased by \$381,772. Total expenses were \$9,054,585 and \$8,672,813 for 2016 and 2017 respectively.

The Finance Team has undergone full turnover in the past year, with the exception of 1 person who has been here for 2 years. While there has been and continues to be some learning curve with the new Team, we do have several improvements to report. The audit for 2017 was an unqualified opinion with only 1 finding relating to internal controls over financial reporting. The recommendations suggested by the audit firm were:

*Internal Controls- An internal control manual was collaboratively written and is being reviewed by the Board of Commissioners for Adoption.

*Chart of Accounts Revision- A new database on HAB has been established and the start date for transactions using a new chart of accounts was 10/1/18.

*Account Reconciliations-many have been completed, but will see some lag on accounts into 2019 FY.

In addition we were able to implement:

* Quarterly P&L Budget by business unit to Actuals reviewed with Board

* Monthly closings in a timely manner

* Review and clean-up of Checkwriters payroll vacation, sick and personal accruals as well as labor distribution and allocations. Confirmation that HRA Handbook and Attendance and Payroll practices are in sync.

* Documentation of Procedures for Finance tasks

In 2019 we will be attempting to focus on the following project/actions:

- * Complete Asset and Liability reconciliations-to include fixed asset listing.
- * Chart of Accounts-migrate private entities to same database as HRA using same chart of accounts, Close 2018 on old database and update beginning balances on new database.
- * Cash Management-research, implement procedures, and implement a cash management system that will give a daily picture of cash and project needs.
- * Continue to further detail finance procedures.

Many thanks are due to HRA's hard-working staff. The agency has approximately 30 full time equivalent employees, most of who live in Franklin County. Our employees are deeply dedicated to achieving the mission of the housing authority and do a great job of assisting clients with limited resources.

Board of Commissioners

HRA has an 11-member Board of Commissioners. All commissioners reside in Franklin County. Nine members are appointed by the Franklin Regional Council of Governments for five year terms; none of these appointees may be from the same community. Two commissioners are appointed by the Governor and serve until they are replaced. The Board of Commissioners meets once a month, generally on the first Monday of the month at 6:00 p.m. at the Franklin County Regional Housing and Redevelopment Authority Agency Classroom, Turners Falls, MA. All meetings are open to the public and are posted on HRA's website www.fcrhra.org.

HRA Board of Commissioners:

Sharon Cottrell, Montague (Chair)
Jessica Atwood, Greenfield (Vice-Chair, Governor's appointee)
Leslie Brown, Erving (Treasurer)
Sonya Hamdan, Shelburne
Bruce Parkin, Shutesbury
Deana Prest, Northfield
Jonathan Tuttle, Shutesbury (Governor's appointee)
Michael Slowinski, Colrain