

Exhibit 11-4

Tenant Participation Funds

AHFC receives federal for tenant participation activities that enhance the quality of life at its properties. This policy discusses allowable and ineligible uses of these funds.

1. Funding Sources

1.A Public Housing

HUD Regulation - 24 CFR 990.190(e)

Funding for resident participation activities. Each PHA's operating subsidy calculation shall include \$25 per occupied unit per year for resident participation activities, including, but not limited to, those described in 24 CFR part 964. For purposes of this section, a unit is eligible to receive resident participation funding if it is occupied by a public housing resident or it is occupied by a PHA employee, or a police officer or other security personnel who is not otherwise eligible for public housing. In any fiscal year, if appropriations are not sufficient to meet all funding requirements under this part, then the resident participation component of the formula will be adjusted accordingly.

1.A.1. Resident Councils

HUD Regulation - 24 CFR 964.150(a)

Funding duly elected resident councils and jurisdiction wide resident councils.

(1) The HA shall provide funds it receives for this purpose to the duly elected resident council at each development and/or those jurisdiction-wide councils eligible to receive the resident portion of the tenant services account to use for resident participation activities. This shall be an addition to the Performance Funding System (PFS), as provided by 24 CFR part 990, to permit HAs to fund \$25 per unit per year for units represented by duly elected resident councils for resident services, subject to the availability of appropriations. Of this amount, \$15 per unit per year would be provided to fund tenant participation activities under subpart B of this part for duly elected resident councils and/or jurisdiction-wide councils and \$10 per unit per year would be used by the HA to pay for costs incurred in carrying out tenant participation activities under subpart B of this part, including the expenses for conducting elections, recalls or arbitration required under §964.130 in subpart B. This will guarantee the resources necessary to create a bona fide partnership among the duly elected resident councils, the HA and HUD. Where both local and jurisdiction-wide

councils exist, the distribution will be agreed upon by the HA and the respective councils.

(2) If funds are available through appropriations, the HA must provide tenant services funding to the duly elected resident councils regardless of the HA's financial status. The resident council funds shall not be impacted or restricted by the HA financial status and all said funds must be used for the purpose set forth in subparts B and C of this part.

(3) The HA and the duly elected resident council at each development and/or those jurisdiction-wide councils shall collaborate on how the funds will be distributed for tenant participation activities. If disputes regarding funding decisions arise between the parties, the matter shall be referred to the Field Office for intervention. HUD Field Office shall require the parties to undertake further negotiations to resolve the dispute. If no resolution is achieved within 90 days from the date of the Field Office intervention, the Field Office shall refer the matter to HUD Headquarters for final resolution.

AHFC Policy

1. Resident councils shall determine how the funds are spent in support of council and resident participation activities in accordance with HUD guidelines.
2. AHFC shall provide guidance and training to implement and audit an approved budget process.
3. AHFC shall provide a listing of eligible activities to residents councils upon request (see below).
4. Resident councils may secure funding independent of AHFC.

1.A.2. Resident Council Stipends

HUD Regulation - 24 CFR 964.150(b)

(1) HUD encourages HAs to provide stipends to resident council officers who serve as volunteers in their public housing developments. The amount of the stipend, up to \$200 per month/per officer, shall be decided locally by the resident council and the HA. Subject to appropriations, the stipends will be funded from the resident council's portion of the operating subsidy funding for resident council expenses (\$15.00 per unit per year).

(2) Pursuant to §913.106, stipends are not to be construed as salaries and should not be included as income for calculation of rents, and are not subject to conflict of interest requirements.

(3) Funding provided by a HA to a duly elected resident council may be made only under a written agreement between the HA and a resident council, which includes a resident council budget and assurance that all resident council expenditures will not contravene provisions of law and will promote serviceability, efficiency, economy and stability in the operation of the local

development. The agreement must require the local resident council to account to the HA for the use of the funds and permit the HA to inspect and audit the resident council's financial records related to the agreement.

AHFC Policy

AHFC has elected to use appropriated funds for eligible activities where resident councils exist, exclusive of the stipend option. AHFC does pay a stipend to its Resident Advisory Board members from non-federal funds.

1.A.3. Properties Without a Resident Council

AHFC may use its discretion for distribution of tenant participation funds to properties without a duly recognized resident council. AHFC will use these funds in accordance with the guidelines under the Activities section below.

1.B Multifamily Housing

HUD does not allocate funding for tenant organizations or tenant participation activities. In order to provide opportunities for resident involvement in the management of its multifamily properties, AHFC allocates funding from the approved operating budget. AHFC directs usage of these funds in accordance with the guidelines under Section 3 Activities below.

2. Roles

Guidance under this section is provided in PIH Notice 2013-21 issued August 23, 2013.

2.A AHFC

1. Provide tenant participation funds to duly elected resident councils;
2. Collaborate with resident councils on how funds will be distributed;
3. Administer funds reasonably and efficiently, including establishing policies on how a resident council is to make a request for funds and ensuring that funds are being used responsibly;
4. Enter into a written agreement with a resident council on the use of funds;
5. Ensure the resident council's request activity is consistent with requirements;
6. Maintain accurate records of funds and expenditures and provide this information to resident councils; and
7. Advise resident councils on the supporting documentation that may be necessary to verify and audit expenses.

2.B Resident Council

1. Enter into a written agreement with AHFC in order to receive funds;
2. Submit a budget for the use of tenant participation funds;
3. Provide assurances that all resident council expenditures will not violate provisions of law and will promote serviceability, efficiency, economy, and stability in the operation of the local development; and
4. Account to AHFC for the use of the funds and permit AHFC to inspect and audit the resident council's financial records related to the agreement.

3. Activities

Guidance under this section is provided in PIH Notice 2013-21 issued August 23, 2013. Activities should:

1. Meet the intent of the PIH Notice and HUD regulations;
2. Comply with AHFC's procedures; and
3. Comply with the written agreement with AHFC.

3.A Written Agreement

AHFC will include the usage of tenant participation funds in its Memorandum of Understanding with the duly recognized resident council.

3.B Allowable Activities

Although this is not a comprehensive list, activities should fall within the broad scope of these types of activities.

3.B.1. Resident Training Opportunities

1. Community organization and leadership training;
2. Organizational development training for resident management corporations and duly elected resident councils;
3. Housing policies, programs, rights and responsibilities training; and
4. Business entrepreneurial training, planning and job skills.

3.B.2. Local Training Resources

HUD encourages the use of local training resources to ensure the ongoing accessibility and availability of persons to provide training and technical assistance. Possible training resources may include:

1. Resident organizations;
2. Housing authorities;
3. Local community colleges, vocational schools; and

4. HUD and other Federal agencies and other local public, private and nonprofit organizations.

3.B.3. Funding Resident Councils

Refer to 24 CFR 964.150 above.

3.B.4. PIH Notice 2013-21

- Consultation and outreach efforts that support active interaction between the PHA and residents
- Activities that inform residents on issues and/or operations that affect resident households and their living environment
- Resident surveys and other mechanisms to collect resident input
- Annual membership events or site-based community activities that enhance resident participation
- Resident commissioner training, resident council (RC) training, resident advisory board (RAB) training, leadership development, household training, orientation and training for new and existing residents on resident responsibilities
- Resident council elections and organizing
- Planning functions for matters such as the Public Housing Agency Plan (PHA Plan), revitalization, safety and security, property management and maintenance, and capital improvements
- Reasonable refreshment and light snack costs that are directly related to resident meetings for the activities discussed in this section
- Stipends to resident council officers who serve as volunteers in their housing developments
- Self-sufficiency and capacity building activities:
 - Social support needs (such as self-sufficiency and youth initiatives) including: coordination of support services; training of residents for programs such as child care, early childhood development, parent involvement, volunteer services, parenting skills, before and after school programs, and senior programs; training programs on health, nutrition and safety; child abuse and neglect prevention; tutorial services, including those in partnership with community-based organizations such as local Boys and Girls Clubs, YMCA/YWCA, Boy/Girl Scouts, Campfire and Big Brother/Big Sisters, etc.; youth education and sports programs; drug use and violence prevention programs; financial literacy and credit counseling
 - Resident management training for residents in skills directly related to the operation, management, maintenance, and financial systems of a project as potential employees of an existing or proposed resident management corporation (RMC), including training on nondiscrimination and equal opportunity requirements
 - Training related to the development of resident-owned businesses and technical assistance for job training and placement in RMC developments

3.B.5. Activities in 24 CFR 964.205

HUD Regulation – 24 CFR 964.205(b)

Activities to be funded and carried out by an eligible resident council or resident management corporation, as defined in subpart B of this part, must improve the living conditions and public housing operations and may include any combination of, but are not limited to, the following:

(1) Resident capacity building.

(i) Training Board members in community organizing, Board development, and leadership training;

(ii) Determining the feasibility of resident management enablement for a specific project or projects; and

(iii) Assisting in the actual creation of an RMC, such as consulting and legal assistance to incorporate, preparing by-laws and drafting a corporate charter.

(2) Resident management.

(i) Training residents, as potential employees of an RMC, in skills directly related to the operation, management, maintenance and financial systems of a project;

(ii) Training of residents with respect to fair housing requirements; and

(iii) Gaining assistance in negotiating management contracts, and designing a long-range planning system.

(3) Resident management business development.

(i) Training related to resident- owned business development and technical assistance for job training and placement in RMC developments;

(ii) Technical assistance and training in resident managed business development through:

(A) Feasibility and market studies;

(B) Development of business plans;

(C) Outreach activities; and

(D) Innovative financing methods including revolving loan funds; and

(iii) Legal advice in establishing a resident managed business entity.

(4) Social support needs (such as self-sufficiency and youth initiatives).

(i) Feasibility studies to determine training and social services needs;

(ii) Training in management-related trade skills, computer skills, etc.;

(iii) Management-related employment training and counseling;

(iv) Coordination of support services;

(v) Training for programs such as child care, early childhood development, parent involvement, volunteer services, parenting skills, before and after school programs;

(vi) Training programs on health, nutrition and safety;
(vii) Workshops for youth services, child abuse and neglect prevention, tutorial services, in partnership with community-based organizations such as local Boys and Girls Clubs, YMCA/ YWCA, Boy/Girl Scouts, Campfire and Big Brother/Big Sisters, etc. Other HUD programs such as the Youth Sports Program and the Public Housing Drug Elimination Programs also provide funding in these areas;

(viii) Training in the development of strategies to successfully implement a youth program. For example, assessing the needs and problems of the youth, improving youth initiatives that are currently active, and training youth, housing authority staff, resident management corporations and resident councils on youth initiatives and program activities; and

(5) Homeownership Opportunity. Determining feasibility for homeownership by residents, including assessing the feasibility of other housing (including HUD owned or held single or multifamily) affordable for purchase by residents.

(6) General.

(i) Required training on HUD regulations and policies governing the operation of low-income public housing including contracting/ procurement regulations, financial management, capacity building to develop the necessary skills to assume management responsibilities at the project and property management;

(ii) Purchasing hardware, i.e., computers and software, office furnishings and supplies, in connection with business development. Every effort must be made to acquire donated or discounted hardware;

(iii) Training in accessing other funding sources; and

(iv) Hiring trainers or other experts (RCs/RMCs must ensure that this training is provided by a qualified housing management specialist, a community organizer, the HA, or other sources knowledgeable about the program).

3.C Ineligible Activities¹

Any activity outside the scope of the PHA policy and HUD regulatory requirements behind tenant participation funds and activities are ineligible. Unallowable expenses also include any activities prohibited by laws related to fair housing and non-discrimination. In addition, the Office of Management and Budget's (OMB) Circular A-87 prohibits the use of federal funds, including tenant participation funds, for the following:

- Purchase of alcoholic beverages

¹ Includes guidelines provided in PIH Notice 2013-21 Guidance on the Use of Tenant Participation Funds issued August 23, 2013. Effective until amended, superseded, or rescinded.

- Entertainment, where the dedicated purpose of the event falls under the following categories:
 - Amusement (trips to theme parks, county fairs, etc.)
 - Diversions (theatre, movies, sports events, etc.)
 - Social activities (parties, bowling nights, etc.)
 - Any directly associated costs for the events in the categories above (tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities)
- Organized fund-raising costs, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions, regardless of the purpose for which the funds will be used

4. Expenditure Requirements

The budget for tenant participation funds is monitored at the Central Office. The final determination of whether an expenditure is appropriate is made there.

4.A AHFC

Use of resident participation funds at developments without a resident council are coordinated between the asset supervisor and the Resident Services Program Administrator.

4.B Resident Council

All expenditures must be authorized by the appropriate resident council before a purchase is made. Expenditures must be submitted to the Resident Services Program Administrator for reimbursement within ten (10) business days of the expense.

Numbered Memo

Memo 18-22 Chapter 11 and Exhibits 11-1 and 11-4 Tenant Participation