



Guide 9: Tenant Participation Funds



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This document is part of the **Public Housing Resident Organizing and Participation Toolkit**. The full toolkit includes topical guides, customizable resident council documents and forms, tools related to tenant participation funds, and case studies of resident organizations around the country. To see the full toolkit go to: <https://www.hudexchange.info/programs/public-housing/resident-toolkit/>

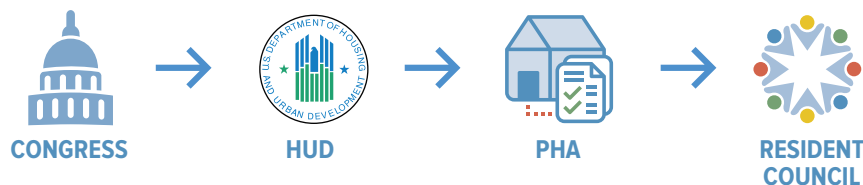
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OVERVIEW

HUD encourages public housing residents to be actively involved in their communities particularly through duly-elected resident councils. Resident councils work to improve residents' quality of life and support residents in creating a positive living environment in their community. To support resident participation, HUD provides funding to public housing authorities (PHAs) for resident participation activities. Part of this funding is reserved for resident councils. This transfer of funds from the housing authority to the resident council and the related agreements, creates a partnership between the housing authority, resident council, and HUD.

THE FUNDING PROCESS



In years when Congress provides sufficient funding, HUD provides \$25 for every occupied, public housing unit. The housing authority receives this money for tenant participation activities. Of this amount, \$15 for each unit annually goes to the resident council and the other \$10 can be used by the PHA to pay for costs related to tenant participation. The PHA may choose to fund resident councils above \$15 per unit each year. No matter the amount, the housing authority always remains responsible for supporting tenant participation activities as well. Funds for the resident council may go to the duly elected resident council, or a jurisdiction-wide council, or be shared between the two groups. Funding can only be provided to a resident council through a written agreement between the housing authority and resident council.

Resident councils may have funding from other sources besides tenant participation funds. This guide is specifically about the tenant participation funds provided by Congress through HUD to the housing authority and then to resident councils.

Written Agreement

A written agreement (sometimes called the TPF agreement) between the housing authority and the resident council is always required. HUD encourages housing authorities and resident councils to develop agreements that establish a collaborative, flexible partnership. The



Federal rules for public housing:

You can find public housing regulations in the Code of Federal Regulations (CFR).

Most rules related to tenant participation are in Title 24, Housing and Urban Development, Part 964, Tenant Participation and Tenant Opportunities in Public Housing.

24 CFR 964.100

links to the Role of the Resident Council subsection. Click the link to read the regulations in detail.



This toolkit includes a sample, customizable, agreement for the use of funds, a sample budget and workplan, and a decision-making tool for the use of the funds.

agreement should balance the independence and leadership of the resident council, with the need for a working partnership and appropriate oversight by the housing authority.

This agreement:

- Establishes each party's role related to tenant participation funds
- Governs decisions on how tenant participation funds are spent
- Spells out how these funds are disbursed and audited
- Includes a budget
- Assures that all expenses will be made following the law
- Assures that all expenses will promote "serviceability, efficiency, economy and stability"
- Requires the resident council to account to the PHA for the use of the funds
- Permits the PHA to audit the resident council's financial records related to the agreement.

It is also a best practice to include remedies (such as stricter future oversight or repayment agreements) if funds are misspent.



[See the *Sample Resident Council and PHA Tenant Participation Funds Agreement* in this toolkit.](#)

Resolution of Disputes

Residents and the housing authority are encouraged to work to resolve any disputes concerning the use of tenant participation funds, how funds may be divided with a jurisdiction-wide council, or any other proposals related to use of the funds. If the parties are at an impasse, the issue should be referred to a conflict resolution mediator. Tenant participation funds may be used to pay for this assistance.

As a final step, the issues may be referred in writing with any supporting documentation to the HUD Field Office. The Field Office will have the groups further negotiate, which could include the assistance of a neutral party or the Field Office. If a resolution cannot be reached within 90 days from the date the Field Office becomes involved, the issue will be referred to HUD Headquarters (HQ) by way of a formal memo for final resolution. HUD HQ will look at the underlying policies and cannot overturn actions that are in line with regulations. If any corrective actions are prescribed by Headquarters, the Field Office will monitor that these actions are taken correctly.

Activities



Resident Council Allowable Activities

Tenant participation funds must be used to fulfill the mission of resident councils. Therefore, the funds can be used to support resident council operations and activities that will improve residents' quality of life, satisfaction, and a positive living environment.

Resident councils and housing authorities should work together to define activities that will fulfill these goals. The activities, or categories of activities, should then be included in the agreement. HUD encourages both resident councils and housing authorities to partner with local organizations to carry out activities. HUD

also encourages creativity—while there are restrictions on the costs being “reasonable and necessary,” a broad range of expenses may qualify.



Some examples of expenses that support the operation of the resident council include:

- **An enclosed bulletin board** to post resident council notices
- **Stipends** to residents who carry out resident council work, including resident council officers
- **Reimbursing for transportation to meetings** (for example, to a jurisdiction-wide resident council meeting)
- **Training of resident leaders**, including training with local and national organizations
- **Conflict resolution training or mediation support**



Some examples of activities that support resident quality of life, satisfaction, and self-help initiatives include:

- **Coordination of support services**
- **Youth activities** such as afterschool care or homework help
- **Training for residents** related to child care, early childhood development, and parent involvement
- **Holding a back-to-school event for kids** at the property where backpacks and school supplies are provided
- **Planting and maintaining a community garden** or beautifying the property
- **Healthy living classes** such as exercise or smoking cessation classes, or having a chef train residents on healthy cooking
- **Senior programs** such as health, wellness, staying active
- **Financial management or literacy classes** and support
- **Mental health and wellness classes** such as meditation and yoga
- **Childcare** for any eligible event
- **Youth sports programs**—such as basketball tournaments or bike riding classes
- **Violence prevention programs**
- **Computer lab and/ or computer classes**

Stipends

HUD encourages stipends to support residents in volunteering as resident council officers. The amount of the stipend can be decided by the resident council and housing authority. A stipend cannot be more than \$200 per month for each officer. These stipends come from the resident council portion of the funds. Stipends are not considered salaries and should not be included as income for rent calculations. Stipends should be paid after the work has been done (for example, after the officer has attended the monthly meetings).

Examples of Stipends



St Paul, MN

In St Paul, where there are property-based and jurisdiction-wide resident councils, officers for the property-based resident councils receive stipends ranging from \$10 to \$25 per month for officers. Residents also volunteer as “peers” in more technical roles such as QuickBooks Peers who are trained in QuickBooks and support other resident councils with financial management. The Peers are paid up to \$50 per month.



Baltimore, MD

In Baltimore, officers for the property-based resident councils, called tenant councils, do not receive stipends. Stipends are provided for members of the jurisdiction-wide resident council, the Resident Advisory Board (RAB), to cover residents’ transportation costs and help to ensure strong participation. RAB delegates receive \$15 for participation in a 2 hour meeting. RAB members can also receive a \$25 stipend for at least 4 hours of secretarial work.



Chicago, IL

Stipends are currently provided only to members of the jurisdiction-wide resident council, the Central Advisory Council. These leaders are Presidents of their Local Advisory Council which may represent a number of property-based resident councils. There are 15 CAC members and they are required to volunteer for at least 20 hours a month to receive the stipend but generally work many more hours. The stipends range up to \$200 per month for the CAC President.

Some resident councils choose not to provide any stipends. These groups will often reimburse residents (usually Board members) for direct expenses related to participation. For example, they may reimburse for bus or taxi fare to a jurisdiction-wide meeting.



Housing Authority Specific Activities

The housing authority may use their portion to support the operation and work of the resident councils, including helping tenants form a resident council (for example, hiring a facilitator or trainer, paying for a portion of staff time for outreach or capacity building). Typically, the housing authority’s main tenant participation costs are related to providing an office for the resident council, conducting elections and recalls, or arbitration to resolve disputes. If requested, the housing authority should provide a duly recognized resident council with office space and meeting facilities, free of charge. As possible, these should be within the development the resident council represents.

Housing authorities may need to use staff time to carry-out these activities or may have staff that support and liaise with the resident councils. In these cases, tenant participation funding can only be used for the staff time directly related to the tenant participation activities.



Reasonable Expenses

Expenses must be considered “reasonable” and clearly necessary for the group to meet its goals and carry out the activities included in the agreement. A cost is generally considered reasonable if it does not exceed what a reasonable person would pay under the same circumstances.

HUD guidelines for determining if a cost is reasonable, suggest that you consider:

- Is the cost ordinary and necessary in order to operate?
 - » For an activity to train residents, an ordinary and necessary expense would be printing signs to guide participants to the correct room. Valet parking for attendees would not be ordinary or necessary.
- Were sound business practices used including arms-length bargaining, laws, and regulations followed?
 - » Groups negotiating an expense are independent (no conflict of interest) and on equal footing.
 - » A Board member's private company may have a conflict of interest.
- Is the cost the same or less than the market price in that geographic area?
 - » Do an internet search to determine fair prices. If it's a large purchase save the proof showing that the cost you paid was reasonable.
- Did the people involved act cautiously and consider their responsibilities?
 - » Ensure that there is not a conflict of interest and get multiple prices or bids.
- Did the group follow its own practices and policies?
 - » Did the Board approve the expense?



Unallowable Expenses

Tenant participation funds may not be used for activities that are not within the scope of the agreement between the resident council and the housing authority or are not in line with HUD requirements in the regulations.

Expenses are not allowed for:

- Any activities prohibited by fair housing, non-discrimination laws.
- Purchase of alcoholic beverages
- Entertainment (tickets, meals, lodging, rentals, transportation, tips), if the purpose of the event is:
 - » Amusement (examples: trips to theme parks, county fairs)
 - » Diversions (examples: theatre, movies, sports events)
 - » Social activities (examples: parties, bowling nights)
- Organized fundraising (including financial or political campaigns, requesting gifts, expenses to raise capital)
- Gambling events

This is not a complete list. When questions arise, PHAs and resident councils should consult **2 CFR 200 Subpart E** related to permissible use of federal funds.



Resident councils are encouraged to use the [Tenant Participation Funds Decision Support Tool](#) included in this toolkit to decide how to use tenant participation funds.

Best Use of Funds

Along with determining if activities are allowable, resident councils should evaluate whether a proposed use is good use of limited tenant participation funds. Most organizations use their previous year's budget when creating a new budget. This allows them to see how many they really spent. In addition to looking at the amount of the expense the resident council should take this time to determine if the activity or expense was a good use of funds. The resident council can ask:

- What was the impact of expense or activity? It's best to decide how you will measure impact before starting the activity.
 - » How many residents benefitted?
 - » Did it benefit a diverse group of residents or just one community?
 - » What did residents learn or gain from an activity?
- Is there a way to obtain the same result without spending funds, or by spending less?
 - » Can the resident council obtain a donation?
 - » Is there a resident who can provide the service?
- Is there another activity or expense that would benefit residents more?

Take time during a resident council meeting to brainstorm new activities. Use a survey such as the one in **Guide 2: Engaging Residents and Representing Resident Interests** in this toolkit to understand residents' needs and interests. Talk to other resident councils and see what they are doing. You can also ask the housing authority for ideas.

Jurisdiction-wide Resident Council

When both property-based resident council(s) and a jurisdiction-wide council exist, the housing authority and the councils must agree on how to divide the tenant participation funds. A resident council may also transfer their funds to another eligible resident council or a jurisdiction-wide council as long as this is allowed under the agreement with the housing authority.

Examples of Funding Agreements



In Cincinnati, OH, the housing authority does not retain any of the tenant participation funds so that it provides \$10 per unit to the jurisdiction-wide resident council and \$15 per unit to building resident councils.



In Chicago, The Central Advisory Council, the jurisdiction-wide resident council, administers the tenant participation funds and passes on \$3 per month per unit to the Local Advisory Councils, which represent the family properties and groups of senior properties, for resident activities.

Mixed Income Communities

Public housing residents in mixed-income communities are eligible to use tenant participation funds.

HUD recommends that the amount of tenant participation funds that are used for an eligible activity be proportional to the amount of public housing residents. For example, if half of the residents in a building are public housing residents, then tenant participation funds could pay for half of the expense for an activity.

Absence of a Resident Council

If there is no duly elected resident council, the housing authority should let residents know about the availability of tenant participation funds. The housing authority should also use its portion of the funds, up to \$10 per unit annually, for tenant participation activities. This includes training and supporting residents to establish and run a resident council.

If a duly elected resident council is formed, the housing authority must provide it with a minimum of \$15 per unit per year for resident activities.

If residents are interested, a housing authority may engage a jurisdiction-wide council or another local council to carry out activities at a development without a resident council. Tenant participation funds for that property may be used. If a resident council is formed during the year, then the housing authority must provide the council with the remaining funds.



In St Paul, MN, experienced resident leaders can apply for a position as a Peer Advisors. Peers Advisors receive a stipend to provide support resident councils that are forming at another property or to assist new resident council board members.

At the end of the funding year, if a duly elected resident council has not been formed and the tenant participation funds have not been used, the housing authority may use the remaining funds for any eligible operating fund expense.

TENANT PARTICIPATION FUNDS ROLES/RESPONSIBILITIES



Housing Authority

- ✓ Collaborate with resident council on written agreement
- ✓ Provide tenant participation funds in a timely manner
- ✓ Ensure resident council's requested expenses are allowed
- ✓ Ensure council's requested expenses incorporate appropriate financial controls
- ✓ Advise resident council on supporting documentation needed
- ✓ Maintain accurate records of tenant participation funds
- ✓ Inspect and audit resident council's financial records



Resident Council

- ✓ Determine how tenant participation funds will be used to improve quality of life for its residents
- ✓ Ensure that expenses are in line with written agreement with PHA
- ✓ Ensure that expenses comply with HUD requirements for use of tenant participation funds



Residents

- ✓ Ask questions to understand where the money goes
- ✓ Hold the Board accountable by reviewing records and reports
- ✓ Insist that funds cannot be spent without a budget approved by the resident council
- ✓ Elect treasurers who have the required skills for the job
- ✓ Contact the housing authority if they suspect something is not appropriate.

Roles

The housing authority's role is to:

- Collaborate with the resident council on a written agreement that details how funds will be distributed and used;
- Provide tenant participations funds in a timely manner and following the agreement;
- Ensure the resident council's requested expenses are allowed under HUD guidelines and the written agreement;
- Ensure the council's requested expenses incorporate appropriate financial controls, including any applicable requirements to seek bids or insurance;
- Advise the resident council on the supporting documentation needed to verify and audit expenses;
- Maintain accurate records of tenant participation funds and expenditures and provide this information to resident councils; and
- Inspect and audit the resident council's financial records.

The resident council's role is to:

- Determine how tenant participation funds will be used to improve the quality of life for its residents;
- Ensure that expenses are in line with the written agreement with the PHA; and
- Ensure that expenses comply with the HUD requirements for use of tenant participation funds.

All residents should:

- Ask questions to understand where the money goes;
- Hold the Board accountable by reviewing records and reports;

- Insist that funds cannot be spent without a budget approved by the resident council;
- Elect treasurers who have the required skills for the job; and
- Contact the housing authority if they suspect something is not appropriate.

Financial Management

Accounting

The housing authority may use its portion of tenant participation funds to provide, or pay for, technical assistance and training in financial management.

The best accounting system is the one that works for your organization to keep track of all income, expenses, accounts, and related documentation. Try to keep the system as simple as possible to ensure that it will be used and that as many people as possible can understand it.

The organization may use a financial record book, Excel document, Google Sheets spreadsheet, or, if training is available, paid programs like QuickBooks to track the finances. Any system that you use should allow you to:

- Input when funds are available (in the case of reimbursements) or received
- Input expenses
- Compare the budget to the actual funds received and spent
- Keep a running list of the amount of funds in any accounts
- Track documentation related to income and expenses
- Track tenant participation funds specifically, if the resident council has other funding



Best practices in accounting:

- Use paper checks in order. Write the purpose in the memo area. If a check needs to be voided for some reason, save the voided check and make a note.
- Maintain controls of plastic cards. Some housing authorities issue debit or credit cards to resident councils. Anyone holding the card should understand its proper uses, and statements should be checked to make sure charges are approved.
- The treasurer should create a monthly financial report. This report should include a reconciled bank statement, account balance, and total of funds available.
- Make the current financial record book available for resident review by appointment.
- After 6 months, compare the budget and actuals and plan for the rest of the year.
- Use “cash” basis accounting: record income when it’s received and expenses when the bill is paid (not when the work is done or the bill is received).
- Obtain three competitive quotes or bids when purchasing equipment (such as a tablet or computer) or any purchase over \$300. Choose the lowest price, assuming quality is about equal. Quotes should be saved for the audit.

Distribution

The resident council agreement with the housing authority will determine how and when payments are made to, or on behalf of, the resident council. How these disbursements are made vary greatly among housing authorities and often depend on the capacity of the resident councils. HUD encourages that payments be made on a regular schedule, two or four times a year. This helps the resident council plan for and use the funds.

Depending on the capacity and size of the housing authority and the resident council(s), there are many options for distributing tenant participation funds to resident councils. Some resident councils are large, and have multiple funding sources. They may be able to fully take on the accounting required to track tenant participation funds, have their own bank account, and may be able to receive only one or two large distributions for the entire year.

However, if the resident council is smaller, or has less capacity to manage funding, it may be appropriate for the housing authority to maintain more control. Some housing authorities have the capacity to issue debit cards, which allow them to closely track spending. Some resident councils do not make any purchases themselves, but instead authorize the housing authority to make purchases on their behalf.



In Charleston-Kanawha, WV, the housing authority either provides money for specific expenses or makes the purchase directly for the resident council based on an annual budget. This lowers the accounting burden on the residents and avoids audit-related issues.



In St Paul, MN, the hi-rise senior buildings receive direct deposits from the housing authority and use a bill pay program or checks for some stipends. The resident councils may apply for debit cards that are linked to their bank accounts. At the family sites, property managers keep the cards. A resident council officer can sign out the card for 24 hours, use it to make a purchase, get a receipt, and sign the card back in. The 16 councils get about \$2,000 per year in two distributions. The first comes at the start of their fiscal year in September. Assuming the council has properly tracked all of their expenses, they receive the remainder halfway through the fiscal year.

Internal Controls

In addition to strong financial management and following the agreement with the PHA, the following policies are recommended:

- Ensure (and document) that all expenses are authorized by the resident council (or the Board, if the Board is authorized to make certain expenditures). The Treasurer should retain resident council minutes, especially if they reflect any changes to the budget.
- The Treasurer should create a monthly report which includes all account balances, income received, and expenses paid out since the last report. This report should be provided to the resident council membership at meetings.
- Treasurer books and all related information should remain in the resident council office under lock and all electronic records should be securely protected. Passwords should be shared like physical keys—only with those who need them, usually select Board members.

- Checks must have two signatures (usually the Treasurer and one other officer) and a description in the memo line.
- Officers beyond the Treasurer, particularly the President, should review the records.
- Mistakes should be corrected as swiftly as possible. For example, if a Board member accidentally takes money or a checkbook home, return it to the office immediately. Document the incident. If you need outside help, consult the housing authority or an independent accounting expert.

Misappropriation of Funds

If funds are misspent in any way, a remedy should be negotiated between the resident council and the PHA. The negotiation process and possible remedies should be included in the written agreement between the housing authority and resident council. As possible, both the resident council and the PHA should have the support of a lawyer to negotiate an agreement. Possible remedies include:

- The PHA may withhold funds if it finds that money it previously distributed was spent in a way that violated the agreement.
- The Resident Council may be responsible for returning any funds that were spent in a way that was not consistent with the agreement.

Tracking and Documentation

It is critical to clearly document that the resident council approved expenses and where all money comes from and goes. This information will be checked during an audit. In order to show that the budget or specific expenses were approved by the resident council, you will need to record:

- Meeting minutes, including the proposal and vote for budget approval, budget changes, or expense approval (Treasurer should keep a copy of the minutes)

For any income that is received, you should record:

- The source (where it came from), like: tenant participation funds from the housing authority, vending machine revenue, cash from a fundraiser
- The date the funds were received
- The date the funds were deposited
- A copy of the bank deposit receipt
- The specific purpose of the funds (any restrictions related to the funds).
For example, "\$200 from the housing authority for spring beautification."

For any expenses, you should record:

- When the expense was approved
- The date the payment or purchase was made
- What the expense is, including any details that show why it was necessary
- Invoices
- Receipt or signature if the funds were paid to an individual

- Bids received or market analysis showing the expense was reasonable (as appropriate)
- Insurance for events

HUD recommends that the resident council use a form for disbursements (payments) to record all of this information. See the [**Budget and Workplan Template for Tenant Participation Funds**](#).

Funds remaining at the end of year

HUD encourages housing authorities to distribute the entire \$15 per unit to resident councils by the end of the year. HUD also encourages resident councils to fully spend their tenant participation funds by the end of the year.

At the end of the year, any tenant participation funds in the resident council's accounts may remain for future allowable expenses. The funds are considered to have been spent by the housing authority. However, the housing authority may retain any undisbursed tenant participation funding in the housing authority's possession. Put another way, if the \$15 per unit has not been paid out by the housing authority because the resident council did not have allowable expenses for all of the funds, the housing authority does not have to pay the resident council the balance.

These restrictions do not apply to funding from other sources, which usually can carry over from year-to-year (unless there are other restrictions, like from a grant). Because of this, it may be a good idea for the resident council to reallocate certain eligible expenses toward tenant participation funds at the end of the year in order to fully use all of their tenant participation funds each year.

Auditing

The housing authority is permitted to inspect and audit the resident council's financial records related to the agreement. The audit will look at three main areas

- **Financial statements and documents.** For example:
 - » Do bank statements match the resident council's logs?
 - » If cash was used for purchases, are there receipts and was the change deposited?
- **Internal controls**
 - » Do policies exist, and were they followed?
 - » For example, did two officers sign every check?
- **Compliance with federal laws and the agreement.**
 - » Were expenses necessary for meeting the resident council's mission?
 - » Were three bids obtained for high cost purchases?

Items that must be provided for an audit include:

- Checkbook or other register (book or print out) of account balances
- Approved budget and approved budget revisions

- Disbursement (expense) records including when and where it was approved
- Deposit records for all income
- Receipt (or signature if no receipt is available)
- Bank statements
- Meeting minutes
- Cash records with documentation (if there is a cash account)



Resources

United States Code of Federal Regulations, Part 964, Section 964.150—Funding tenant participation.
The HUD regulations related to tenant participation funds: <https://www.govinfo.gov/app/details/CFR-2016-title24-vol4/CFR-2016-title24-vol4-sec964-150>

United States Code of Federal Regulations, Part 2, Section 200, Subpart E—Cost Principles
Regulations about accounting for federal funding, including for tenant participation funds: <https://www.govinfo.gov/content/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-part200-subpartE.pdf>

TPA Planning Ideas for Community Health. New York City Housing Authority.
<https://www1.nyc.gov/assets/nycha/downloads/pdf/TPA-PLANNING-IDEAS-Health-FINAL-Aug.pdf>

US Department of Housing and Urban Development. (2021) Notice PIH 2021-16 (HA) - : Guidance on the use of Tenant Participation Funds. <https://www.hud.gov/sites/dfiles/PIH/documents/PIH2021-16.pdf>