Massachusetts State-Aided Public Housing Preservation and Modernization Program Guidelines

Department of Housing and Community Development
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Section 1 – Executive Summary

These guidelines contain the information necessary for local housing authorities (LHAs) to access and use state-aided public housing capital funds through DHCD's new Formula Funding (FF) Program. Under FF, capital funds authorized periodically by the Massachusetts Legislature will be issued to all LHAs using a needs based formula based on DHCD's Capital Planning System (CPS.)

To access FF, LHAs must submit for DHCD approval a five (5) year Capital Improvement Plan (CIP) that describes their capital investment program to preserve and modernize their state-aided public housing units. After the first CIP is approved, each LHA must submit an updated CIP together with its annual operating budget submission. This approach will permit LHAs to document how they are taking a coordinated approach to deploying capital, operating and maintenance resources to manage their entire state-aided public housing portfolio.

This is a fundamental change in the way capital funds are distributed: from a DHCD-selected, project-based award system to an LHA-driven, equitably-distributed, transparent and predictable system. It relies on LHAs' local expertise, with DHCD technical assistance and backup, to most effectively use capital dollars to keep as many units on-line and occupied as possible.

CPS, **FF and CIP** are central pillars of DHCD's new **Comprehensive Asset Management System** that will:

- ⇨ Initiate long-term, comprehensive capital planning by providing LHAs predictable capital funds;
- ⇨ Ensure that capital and operating funds address the most pressing needs by generating thoughtful, measured capital investments; and
- ⇨ Expand funding by encouraging public and private resource leveraging.

The **Capital Planning System (CPS)** is DHCD's transparent Web based capital planning system that catalogues the condition of every building and site in the statewide public housing portfolio, providing LHAs with detailed technical information to make strategic long-term capital investments.

Formula Funding (FF) is an LHA's multi-year share of capital funds based on an LHA's proportional capital funding need as determined by the statewide CPS inventory of expired building and site components.

Capital Improvement Plan (CIP) is a multi-year plan prepared by an LHA and submitted for DHCD approval that describes its capital investment program to preserve and modernize its state-aided public housing units. A CIP must prioritize projects in order to:

- **Keep occupied as many units as possible** by addressing core capital components and important health and safety needs;
- **Optimize life cycle investments** following DHCD design guidelines and construction standards and using maintenance strategies to extend the useful life of building components;
- **Reduce energy and water usage** and pursue other capital and operating efficiencies; and
- **Invest in projects that leverage** additional public and private resources**.**

In addition to FF, DHCD will award capital funds on a competitive basis to LHAs for sustainability investments, mixed-finance and high leverage projects, and other special projects and programs as described and periodically updated in these program guidelines. Such projects must also be included in an LHA's CIP.

It is important to note that while the issuance of these funding guidelines coincides with the kickoff of DHCD's training program for its electronic Capital Improvement Management System (CIMS), since September 15, 2008 DHCD has issued transition period guidelines describing how CAR and emergency projects that pre-dated FF would be addressed. In addition, DHCD made available FF advances to LHAs that needed to address critical emergencies in advance of the first FF allocation and implementation of the online planning system.

Section 2 – Eligible Entities

The Massachusetts state-aided public housing preservation and modernization programs are structured to allocate capital funds to LHAs organized under MGL c. 121B for use at units owned and operated by LHAs and developed under c. 200, c. 667, c. 705, c. 689 and c. 167 construction funding programs. However, LHAs with state-aided public housing units whose operating funds are provided under the Section 8 New Construction/Substantial Rehabilitation Program will not receive FF for those developments and instead must fund capital needs for those developments through dedicated project-based Section 8 reserves.

In order to receive and spend capital funds, LHAs must be current with all DHCD reporting requirements and be in compliance with all applicable DHCD public housing regulations.

Section 3 – Eligible Activities

DHCD's capital funding programs will be primarily focused on those activities that preserve, stabilize and/or modernize existing state-aided public housing. Subject to prior written approval by DHCD, capital funds can be used to acquire or develop housing for the purpose of expanding the supply of state-aided public housing. Pursuant to MGL c. 121B and prior written approval by DHCD, capital funds can be used to dispose of and replicate state-aided public housing only in cases where an LHA can demonstrate that such action is economically feasible and necessary to stabilize its remaining state-aided public housing units.

Section 4 – Understanding & Assembling Funding Resources

To best meet the goal of stabilizing, preserving and/or modernizing state-aided public housing, DHCD will allocate capital funds to LHAs through the following funding programs:

A. Formula Funding

B. Mixed-Finance and High Leverage

C. Sustainability Initiative

D. Regional Service Agency

DHCD's modernization programs will be documented in its annual Capital Plan that is submitted to the Executive Office of Administration and Finance (A & F). DHCD's programs will be updated periodically to address changing conditions and opportunities.

DHCD strongly encourages LHAs to seek additional sources of funding to supplement DHCD's resources in these programs. Other state, local, utility, or philanthropic organizations may provide grants, loans or rebates, often with some use restrictions (as to timing, locations, use only for labor or equipment, etc.)

DHCD also has set aside some FF reserves for emergencies and compliance needs which cannot otherwise be addressed by LHAs with their FF and available resources. These contingency reserves will only be accessed as FF implementation occurs and special needs arise.

DHCD Program Budgets

A. Formula Funding (FF)

The **Capital Planning System (CPS):** is DHCD's transparent Web based capital planning system that catalogues the condition of every building and site in the state-aided public housing portfolio, providing LHAs with detailed technical information to make strategic long-term capital investments. It includes a Facility Condition Index (FCI) for every development that compares the value of expired components of a development relative to their replacement costs.

Statewide Formula Funding Allocation: DHCD uses the FCI of each LHA's portfolio as a proportion of the entire statewide portfolio's FCI to calculate a formula funding allocation for each LHA. FF allocations are then used as an accounting tool to calculate an LHA's FF awards based on the currently available public housing capital funds.

LHA's Formula Funding Award: is a multi-year share of capital funds issued to an LHA through a Contract for Financial Assistance (CFA). FF awards will cover three (3) years of capital funding with a new award made annually. With each award, the CFA will be updated to include an additional year of formula funding.

LHA's FF Cap Share: While each LHA can count on eventually expending the full amount of its FF award as documented in its FF CFA, an LHA's annual spending is controlled by DHCD's bond cap. Each LHA is allocated a cap share for spending. The LHA's cap share is estimated based on the amount of spending cap that A & F estimates will be available for state-aided public housing in any given fiscal year.

Formula Funding Priorities

DHCD has established the following priorities for the use of formula funding in response to limited capital and operating resources:

- **Keep occupied as many units as possible** by addressing core capital components and important health and safety needs;
- **Optimize life cycle investments** following DHCD design guidelines and construction standards and using maintenance strategies to extend the useful life of building components;
- **Reduce energy and water usage** and pursue other capital and operating efficiencies; and
- **Invest in projects that leverage** additional public and private resources**.**

LHA FF Set Asides

Most of the LHA's FF award is unrestricted and can be directed to any of its needs in keeping with FF priorities. However, LHAs must use some FF for prescribed set asides in its CIP, according to the following guidance.

LHA FF Emergency Set Aside

In order to address emergencies, each LHA must set aside a percentage of its total FF allocation as an emergency reserve. Those percentages are as follows:

- 10% for an LHA having not more than 199 state-aided public housing units; and
- 15% for an LHA having at least 200 state-aided public housing units.

These amounts are to remain "unplanned." That is, no CIP projects are to be assigned to this funding unless an emergency need develops.

The LHA set aside is intended to allow the LHA to have funds available to deal with unforeseen events without having to reconfigure ongoing projects in its CIP. An LHA can make a request to DHCD during the plan year to draw down its emergency reserves as emergencies occur. The reserve amount will be recomputed annually when the LHA submits its annual CIP. The set aside amount will be the applicable 10% or 15% of the total award balance.

LHA FF 1% Set Aside for Reasonable Accommodations, Reasonable Modifications or Other Accessibility Improvements

All LHAs need to set-aside at least 1% of their FF award amount for reasonable accommodations, reasonable modifications or other accessibility improvements. The LHA should include a project or projects in its CIP that uses its 1% set aside. It can be programmed to be part of a larger project with an accessibility component or a stand-alone project. LHAs with a small set aside amount may include an anticipated reasonable modification at the property where they are most likely to receive a request.

LHA FF DDS and DMH Set Asides

LHAs with c. 689 or c. 167 developments for individuals supported by the Department of Developmental Services (DDS) or the Department of Mental Health (DMH) have separate set asides for DDS and DMH properties. They are the portion of the FF award amount attributable to conditions at those properties. These set asides are to be used for properties by agency designation. Capital work on DDS properties is to be funded from the DDS set aside and DMH properties from the DMH set aside. This is intended to direct resources to these smaller properties that may not have received funding through the CAR award process. The LHA should include a project or projects in its CIP for these properties, based on needs established at the annual meeting with the vendor or more recent discussions in the context of the CIP.

Prospects for Future Formula Funding

Upon passage of any Housing Bond Bill in the future, DHCD will likely allocate a portion of DHCD's total available capital authorization to each of DHCD's modernization programs, including FF. At that time, FF allocations will be recalculated. Since the CPS will be updated as capital projects are implemented, future FF allocations will reflect the relative changes to facility conditions at each LHA and across the statewide portfolio.

B. Mixed-Finance and High Leverage

DHCD will periodically make a portion of state-aided public housing capital funds available on a competitive basis to LHAs for mixed-finance and high leverage projects. The availability of such funds and the corresponding program guidelines will be announced through public housing notices as well as posted on DHCD's website. Currently, there are no funds available to make new awards for this program.

C. Sustainability Initiative

DHCD encourages LHAs to give priority to projects that conserve water and energy, and thereby reduce utility expenses. DHCD supports other sustainability or green goals such as improving indoor air quality, reducing greenhouse gas

emissions, recycling construction waste and use of recycled materials. Advancing the use of innovative, green building technologies and services provided by Massachusetts based companies is also a priority of the Patrick-Murray Administration.

DHCD has programmed $2M annually in bond funds for sustainability programs, approximately $1M of which has been set aside annually for a performance based program to conserve water through the replacement of conventional fixtures with low-flow toilets and showerheads. The balance of the funds is available to be used to leverage other funding sources for LHA capital project budgets that incorporate sustainable design features or equipment, e.g. solar energy, high-efficiency heating equipment, and other green building products, particularly where the supplier is a Massachusetts firm with competitively priced products.

DHCD will also assist LHAs, served by investor-owned utilities, in obtaining energy efficiency incentives from the Low Income Multifamily Energy Retrofit Program, which is funded by these utilities. Energy audits, building shell weatherization services, lighting and appliance upgrades, as well as cash incentives for energy-saving components are available to augment LHA capital projects.

DHCD will publish notices of funding availability when resources are available for new or continuing sustainability initiative programs.

D. Regional Service Agency (RSA)

DHCD will provide seed funding to help establish a regional service agency program (RSA). RSA is intended to supplement and expand LHA capacity and to use untapped economies of scale through formalized voluntary collaborative partnerships. Partnerships will exist between a qualified and interested LHA, which DHCD selects and designates as an RSA, and LHAs that elect to contract for and purchase services from an RSA (Partner LHAs).

The RSA will provide capital planning, development, and project management services to Partner LHAs. RSAs are also encouraged to provide operating, administrative, and maintenance services to Partner LHAs that further support Partner LHAs' efficient operation of their state-aided housing portfolios. RSA services will be available to Partner LHAs on a fee for service basis.

Based upon a competitive Request for Proposal (RFP) process, DHCD will select qualified and interested LHAs or joint venture teams of LHAs across the state to serve as RSAs. Those selected RSAs will pilot the RSA program for an initial three (3) year period.

DHCD issued an RFP for LHAs to become RSAs. The RFP is posted under the public housing notice section of DHCD's Web site.

Other Funding Sources

Other Sources

DHCD strongly encourages LHAs to seek additional sources of funding for capital projects. Proposed projects to be funded from these sources are to be included in the CIP. Other sources of funding and assistance that LHAs have successfully secured for capital projects in the past include: Community Preservation Act (CPA) funding, Community Development Block Grant (CDBG) funding, Massachusetts Department of Revenue (DOR) funding for removal of abandoned underground storage tanks (UST), utility rebates and contracted work, and Sheriff's Department work crews.

LHA Operating Reserves

The LHA may choose to fund a capital project, in whole or part, with available operating reserves in excess of 20% of its full reserve level. Similarly, an LHA may use c. 689 and c. 167 operating reserves in excess of 20% of full reserve for capital projects that are: 1) specific to the building for which the reserves are dedicated; and 2) in accordance with priorities established together with the vendor at the annual meeting. Proposed projects using operating reserves are to be included in the CIP.

DHCD Contingency Reserves

Entirely separate from each LHA's FF set asides, DHCD will maintain two (2) statewide reserve accounts for eligible emergencies and compliance related projects. The amount of funding in each reserve account is limited and available on an as needed basis to an LHA with insufficient FF to address a project that meets the eligibility criteria outlined below. If the funding is fully expended in either of these DHCD reserves, an LHA with an eligible project will have to wait for new bond funds to become available to replenish the funds or seek outside funding sources to address the eligible project.

DHCD Emergency Reserve

DHCD has a limited emergency reserve to assist LHAs in covering the costs of extreme emergencies that exceed their FF. DHCD's emergency reserve will be administered as funds of last resort by the Bureau of Housing Development and Construction. LHAs wishing to gain access to the emergency fund must demonstrate that the project to be funded meets strict eligibility criteria. When monies from the emergency fund have been exhausted, the emergency fund will be closed until additional resources can be identified to replenish it. LHAs applying for DHCD emergency funding must assure that the project to be funded meets ***all*** of the following criteria:

- If not repaired, the emergency condition results in an immediate threat to the health, safety, and welfare of the occupants, and/or would prevent the unit(s) from being occupied.
- The emergency cannot be funded through a reduction of other planned work in the CIP without resulting in occupied units becoming vacant.
- The LHA must allocate one third (1/3) of its own emergency reserve to the project less the cost of other emergency projects for which it has already received DHCD approval in the current fiscal year. LHAs with unallocated emergency reserve balances of less than $10,000 do not have to contribute their reserve funds if the project is estimated to cost more than $10,000; rather, they may keep those funds available to cover other small emergencies.
- Other resources are not available to pay for the work. LHAs will be required to dedicate operating reserves in excess of 70% of their full reserve to the emergency project. An LHA with restricted reserves may be required to reprogram those funds to the emergency project, depending on the urgency of the work for which the restricted reserves were originally earmarked and the LHA's operating reserve level.

- Recognizing that the demand for DHCD's emergency fund could likely exceed funds available, DHCD has established a per unit cost ceiling for DHCD emergency fund distributions to insure that funds remain available to support occupancy where the incremental cost is reasonable. The per unit ceiling for each program type is as follows:

Program Type	Per Unit Ceiling
c. 167 & c. 689	$12,000 (per bedroom)
c. 200	$27,000
c. 705	$32,000
c. 667	$22,000

  In assessing the request compared to the ceiling, the request amount is the estimate of the immediate request plus the estimated cost to correct foreseeable urgent conditions at that unit/building for the next three (3) years not funded in the CIP. In cases where the cost of an emergency repair exceeds the per unit ceiling but the condition, such as a failed septic system, will result in a significant number of units that otherwise are in good condition coming off line, DHCD will consider a waiver of the applicable emergency fund per unit ceiling.

- The proposed project is the minimum cost project to resolve the problem for at least three (3) years.

DHCD Compliance Reserve

Funding from DHCD's compliance reserve is available for projects required to comply with laws, codes or regulations covering deleading, abatement of friable asbestos, removal of abandoned underground oil tanks and reasonable modifications to units, common areas and sites in response to a specific request by, or on behalf of, a resident or anticipated resident with a disability. The compliance reserve may also be used to fund compliance with those requirements of the Massachusetts Architectural Access Board (MAAB), ADA or Section 504 of the Rehabilitation Act triggered by work performed over time using FF.

DHCD recognizes that many LHAs will want to initiate accessibility projects. Due to statewide capital funding limitations and the need to fund reasonable modifications, however, the current compliance reserve is generally not available for such projects at this time. To do such projects, LHAs may use other resources such as CPA or CDBG funds, or their own FF if they have sufficient resources. LHAs without those resources should plan for these needs as part of their Self Evaluation/Transition Plan for accessibility.

To receive funding from the compliance reserve, LHAs will be required to dedicate operating reserves in excess of 70% of their full reserve to the compliance project. LHAs with restricted reserves may be required to reprogram those funds to the compliance project, depending on the urgency of the work for which the restricted reserves were originally earmarked and the LHA's reserve level. Additionally, LHAs requesting funds for reasonable modifications will need to spend their own ADA set aside first to be eligible for additional funding from the DHCD compliance reserve.

Section 5 – Capital Improvement Plan (CIP) Development, Submission, DHCD Review and Approval and CIP Update and Amendment Procedures

Prior to spending its FF, each LHA must have a DHCD approved five (5) year CIP that describes its capital investment program to preserve and modernize its state-aided public housing units. DHCD will accept submissions of the initial CIP on a rolling basis for one (1) year beginning April 2011. After the initial CIP is approved, an LHA must submit an updated CIP annually together with its annual operating budget submission. This approach will permit LHAs to document how they are taking a coordinated approach to deploying capital, operating and maintenance resources to manage their entire state-aided public housing portfolio.

CIP Submission Requirements

The CIP submission consists of three (3) required parts:

1) A **Primary Capital Plan** that shows all capital projects the LHA intends to undertake, the funding sources (FF plus other available sources) and the timeframe for planning and construction such that project spending is within 20% (plus or minus) of the LHA's cap share in each fiscal year and within 5% of the total cap share for the first three (3) year period.

2) A **Narrative** where the LHA explains how the projects included in its CIP support DHCD's formula funding priorities or, where they differ, why the LHA made those choices. It also includes information about how the LHA will maintain expired components which it was unable to include in the CIP; and, in the case where the LHA proposes to keep or take units off line, explains why unit conditions cannot be addressed in its CIP. See Attachment A for a copy of the Narratives form.

3) **Certifications** where the LHA indicates it has complied with key DHCD program and reporting requirements and regulations, including board approval of the CIP, tenant participation in the CIP process, and operating, capital, vacancy, and energy reporting. See Attachment B for a copy of the Certifications form.

Systems that Support CIP Development and Review

DHCD has two (2) key information systems that support the creation, submission and review of the CIP: the Capital Planning System (CPS) and the newly-created Capital Improvement Management System (CIMS) software.

CPS is a Web based statewide inventory, condition assessment and capital project planning system for state-aided public housing. CPS records the condition of every significant capital component at every LHA building and site, with the initial assessment completed by DHCD's consultants between 2007 and 2010.

The consultants also created a ten (10) year capital plan (CIP 10) for each LHA that includes prioritized projects and their estimated costs to address every expected need in that ten (10) year period. Construction costs are based on conventional sources of construction information such as RS Means construction data and Commonwealth of Massachusetts wage rates. An additional 25% of the construction cost amount is added to each project to cover soft costs. CPS budgets are suitable for working at a planning level when creating the CIP, although the LHA may choose to modify a project budget in the CPS database with more specific project cost information. This will allow more accurate budget information to be used when creating the LHA's CIP. Before starting in CIMS, the LHA also updates CPS to reflect any new high priority needs, not previously captured in CIP10, which the LHA want to include in its CIP.

The LHA will prepare and submit its CIP in CIMS. Using the LHA's CIP10 project data from CPS, the Web based CIMS program allows the LHA to prioritize, select and schedule projects, assign funding sources and direct project spending to specific fiscal years to create a CIP that is consistent with the LHA's FF award amount and FF cap shares, plus any additional funding resources the LHA has identified. All proposed capital projects are to be included in the LHA's CIP, whether they are funded with FF or from another source. In addition, the LHA is to include in the CIP all ongoing projects for which it received a FF advance after its May 16, 2010 FF award.

CIMS assigns a template schedule to each project based on project size. These are generic schedules suitable for planning purposes and contain adequate time to complete the 'average' project. LHAs control the timing of spending by changing the project start date rather than making modifications to a specific project schedule.

DHCD will complete its review of the CIP in CIMS and any communication regarding clarifications, changes regarding the CIP, and approval can be completed in CIMS as well. The LHA will receive automated notices on the status of its CIP through CIMS. DHCD's goal is to approve CIPs within thirty (30) days of LHA submission and within fifteen (15) days for AIMM designated LHA submissions.

Flexibility in Defining & Prioritizing Capital Projects

Capital projects in CPS are generally replacements of building systems or components for multiple buildings or a whole development, based upon actual or imminent performance failure, predicted lifecycle, or as part of an overall plan to upgrade performance (e.g., for water or energy conservation purposes.)

DHCD understands that the CPS generated project list may not include all of the particular capital needs that LHAs may want to address. LHAs are encouraged to define additional projects that may be missing from the CPS project list, but meet FF spending priorities. LHAs may also split projects into phases, if necessary, to match funding resources.

Two (2) types of projects identified by a number of LHAs deserve clarification relative to their eligibility as capital projects versus operating expenses:

Turnovers and Currently Vacant Units Needing Substantial Improvements

Unit turnovers beyond routine cleaning, refinishing and repair may be included in the CIP if the LHA anticipates or has experienced a pattern of high expenses over time, and does not have resources or the need to modernize an entire building or development. Eligible projects are those that address CPS tracked systems or components that have reached the end of their useful lives and require complete modernization of a unit or room or the replacement of individual CPS tracked systems or components, plus associated finish work and other incidental repairs provided the associated cost for the finish and incidental work is less than 15% of the project Total Development Cost (TDC.)

Securing Vacant Units with Excessive Capital Needs

On a case by case basis, when an LHA can demonstrate that the cost of capital replacement greatly exceeds the cost of redevelopment, or a reasonable planned use of its FF and other resources does not allow the level of investment necessary to restore the property, DHCD will consider an LHA's request to use FF to pay the cost to secure the property until resources for redevelopment are available. Such a proposal must be requested in the LHA's CIP and include a detailed explanation of the necessity of such an action. DHCD will only consider proposals to demolish a property if the LHA can provide a plan with committed funding sources for a feasible replacement project. The proceeds of the sale of the property will be considered as one (1) of the replacement project funding sources only if a current "as-is appraisal" completed by a certified appraiser is provided to DHCD.

If it becomes necessary for an LHA to leave a unit vacant due to insufficient funding, DHCD will only allow for a reduced ANUEL amount to cover fixed costs like insurance and security for the vacant unit.

Capital Project Supplemental Costs

LHA Administrative and Overhead Expenses

An LHA's general administrative expenses (as delineated in the Form 80) associated with a particular capital project may be paid out of the LHA's FF, in whole or in part, but the amount paid out of FF for such expenses cannot exceed 10% of the construction cost for that particular project. Administrative expenses are to be included in the project budget and billed in accordance with the progress of the job according to the milestones and percentage payment schedule in the RFS or Work Order. Accounting and advertising expenses are reimbursables that may be paid using FF funds and are outside of the 10% cap. With prior approval by the LHA's project manager, tenant coordinator costs may also be paid outside of the 10% cap. Consult with the LHA's project manager about excluding costs for other administrative lines from the 10% administrative budget cap.

With the project manager's approval, up to 10% of the general administrative budget may be used to hire additional staff or increase the work hours of existing part-time staff including the executive director for project specific work. Once approved, the LHA should keep timesheets for additional hours worked on the modernization project and bill monthly for those hours, including timesheets as back up.

General administrative expenses for AIMM designated LHAs cannot exceed 13% of the construction costs. (See the AIMM Project Implementation: Creating the Project Budget and Notifying DHCD of Project Changes section of these guidelines for additional information.)

Predevelopment Third Party Expenses

Third party expenses associated with projects may be paid for with FF and are to be included in the project budget.

Alternate CIP with Proposed Modifications to Cap Share

The LHA's CIP must schedule projects such that FF spending is within 20% of cap share in each fiscal year but within 5% of the total cap share for the three (3) year CIP. In order to allow flexibility to implement projects that require greater variation from an LHA's cap share in any given year, an LHA will be able to propose an alternate CIP outside of the annual 20% range. DHCD's ability to approve alternate CIPs will depend on cap share distribution in all LHA approved CIPs.

If the LHA chooses to do so, it may submit, along with its primary CIP, an alternate CIP that requests cap share outside of its annual 20% cap share range. The LHA may request any cap variation in the alternate CIP but there is a better chance that DHCD will be able to approve the alternate CIP if it doesn't diverge too widely from the primary CIP cap share range. As a guideline, DHCD suggests the following:

- LHAs with FF awards of not more than $150,000: no suggested limit to cap share range (i.e., LHA can request any cap amount in any year provided it remains within 5% of the total FF award for the first three (3) year period)

- LHAs with FF awards of more than $150,000: suggested limit to cap share of 50% (i.e., LHA request can be 50% more or less than award cap share in each fiscal year provided it is within 5% of the total for the first three (3) year period)

Requesting DHCD Reserves

The initial rollout of CIMS does not allow for requests for funding from either DHCD's emergency or compliance reserves through CIMS. LHAs should submit a separate written request for funding to their housing management specialist prior to submitting their CIP if requesting funds from either of these DHCD reserve accounts or when a need arises.

When to Submit

In order to allow LHAs to come up to speed on the new FF program and CIMS, for the initial year, CIP submission is on a rolling basis. LHAs can submit between April 2011 and March 2012. Though LHAs have this one (1) year period, DHCD encourages LHAs to submit their CIP as soon as possible to allow the LHA as much flexibility as possible. An LHA that submits its CIP toward the end of the submission year may need to submit an alternate CIP to direct more of its spending to later years if there is not enough time to advance projects that use the LHA's FY12 cap share.

In subsequent years, an LHA will submit an annual CIP update at the same time it submits its annual operating budget, in order to consider project related operating and capital expenditures at the same time. An LHA's second CIP will not need to be submitted sooner than nine (9) months after approval of its initial CIP. (The table below shows examples of when an LHA should submit its second CIP together with its annual operating budget, using the "at least nine (9) months" transition rule.)

LHA FYE	LHA's Initial CIP Approval Date	9 Months Later	Following FYE	2nd CIP & Annual Operating Budget Submission Date	Annual Date thereafter
12/31	8/20/11	5/19/12	12/31/12	12/1/12	12/1
12/31	2/15/12	11/14/12	12/31/12	12/1/12	12/1

Prior to Submission: Tenant Participation

DHCD's Modernization and Development of State-Aided Public Housing regulation (760 CMR 11.00) requires tenant participation in the modernization planning process. Specifically, before submitting its CIP the LHA must:

- Meet with the tenants and/or the recognized Local Tenant Organization(s) (LTO) to discuss property needs and priorities.
- Incorporate tenant feedback that is consistent with sound management into the draft CIP.
- Provide a draft of the CIP to the LTO(s) and where there is no LTO, advise tenants where they can review the draft CIP.
- Incorporate tenant priorities that are consistent with sound management into the CIP.
- Request a letter from the LTO that endorses the CIP or describes the LTO's differing assessment of need.
- Include the LTO letter with the CIP when the LHA makes its CIP submission to DHCD.

See Attachment C for a copy of the regulation, 760 CMR 11.00 and Attachment D for a copy of the Checklist for Tenant Participation in Modernization Projects.

Prior to Submission: Reporting Requirements

Before DHCD will approve a CIP, the LHA must be current with its online operating statement, vacancy and energy consumption reporting obligations. Accurate and consistent reporting provides DHCD with key data informing the

design and implementation of funding programs that directly benefit LHAs. Some examples of how reported data benefits program operations and resources are as follows:

- **Provides access to resources:** DHCD granted awards for millions of dollars in new heating systems and low-flow toilets. Only developments with a documented history of utility usage were considered for many of these grants. DHCD hopes to identify funds to pursue a similar effort to rehab vacant units and, if successful, would target funds to developments where the LHA is current in its vacancy reporting.

- **Conserves limited operating subsidy:** The more resources that can be targeted to increasing energy and water efficiency, and the more vacant units we can help get back online, the more money there will be in the public housing system to support the needs of all LHAs. Regular reporting is essential to make this happen.

- **Helps identify LHAs that need assistance:** A sharp increase in an LHA's vacancy rate is not only costly in terms of lost rental income, but also often indicates a need for training or technical assistance.

For the purposes of CIP approval, "current in reporting obligations" is defined as follows:

- **HAFIS Operating Statements and Vacancy Reports**: DHCD policy states that these reports are due forty five (45) days after the close of a fiscal quarter. Therefore, the LHA must have submitted the last quarter due and each of the prior three (3) quarters to be considered current.

    - Example**:** If an LHA submits a CIP proposal on February 5, 2011, the December 31, 2010 statement is not due until 45 days later, or on February 15, 2011. Therefore, the last four (4) quarters to be submitted in order to be considered current for the purpose of the February 5, 2011 CIP application are September 30, 2010, June 30, 2010, March 31, 2010, and December 31, 2009.

- **Energy Consumption Reports**: DHCD policy states that these reports are due thirty (30) days after the end of the month. Therefore, the LHA must have submitted the last month due and each of the prior eleven (11) months to be considered current.

    - Example**:** If an LHA submits a CIP proposal on February 5, 2011, the January 31, 2011 monthly energy report is not due until 30 days later, or on March 2, 2011. Therefore, the last twelve (12) monthly reports to be submitted in order to be considered current for the purpose of the February 5, 2011 CIP application are for the twelve (12) consecutive months ending December 31, 2010.

Prior to Submission: Meet with c. 689 and c. 167 Service Providers

LHAs with c. 689 or c. 167 properties must meet with each service provider on an annual basis to discuss the physical condition and necessary repairs for each of the c. 689 and c. 167 developments. If the LHA is considering projects for the c. 689 or c. 167 properties that were not part of the annual plan, or if there are questions regarding priorities, the LHA should seek input from the service provider.

Prior to Submission: Board Approval

The board must formally vote to approve the CIP before it is submitted to DHCD.

CIP Review by DHCD

DHCD will use CIMS to conduct its review of the CIP. DHCD anticipates that in many cases the CIP will be approved as submitted without any requests for additional information or modifications. In a case where DHCD is requesting

additional information and or modifications, DHCD will communicate such requests to the LHA through CIMS. In limited instances, DHCD staff may conduct field visits as part of its review process. The LHA will receive notices on the status of its CIP through CIMS. DHCD's goal is to approve CIPs within thirty (30) days of LHA submission and within fifteen (15) days for AIMM designated LHAs. The review period may be extended where the LHA proposes that units either remain or go offline as part of its CIP.

Submission of the Year 2 CIP

The LHA will submit its second CIP in conjunction with its annual operating budget for the next fiscal year that is at least nine (9) months after approval of its initial CIP. (For example, an LHA with a 12/31 fiscal year end can postpone submitting its second CIP, from its next fiscal year end to the second fiscal year end following approval, if its initial CIP was approved after March 31. Thereafter, the LHA will submit its CIP update yearly with its annual operating budget.) It is critical that each LHA update its CPS data according to the progress made on the first year of its CIP and add any new capital needs of its portfolio prior to beginning its second year planning exercise. Generally, the CIP will reflect the progress of previously approved projects and include the addition of new projects in a new fifth year.

Section 6 – Capital Project Implementation

Implementation of FY11 and FY12 Projects: What's the Same as Current Practice?

Once the CIP is approved the LHA may begin to implement its FY11 and FY12 projects. DHCD will provide a letter with project implementation guidance upon CIP approval.

DHCD anticipates that during this first year, or as long as workload permits, it will still maintain its "Accelerated Emergency Response Pilot" (AERP) where LHAs may choose to complete projects with construction costs under $25,000 on their own, or may request DHCD assistance to implement such projects.

DHCD staff will continue to prepare Work Orders or RFS to assist LHAs to hire architects or engineers for projects with construction budgets greater than $25,000, either through DHCD's house doctor program or through the required solicitation process when the fee and construction budget are below the MGL c. 7 designer selection threshold. Projects with costs that exceed the designer selection threshold and are more complex than the predominantly single trade repair and renovation projects considered for the House Doctor program will go through the Designer Selection Committee (DSC.)

DHCD staff will continue to complete design reviews, though keeping to the LHA's project schedule may require that a review be more limited in scope in individual cases, provide bidding guidance, and monitor projects during construction, including signing construction payments. Payments will be disbursed to the LHA upon DHCD approval of submitted invoices for an approved project.

Implementation of FY11 and FY12 Projects: What's Changing?

FF will operate very differently than the CAR program that preceded it. Key differences include a far greater number of LHA projects, especially smaller projects, more LHA participants, more decentralized management of the bond cap, and practically no ability for DHCD to fill project funding gaps. CPS will be the vehicle for assessing the condition of the portfolio and, most importantly, for making new awards when additional bond authorization becomes available. In order for such a system to work, we will begin to implement systematic updating of the CPS database by every LHA. To meet the challenges of the new system, expect these changes over the coming year:

- More emphasis on schedule: In the past, DHCD centrally managed the bond cap by creating a pipeline, sized accordingly, for the anticipated cap availability. DHCD controlled cap spending by speeding up or slowing down pipeline projects based on DHCD's assessment of project urgency. In FF, each LHA has proportional access to cap based on its share of need and each CIP has a target for annual cap spending, likely to be made up mostly of small projects. DHCD will not meet the cap unless most of the contributing small projects stay on schedule. DHCD will ask LHAs to assume responsibility for keeping projects on schedule by staying in touch with consultants and making sure that all participants are aware of their responsibilities for moving the project forward on schedule. We hope that in the future CIMS will include a reporting function to make it easy for LHAs to report on progress in meeting CIP schedule and spending goals. It is particularly important to recognize that bond cap cannot be rolled into future years. Cap not used is lost forever and may actually result in a reduction in subsequent year's bond cap.

- More emphasis on budget: DHCD's reserves are severely limited, with almost all of the funding going directly to LHAs based on their share of overall need. Each increase in an LHA project budget means that another high priority project at that LHA will need to be reduced in scope. We will ask LHAs proposing project increases to identify project(s) that will offset the increase with a reduction and how that impacted component will be maintained given the reduction. DHCD staff is available to work with LHAs seeking guidance in making these tradeoffs.

- More emphasis on CPS: DHCD has designed CPS to be a basic, easy-to-use asset management tool for LHAs. LHA suggestions for further simplification or ease of use are welcome and encouraged. In order to keep CPS current, any rehabilitation or modernization work that has been done since the inventory was completed needs to be put into the system and any change in the condition of any component also needs to be reflected in that component's remaining useful life. This is the year to get on a cycle to routinely update CPS; when the LHA submits its second CIP, it will need to certify that it has updated CPS for completed projects and changes in component condition. Going forward, once a FF capital project is complete, in order to receive final administrative payments, the LHA will need to confirm that it has updated CPS to incorporate component upgrades.

Changes to the Approved CIP During the Year

The initial rollout of CIMS will allow for initial CIP creation and approval but will not include a CIP revision function. Until that capacity is included in the second version of CIMS (CIMS V2), CIP changes will happen outside the CIMS system, through written approval by DHCD. Requests for DHCD emergency reserve or compliance reserve funding will also happen outside of CIMS until CIMS V2 is functioning.

LHAs completing approved CIP projects on their own through AERP need to request a CIP revision when the cost increases by:

- more than $10,000; or
- less than $10,000, but affects the budget of an active project for which DHCD is providing technical assistance

Such a request will need to indicate the project(s) where the budget is being reduced. In no case can the construction cost of an AERP project exceed $25,000.

For its own records, the LHA must identify the corresponding project reduction in a case where the change does not require DHCD approval.

Changes for AERP eligible projects and larger projects for which DHCD staff is providing technical assistance will be reviewed as part of project approval. DHCD staff will work with the LHA to identify project(s) to be considered for scope and budget reduction and provide the necessary approvals.

The LHA needs to request a cap share revision when project schedules change such that current fiscal year spending is projected to vary by at least 20% of the LHA's annual cap share in its approved CIP. The LHA should not take action that binds it to incurring cost (e.g., approval of a bid) until DHCD approves such a schedule change.

Once the revision function is available in CIMS, an LHA will need to use CIMS to request revisions to its approved CIP. Depending on the scale of the change and whether the change impacts a project that is already in the implementation stage, the revision will need to be made in the current year or approved to be included in the CIP submission for the following fiscal year.

Implementation of Future Projects

LHAs will receive approval from DHCD each year to begin to implement the next set of projects.

Section 7 – AIMM Eligibility and AIMM Project Implementation

AIMM Program and Eligibility

Background information can be found at:

http://www.mass.gov/Ehed/docs/dhcd/ph/formula/acceleratedindependent.pdf

AIMM Designated LHA Responsibilities

AIMM designated LHAs take full responsibility for capital improvement planning and the modernization process including compliance with all statutory and regulatory requirements. Once DHCD approves an AIMM designated LHA's CIP, DHCD will authorize the LHA to move forward with projects to be implemented over the next two (2) fiscal years. The AIMM designated LHA is responsible for the following:

Creating the Project Scope

The project scope includes a description of the problem and the proposed solution that is consistent with the project as included in the CIP. Include the development number, the buildings and/or units, and all the CPS components to be included in the project.

Creating the Project Budget

The project budget is the amount included in the CIP. As the project moves forward, the LHA updates the budget to reflect actual costs. The LHA records and updates the project budget on the DHCD Form 80. (See the Notifying DHCD of Project Changes section below for cost change thresholds.)

Creating the Project Schedule

The initial project schedule is the schedule included in the CIP. The LHA updates the project schedule as necessary with the goal of meeting the milestones necessary to spend its approved annual cap share. (See the Notifying DHCD of Project Changes section below for cap change thresholds.)

Requesting Payments

The LHA submits payment requests to its project manager, along with a Form 80 budget identifying where the costs reside. The LHA certifies that the expense has been procured in accordance with law and is due and payable and that the project TDC is consistent with the CIP cost or an approved change. (See the Notifying DHCD of Project Changes section below for cost change thresholds.) Administrative costs are to be billed according to the milestone percentages set in DHCD's Contract for Architectural Services. To receive final payment, the LHA confirms that CPS has been updated to incorporate component upgrades.

Procuring Architectural/Engineering (A/E) Services

DHCD requires LHAs to hire a licensed design professional for work with a construction estimate of $25,000 or more. The LHA procures A/E services, either through DHCD's house doctor program or through solicitation when the fee and construction budget are under the MGL c. 7 designer selection threshold. To use the house doctor program, contact DHCD's house doctor program administrator at 617-573-1165 for guidance regarding eligibility and to receive a list of consultants available for the project. Projects over the designer selection threshold and more complex than the predominantly single trade repair and renovation projects considered for the house doctor program will go through the DSC. The LHA documents the procurement process for the project record.

Creating the Work Order or Request for Services (RFS) for Architectural/Engineering (A/E) Services

The LHA creates the Work Order or RFS using DHCD template documents. The Work Order or RFS identifies the project scope, budget, design phases and schedule, and references that the A/E must adhere to DHCD design guidelines, certify such adherence with design submissions or indicate where the submission does not meet a guideline and why. Additionally, submissions by the designer to the LHA are to include each property address as listed in CPS and list of CPS components to be upgraded in the project. If the LHA wishes to use the DHCD house doctor program, it must use the DHCD house doctor work order template.

Completing Required Design Reviews

The LHA is responsible for completing design reviews as required. DHCD will review the submissions at schematics and 95% construction documents (CD.) The LHA includes its review comments along with the A/E submission as well as the A/E Certification regarding adherence to DHCD design guidelines when these phase documents are submitted to the DHCD design reviewer assigned to the project.

Notifying DHCD of Project Changes

The LHA needs to request a project budget revision when the TDC, as a result of one or more line item increases, increases by:

Total Development Cost	Increase
Less than $67,000	More than $10,000
Between $67,000 and $150,000	More than $15,000
Between $150,001 and $1,000,000	More than 10% of the TDC
Over $1,000,000	More than $100,000

Requests will include the original scope and CPS components, the reason for the change, the new scope and CPS components and the project(s) where the budget is being reduced in order to fund the change. The LHA should not proceed with the work until DHCD approves such a change.

The LHA needs to request a cap revision when project schedules change such that current fiscal year spending is projected to vary by at least 20% of the LHA's annual cap share in its approved CIP. The LHA should not take action that binds it to incurring cost (e.g., approval of a bid) until DHCD approves such a change.

Notifying DHCD of Readiness to Bid

To assure that funds are available, the LHA notifies its project manager prior to putting a project with a cost in excess of $50,000 out to bid, including information on projected spending by fiscal year. DHCD will reply to the LHA within fourteen (14) calendar days.

Bidding the Project

The bid documents incorporate applicable DHCD front ends and contracts. The LHA bids the project according to all applicable laws and regulations. The LHA documents the procurement process for the project record. Construction contracts in excess of $10,000 need to be submitted to DHCD for approval. For these projects, the LHA provides a completed Certification of Compliance with Bid Laws form. All submissions should be sent to the LHA's project manager.

Construction Administration

The LHA administers all aspects of the construction contract including approving payments, change orders and closing out the project. For construction contracts with a value of $25,000 or more, the LHA's construction advisor also signs payments, change orders and closeout documents. The LHA invites the construction advisor to attend construction meetings where payment requisitions are approved.

Reporting on Capital CIP Progress

The LHA reports on CIP progress quarterly. Minimally, the report includes updates of the projected CIP milestone dates and whether the LHA is on target, within 20%, to meet individual project and total spending projections or a revised projection if not within that threshold. The LHA reports on final project costs.

Updating CPS

The LHA updates CPS as projects are completed and to reflect changes in the condition of components.

Maintaining the Project Record

The LHA maintains a complete project record, including:

- initial and final scope and CPS components,
- initial and final cost,
- contracts,
- payments,
- documentation of procurement,
- bid set documents and designer certification; and
- as-builts.

DHCD Role

DHCD will participate directly or indirectly at various points in the process.

Directly, as follows:

Design Review

DHCD will complete design reviews at schematic design and 95% CDs to check for adherence to DHCD Design & Construction Guidelines & Standards (D&C-G&S) which can be found on DHCD's Web site, based on LHA design review, the architect's or engineer's certification and the list of CPS components included in the project. Reviews will be completed within fourteen (14) business days. The LHA will be provided with a written outcome of the design review.

Soft Cost and Construction Payments

Project managers will continue to process payments based on the LHA's payment request. (See the Requesting Payments section above.) Construction requisitions which have been signed by the LHA's construction advisor may still be submitted through the construction advisor.

Evaluation

DHCD will evaluate the LHA's progress in adhering to its CIP annually. For the first CIP year, the target is to achieve fiscal year spending within 10% of the annual cap share in the approved CIP and/or 90% of the NTPs within the calendar quarter in which they were projected to be issued.

DHCD may elect to conduct a post completion audit review of the project and project record following construction completion.

DHCD will participate indirectly by:

Maintaining Design & Construction Guidelines & Standards (D&C – G&S)

DHCD will continue to create and revise D&C-G&S to reflect best practices modernization and sustainability for the building types represented in the state-aided housing portfolio.

Creating Contracts and Other Template Documents

DHCD will continue to create and revise contracts and construction front ends to assist LHAs to procure goods and services more easily and to comply with procurement law and regulation. DHCD will start to create a library of template scopes that LHAs may modify or hire consultants to modify to create bid documents for smaller projects, with the goal of reducing the time required for design and allowing LHAs to procure designer services at lower costs.

Section 8 – Definitions

What is Capital Improvement Planning?

- Capital improvement planning is the process by which an LHA monitors and evaluates the physical condition of its real estate portfolio and determines the capital needs of that portfolio for the next ten (10) years;

- Creates a set of capital projects and maintenance activities based on those needs; and

- Organizes as many of those projects as possible -- given available resources -- into a five (5) year construction project schedule and spending plan.
- Ideally, the CIP is coordinated with the LHA's operating budget.

What is Formula Funding?

Allocation of bond funds to each LHA according to the condition of its portfolio so as to allow the LHA to bring the portfolio up to good condition and to maintain it in good condition (FCI ≤ 7.9). In addition to allocations to each LHA, DHCD has created limited set aside funds to provide for extreme emergency or code compliance needs which are beyond the capacity of an LHA's current FF balance.

What is the Capital Planning System (CPS)?

CPS is DHCD's transparent Web based capital planning system that catalogues the condition of every building and site in the statewide public housing portfolio, providing LHAs with detailed technical information to make strategic long-term capital investments. It includes a Facility Condition Index (FCI) for every development that compares the value of expired components of a development relative to its replacement cost.

What is the Capital Improvement Management System (CIMS)?

CIMS is a web based system that contains the project data from CPS. The CIMS program allows the LHA to prioritize, select and schedule projects, assign funding sources and direct project spending to specific fiscal years to create a CIP that is consistent with the LHA's FF award amount and FF cap shares, plus any additional funding resources the LHA has identified. The LHA submits its CIP and DHCD conducts its review of the LHA's CIP in CIMS.

What is a CIP10?

A CIP10 is a list of all of the projects necessary to repair, replace or modernize all of the building components or systems which are likely to come to the end of their useful lives and are expected to fail in the next ten (10) years. A CIP10 is not limited by resource considerations.

What is a CIP?

A Capital Improvement Plan (CIP) is a five (5) year plan which identifies capital projects, provides a planning scope, schedule and budget for each capital project and identifies options for financing and implementing the plan. The contents of a CIP are limited to available resources. An approved CIP is required in order to receive FF.

Section 9 – Attachments

Attachment A: Narratives

1ST YEAR NARRATIVES

Instructions:

1. Please complete all the required fields below.
2. **IMPORTANT!** Remember to select the **SAVE** button above before navigating off this page to save your edits.

1. Briefly describe how your CIP supports your LHA's overall goals (capital, operating, programmatic) as also reflected in your operating budget submission.

2. Have you made any changes to inventory or capital projects in CPS after DHCD granted you Read-Write access to CPS? * Yes No

If "Yes," please list and describe those changes.

3. Does your CIP only include high priority capital projects (that is, Priority 1 and 2 projects) listed in the CPS-CIP report? * Yes No

If "No," please briefly describe your rationale for including capital projects that were not listed in the report as high priority or not listed at all.

4. Are you aware of any accessibility deficiencies in your portfolio (units, common areas, and sites)? If so, have you incorporated projects to address those deficiencies in this plan?

5. Does your LHA have one or more 167/689 developments?* Yes No

Please note: LHAs must meet with each service provider on an annual basis to discuss the physical condition and necessary repairs for each of the 167/689 developments.

If yes, please answer the following questions:

The 167/689 service provider input process was completed according to required procedures detailed in the lease agreement and included an annual meeting with the service provider staff for all 167/689 developments on:

Does your plan include projects for the 167/689 developments recommended by this service provider(DMH or DDS)? Yes No

If no, please explain, and also include description of any input from service provider staff for expending the 167/689 (DMH/DDS) set aside.

6. According to your monthly energy reports, the following developments have above average electricity, natural gas or water use. In 2009, median expenses per unit per month (PUM) were approximately $75 for electricity, $65 for natural gas and $25 for water.

Electric PUM>$100	Gas PUM>$100	Oil PUM>$100	Water PUM>$50
			2001
			2002
			6672
			7051
			7052

If costs are above average in water or energy and water usage, briefly describe how your CIP will reduce your consumption.

7. If the LHA is pursuing any energy or water-saving audits or grants that could affect CIP project scope, costs or timing of projects, please describe in comment box below.

8. Are there any outstanding high priority capital deficiencies (CPS or LHA priority 1 and 2 projects), that you could not address in your CIP? If so, what are they and what is your plan to address the deficiency(s)?

Unselected Projects Report Instructions:

1. Click here to open the report window.
2. Select the *Excel* option in the **Export Results to** drop-down.
3. Select the **Execute** button.
4. Select the **OK** button in the *File Download* box.
5. Choose a location on your computer to save the file

6. Open the file and complete the Plan to Address column for each CPS project.
7. Select the **Browse** button on this page and locate and upload your completed Excel file.
8. Select **Save** to complete the upload.

Unselected Projects Report Excel File Upload:

9. Your LHA's reported unadjusted vacancy rate is shown in the chart below:

0 % c. 667 (statewide average 2 %)

0 % c. 200 (statewide average 3 %)

0 % c. 705 (statewide average 4 %)

0 % c. 689 (statewide average 0 %)

Does your reported unadjusted vacancy rate exceed the statewide average for any program? ○ Yes ○ No

If "Yes," does your CIP include projects that can bring your rate down? ○ Yes ○ No

If "No," please explain why. PLEASE NOTE: Your unadjusted vacancy rate captured in these figures is the percentage of ALL your housing units that are vacant, including both offline units being used for other purposes and units with DHCD vacancy waivers.

10. Do you have: *
1) vacant units that you propose to keep vacant
2) units you are proposing to vacate
3) additional units at risk of becoming vacant within the next 12 months

○ Yes ○ No

If "Yes," please complete the chart(s) below:

Vacant-Propose to Keep Vacant

Development #	# of Units	Why aren't you addressing these conditions in your CIP? What is your interim strategy to keep the units safe? What is your long-term strategy to reoccupy?

Occupied Units-Propose to Vacate

Development #	# of Units	Why aren't you addressing these conditions in your CIP? What is your interim strategy to keep the units safe? What is your long-term strategy to reoccupy?

Occupied Units-At risk of Vacancy

Development #	# of Units	Why are these units at risk?

11. How does your CIP include methods to increase operating and capital efficiencies? Please describe or indicate by checking off on the list provided.*

- ☐ Smaller and/or phased projects completed by LHA's maintenance staff.
- ☐ Completing unit improvements upon turnover using LHA's maintenance staff.
- ☐ Bundling smaller jobs to save on soft costs.
- ☐ Increase focus on preventative maintenance to extend the useful life of capital components.
- ☐ Others?

If Other, please explain.

12. Please describe any innovative strategies your LHA utilizes that could help other LHAs.

13. Is there anything else you feel DHCD should be aware of when considering your CIP submission?

Attachment B: Certifications

1ST YEAR CERTIFICATIONS

Instructions:

1. Please complete all the required fields below.
2. Please note that if the reports listed below for quarterly operating statements, quarterly vacancy reports, and monthly energy reports are not current, then the LHA's CIP proposal will be not be approved until the current data is entered into the DHCD/LHA Housing Applications Web Based System. For the purposes of CPS submissions, "current" is defined as follows:
    1. **HAFIS Operating Statements and Vacancy Reports:** DHCD policy states that these documents are due 45 days after the close of a fiscal quarter. Therefore, the LHA must have submitted the last quarter due and the prior three quarters to be considered "current".
        1. Example: If an LHA submits a CIP proposal on February 5, 2011, the December 31, 2010 statement is not due until 45 days later, or on February 15, 2011. Therefore, the last four quarters to be submitted in order to be considered "current" for the purpose of your February 5, 2011 CIP application are September 30, 2010, June 30, 2010, March 31, 2010, and December 31, 2009.
    2. **Energy Consumption Reports:** DHCD policy states that these documents are due 30 days after the end of the month. Therefore, the LHA must have submitted the last month due and the prior eleven months to be considered "current".
        1. Example: If an LHA submits a CIP proposal on February 5, 2011, the January 31, 2011 monthly energy report is not due until 30 days later, or on March 2, 2011. Therefore, the last twelve monthly reports to be submitted in order to be considered "current" for the purpose of your February 5, 2011 CIP application are for the twelve consecutive months ending December 31, 2010.
3. **IMPORTANT!** Remember to select the **SAVE** button above before navigating off this page to save your edits.

The following certifications are to be completed by the LHA prior to CIP approval. To be considered complete, an LHA either needs to certify compliance or have a plan in place that is acceptable to DHCD to rectify any deficiencies.

LHAs already report on the majority of the certification items to DHCD so whenever possible the data for these certifications will be automatically "populated" via an electronic link between the CIP submission forms and DHCD's data bases. This process will allow LHAs and DHCD staff to easily view the status of required submissions and take appropriate action to clarify any reporting errors or to become current.

A. The CIP received LHA Board approval on: [ ] *

B. The tenant input process was completed according to required procedures and included a meeting with all Local Tenant Organizations (LTO) or in the case of no LTO(s), all tenants from all State aided developments on: [ ] *

1. Does your LHA have one or more LTOs? ○ Yes ○ No *

2. Did your LHA receive a letter from each LTO or did your housing authority receive one letter signed by all LTOs or if there is /are no LTOs, did your LHA receive a letter(s) from the tenants?

Yes No *

3. If the answer to question B2 is Yes, you must include a copy of the letter(s) from the LTO(s) and/or tenants with your CIP submission. To do this, please attach an electronic copy of the letter(s) by selecting the **Browse** button next to the **LTO/Tenant Letter Upload** field below for each letter. If you do not have or cannot produce an electronic copy of the letter(s), then please certify that you have submitted a hard copy of the letter(s) by clicking the check box(es) below and filling in the date(s) that the letter(s) were mailed for each letter submitted.

4. If there are one or more LTOs and the answer to question B2 is No, then please obtain the LTO letter(s) and certify as instructed in B3.

5. If there are no LTOs and the LHA did not receive any letters from the tenants then B3 does not apply.

LTO Upload Development

I certify that a hard copy of the LTO was submitted on Development

For assistance with the tenant input process, please click here for the "Checklist for Tenant Participation In Modernization Projects."

C. Our fiscal year ends on: 12/31

D. Our 4 most recent quarterly operating statements were submitted electronically on:

Qtr End	Date Submitted
03/31/2011	04/27/2011
12/31/2010	03/10/2011
06/30/2010	07/19/2010
03/31/2010	04/21/2010

E. Our 4 most recent quarterly vacancy reports were submitted electronically on:

Qtr End	Date Submitted
03/31/2011	05/26/2011
12/31/2010	02/11/2011
09/30/2010	10/20/2010
06/30/2010	07/26/2010

F. Our most recent quarterly capital report (form 80 and 90) was submitted on: 12/31/2010

G. Our most recent 12 monthly energy consumption reports were submitted electronically on:

Year/Month	Date Submitted
5/2011	05/24/2011
4/2011	04/13/2011
3/2011	03/10/2011
2/2011	02/16/2011
1/2011	01/21/2011
12/2010	12/15/2010
11/2010	11/18/2010
10/2010	10/15/2010
9/2010	09/10/2010
8/2010	08/16/2010
7/2010	07/15/2010
6/2010	06/16/2010

H. Our CPS is updated as of: *

I. Our last audit conducted by the State Auditors or our most recent HUD single audit was completed on: *

- Were there findings from the last audit? Yes No*

- If there were findings, did your LHA take appropriate action to correct? Yes No

J. During the previous 12 months we have completed at least one inspection on each unit in our portfolio. Yes No*

K. To the greatest extent possible, our capital and maintenance plans address all outstanding health and safety concerns in our occupied units, common areas and sites. Yes No*

L. We have an annual preventative maintenance plan on file at our LHA. Yes No*

- We are in the process of creating such a plan. Yes No

IMPORTANT! Remember to select the **SAVE** button above before navigating off this page to save your edits.

Attachment C: Modernization and Development Regulation

760 CMR 11.00: MODERNIZATION AND DEVELOPMENT OF STATE-AIDED PUBLIC HOUSING

11.01: Purpose and Applicability
11.02: Application for Funds and Site Selection
11.03: Designer Selection
11.04: Design
11.05: Bidding
11.06: Allocation of Funding
11.07: Construction
11.08: Completion
11.09: Grant Close-Out
11.10: Tenant Participation in Modernization Projects
11.11: Waiver by Director of Housing and Community Development

11.01: Purpose and Applicability.

(1) The purpose of 760 CMR 11.00 is to set forth the procedures governing the modernization and development of housing funded by the Department of Housing and Community Development (hereinafter referred to as the "Department") through grants to a local housing authority (hereinafter called the "LHA").

(2) 760 CMR 11.00 shall be effective on November 1, 1996. 760 CMR 11.00 replaces prior regulations appearing at 760 CMR 10.00 (modernization) and 760 CMR 11.00 (development).

(3) Unless otherwise noted, 760 CMR 11.00 applies to both the modernization and development of public housing funded by the Department.

11.02: Application for Funds and Site Selection

(1) Application (Modernization). The LHA shall inform the Department of the LHA's modernization needs on forms prescribed by the Department, either at specific funding rounds announced by the Department or as critical safety and energy needs arise.

(a) The LHA shall involve tenants of state aided housing in decisions related to the application for modernization funds in accordance with 760 CMR 11.10.

(b) Each modernization application shall contain a narrative statement outlining specific plans for tenant participation in the modernization process.

(2) Application (Development). The LHA shall submit to the Department an application proposal that responds to all aspects of the Request for Proposals circulated by the Department.

(a) The application shall include cooperation agreements between the LHA and the municipality to the extent requested in the Request for Proposals.

(b) When required by the provisions of St. 1954, c. 667, as amended, the LHA shall secure town meeting authorization to apply for such funding. Such approval shall be consistent with the Department's written guidelines and should not be specific as to site or number of units.

(3) Site Selection (Development). The LHA shall select sites in accordance with the Department's site selection guidelines.

11.03: Designer Selection

(1) Designer Selection. The LHA shall solicit applications from designers (as defined by M.G.L. c. 7) and follow the selection and interview process in accordance with M.G.L. c. 7 and the Department's exemption, as applicable to LHAs.

(2) Tenant Interview (Modernization). The LHA shall invite a representative of the tenant organization to participate in the interview of the finalist(s) for designer.

(3) Contract for Designer Services. Upon written approval of the selection of designer by the Department, the LHA and designer shall execute a contract for designer services in the form prescribed by the Department.

(a) The LHA shall not modify or amend this contract without the prior written concurrence of the Department.

(b) This contract shall not be valid until approved in writing by the Department.

(c) The LHA shall make periodic payments to the designer as provided by the contract subject to the approval of the Department.

11.04: Design

(1) Consistency with Department Procedures and Budget. Each project shall be developed in accordance with the Department's procedures and within the budget established by the Department for the project.

(2) Consistency with Department Design and Materials Criteria. The LHA shall not approve of any design or materials that deviate from the Department's design and materials criteria without the prior written approval of the Department.

(3) Consultation on the Scope of Work with the Department. The designer and LHA shall discuss with the Department, on a preliminary basis, the scope of the work prior to the preparation of plans and specifications.

(4) Authorization to Prepare Construction Documents. The designer shall not prepare construction documents without the prior written authorization of the Department. Such authorization shall not take place until all local approvals shall have been secured unless otherwise authorized by the Department.

(5) Approval of Plans, Specifications, and the Construction Documents. All plans and specifications and the construction documents shall be reviewed and approved by the Department prior to the LHA's advertising for bids by the LHA.

(6) Comprehensive Permit (Development). Upon request of the Department, the LHA shall apply for a comprehensive permit under the provisions of M.G.L. c. 40B if deemed necessary by the Department for construction of the project. The LHA shall diligently pursue any such application.

11.05: Bidding

(1) Statutory and Regulatory Compliance in Bidding. Bidding and approval of bidders shall be in accordance with the Massachusetts General Laws, the regulations of the Division of Capital Planning and Operations, and the Department's directives. The LHA shall:

(a) Notify the Department immediately regarding any formal bid award protest filed with the Division of Fair Labor and Business Practices in the Office of the Attorney General.

(b) Forward all bid documents, including subbids, the three low general bids and a bid summary to the Department for its review and approval.

(2) Rejection of Bids. The LHA shall reject any bidder whose bid price exceeds the budget established for the project unless the Department shall have given prior written authorization for acceptance of the bid. The LHA shall reject any or all bids when requested in writing by the Department to do so.

(3) Owner-Contractor Agreement. Upon written authorization by the Department, the LHA shall execute an owner-contractor agreement in the form prescribed by the Department. The Agreement shall not be valid until endorsed with the Department's written approval. The LHA shall not:

(a) modify or amend the agreement without prior written concurrence of the Department.

(b) permit the contractor to proceed with the work until authorized in writing by the Department.

(4) Tenant Participation (Modernization). The LHA shall involve tenants of state aided housing in planning modernization projects in accordance with 760 CMR 11.10.

11.06 Allocation of Funds

The LHA shall:

(1) Excess Reserve (Modernization). Use excess operating reserves and capital reserves, if available, before receipt and expenditure of modernization funds for modernization projects.

(2) Separate Accounts. Keep state modernization and development funds separate from other LHA funds.

(3) Reports. Report, as directed by the Department, on the status of funds received by the LHA, including interest.

(4) Prior Department Approval. Make no payments from state modernization and development funds without the Department's approval.

(5) Tenant Participation (Modernization). The LHA shall involve tenants of state aided housing in matters concerning the allocation of modernization funds in accordance with 760 CMR 11.10.

11.07: Construction

(1) Project Representative. Where the Department has determined that the services of a project representative are required, the designer shall advertise for, and select a project representative to monitor daily construction activity. Both the project representative and the project representative's compensation shall require approval of the LHA and the Department.

(2) Contract Officer. The LHA shall designate a contract officer whose function shall be to review payment requisitions from the contractor and to approve periodic payments to the contractor.

(3) Contractor Payments. The LHA shall make payments on the payment requisitions following approval by the contract officer and approval by the Department.

(4) Change Orders. The LHA shall consider requests for change orders in accordance with applicable contract provisions, the Department's procedures, and applicable law.

(a) The Contractor shall submit to the designer specification of any changes in the approved project which the Contractor deems necessary.

(b) The designer shall review the Contractor's request and, if the designer deems a change to be necessary or appropriate shall submit a written request for a change order including specification of the reason for the change order to the LHA and the Department.

(c) The LHA shall review each request for a change order and if it determines it to be necessary or appropriate may approve it subject to the approval of the Department.

(d) The LHA shall transmit a certified extract of the LHA's vote approving any change order together with all pertinent documents to the Department which may approve the change order if it deems it to be necessary or appropriate.

(5) Construction Disputes. Construction disputes between the contractor and designer shall be resolved in the manner specified by the owner-contractor contract and any applicable administrative procedures of the Department.

(6) Tenant Participation (Modernization). The LHA shall involve tenants of state aided housing in decisions relating to the construction of modernization projects in accordance with 760 CMR 11.10.

11.08: Completion of a Project

(1) Acceptance as Substantially Complete. In order for a project to be accepted by the LHA as substantially complete, it must be certified by the designer as being substantially complete in accordance with procedures established by the Department.

(2) Retainage Release. Upon substantial completion in accordance with the owner-contractor agreement, applicable law, and the Department's procedures on contract close-out, the LHA shall release retainage to the Contractor, provided that the LHA, pursuant to advice of the architect, shall reserve sufficient funds for completion of all incomplete and unsatisfactory work, and payment of any direct payment demands and other claims against the contractor.

(3) One Year Inspection. The designer shall inspect the project within one year of substantial completion and shall make a list of all deficiencies. The designer shall forward the list of all deficiencies to the LHA, to the Department, and to the Contractor for prompt remedial action.

11.09: Grant Close-out

After the close-out of any owner-contractor agreement, the LHA shall return funds remaining for the project to the Department, including accrued interest. The LHA may apply to the Department to undertake additional modernization work with all or part of modernization funds remaining after close-out of the agreement.

11.10: Tenant Participation in Modernization Projects

(1) Application Procedures. The LHA shall:

(a) Notify each duly recognized tenant organization when funding rounds are announced by the Department and whenever the LHA plans to seek modernization funds to meet a central safety or energy need or needs. The tenant organization shall be involved in determining the needs and priorities to be included in the application. For this purpose the LHA, working in cooperation with the tenant organization shall schedule a meeting at a time and place when the maximum number of tenants should be able to attend. The LHA shall post notice of the scheduled meeting that indicates the date, time and purpose of the meeting in a conspicuous place in the central office and in each project.

(b) Explain the Modernization Program and application procedures when such meetings are held, and shall answer any questions presented by the tenants relating to the modernization process. For this purpose, the LHA's modernization director, or other individual responsible for the modernization proposal, shall be present at the meeting. The LHA shall consider the tenants' input on needs and priorities and incorporate some or all of such needs and priorities in a draft funding application if deemed by the LHA to be consistent with sound management.

(c) Provide a copy of the draft funding application to each duly recognized tenant organization at least one week prior to submission of the application to the Department. If there is no tenant organization, the LHA shall post a notice within one week of submission advising interested tenants where they can review the draft. The LHA shall make any appropriate changes and shall request that the tenant organization's chairperson or representative of the tenants to sign the application. If the tenant organization and the LHA differ on priorities or inclusion of items in the final application, the LHA shall request a letter from the tenant organization setting out its differences. The LHA shall attach this letter to the application. If there is no tenant organization signature or letter from the tenant organization, the LHA shall include a statement establishing a good cause for the omission.

(2) Allocation of Funds. If awarded funding for a modernization project, the LHA shall notify the chairperson or a representative of each affected tenant organization of the award and make a copy of the contract for financial assistance between the LHA and the Department available upon request by the tenant organization.

(3) Bidding Document Preparation. The LHA shall explain the proposed modernization project to any interested tenants. The consultant and the LHA shall solicit and review comments from the tenants on the proposed modernization improvements and incorporate these comments in the bidding documents if deemed appropriate by the LHA.

(4) Construction. Following award of a contract for a modernization project, the LHA shall:

(a) Inform each affected tenant organization of the award, the construction contract, and the proposed construction schedule.

(b) Inform each affected tenant organization that the material documents relating to the modernization project are available in the LHA's office for inspection.

(c) Attend pre-construction conferences and invite a representative of each affected tenant organization to attend.

(d) Allow no more than two tenant representative observers at any regularly scheduled job meeting.

(5) Tenant Coordinators. The Department may require the services of a tenant coordinator or tenant coordinators for certain jobs. The LHA shall

(a) Select one or more tenant coordinators from a list of tenants, compiled on the basis of applications which have been reviewed, approved, and ranked by the tenant organization. If the LHA desires to pass over any of the ranked tenants, the LHA shall inform the tenant organization of the reasons for disagreement. The Department will mediate any further dispute.

(b) Use the tenant coordinator(s) to expedite construction activities which affect the tenants. The LHA shall pay the tenant coordinator(s) at the rate of one and a half times the prevailing minimum wage. The chairperson of a tenant organization shall be ineligible to receive compensation as a tenant coordinator.

11.11: Waiver by Director of Housing and Community Development

The Director of the Department may waive in writing any provision of 760 CMR 11.00, not otherwise required by applicable law, for good cause shown by the LHA or the Department upon a determination that a waiver will advance the interests of the state-aided housing program and promote the public benefit.

REGULATORY AUTHORITY

760 CMR 11.00: M.G.L. c. 23B, § 6; c. 121B, § 29.

Attachment D: Checklist for Tenant Participation

CHECKLIST FOR TENANT PARTICIPATION IN MODERNIZATION PROJECTS

LHAs (LHAs) are required to comply with 760 CMR 11.10, Tenant Participation in Modernization Projects. Please review this regulation to ensure that you have complied with the requirements. Below is a checklist which will assist LHAs through the steps as referenced in the regulation.

1.) Does the housing authority have one or more Local Tenant Organization(s) recognized under 760 CMR 6.09 (2)?

☐ Yes ☐ No

If yes, go to question number 2.

If no, please go to question number 3.

2.) Did you notify each recognized tenant organization of the housing authority's intent to draft a Capital Improvement Plan (CIP)?

☐ Yes ☐ No

3.) If there is no recognized tenant organization, did you notify the tenants at each of your state-aided public housing developments of your intent to draft a CIP?

☐ Yes ☐ No

4.) Did you involve tenants in the determination of the needs and priorities to be included in the CIP by holding a meeting at a time and place to encourage maximum tenant attendance? (This meeting is necessary whether or not the LHA has a recognized tenant organization).

☐ Yes ☐ No

If yes, when was the meeting(s) held? _____

5.) Did the LHA incorporate tenant priorities in the CIP that are consistent with sound management?

☐ Yes ☐ No

If yes, which priorities reflect tenant identified priorities?

_____

_____

_____

If no, which tenant priorities are not included in the plan?

_____

_____

_____

6.) Did the LHA provide a copy of the draft plan to each recognized tenant organization at least one week prior to submitting the plan to DHCD? LHAs are encouraged to submit the draft plan to LTOs prior to submitting the plan for Board approval.

☐ Yes ☐ No ☐ LHA has no recognized LTO

7.) If the LHA has no recognized LTO, did the LHA post a notice within one week of submission advising interested tenants where they can review the draft plan?

☐ Yes ☐ No

8.) Did the LHA request a letter of support for the plan from the recognized LTO (s), stating if the LHA and the recognized LTO (s) differ on priorities or inclusion of items in the CIP, and setting out its differences?

☐ Yes ☐ No

If a letter (s) was received, please submit the letter with your CIP.

If the LHA has no recognized LTO and the LHA has received letters from individual tenants, please submit any tenant letters with your CIP.

Please note letters can be scanned and attached to the electronic submission of your CIP.

I have read and understood the further requirements for tenant participation contained in 760 CMR 11.10 (3)-(5) relative to bidding document preparation, construction and tenant coordinators.

☐ Yes ☐ No