

GEARING UP FOR THE LONG HAUL

MASSNAHRO FALL CONFERENCE | NOVEMBER 2011



WITH MORE PREDICTABLE OPERATING & CAPITAL RESOURCES...

- What's the smartest way to spend them?
- How do we learn & improve as we go?
- How do we keep building the LHA+DHCD partnership?



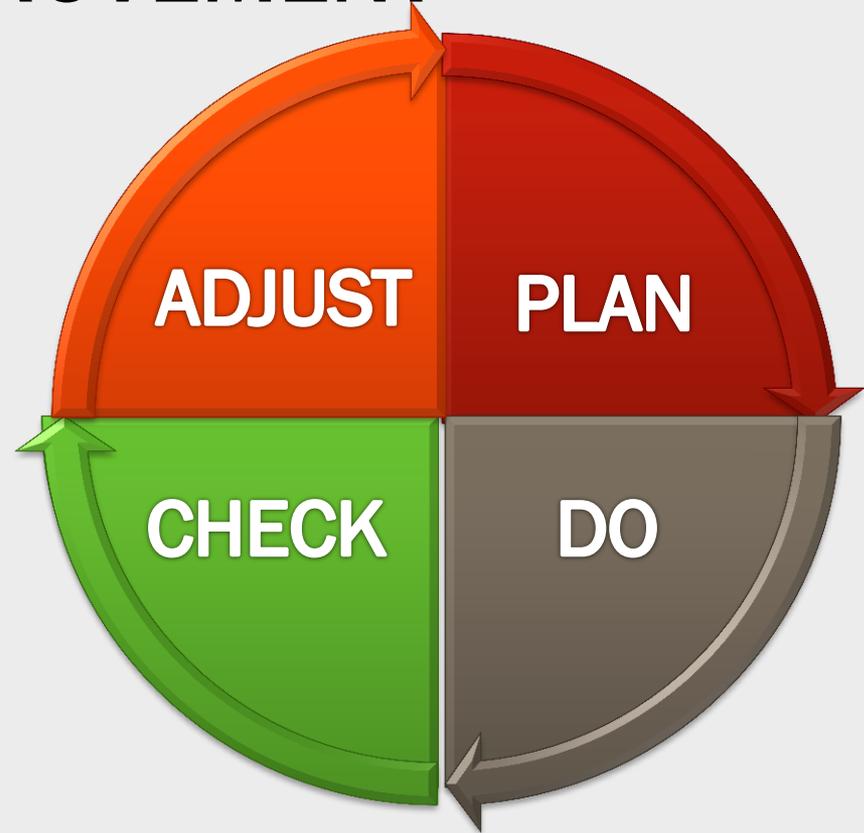
SESSION GOALS

- Present a model for learning & continuous improvement
- Review annual cycle of planning & allocating resources
- Examine interaction between capital & operating
- Show how planning & teamwork maximizes your \$\$\$
- Implementing capital projects - LHA & DHCD roles

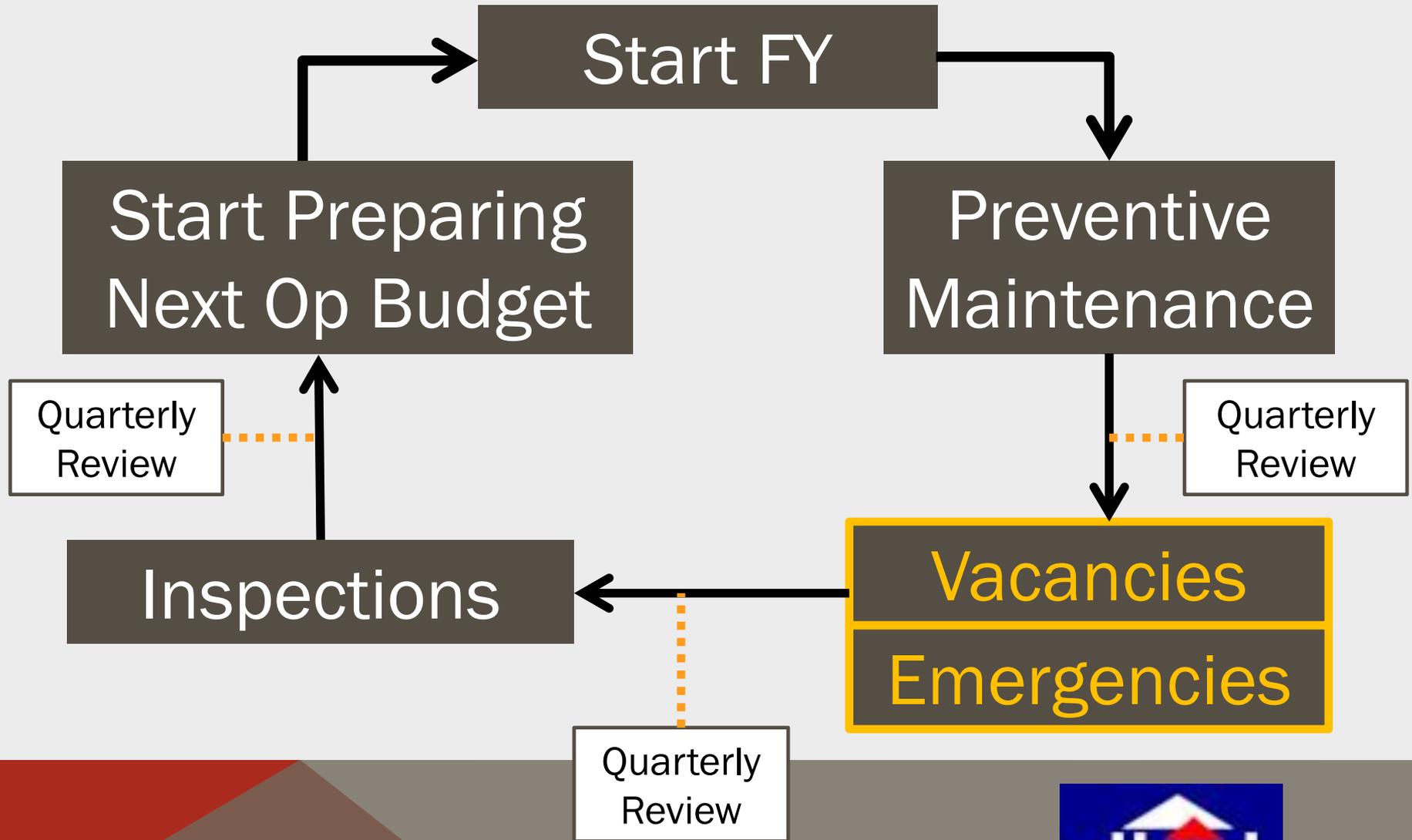


A MODEL FOR LEARNING & CONTINUOUS IMPROVEMENT

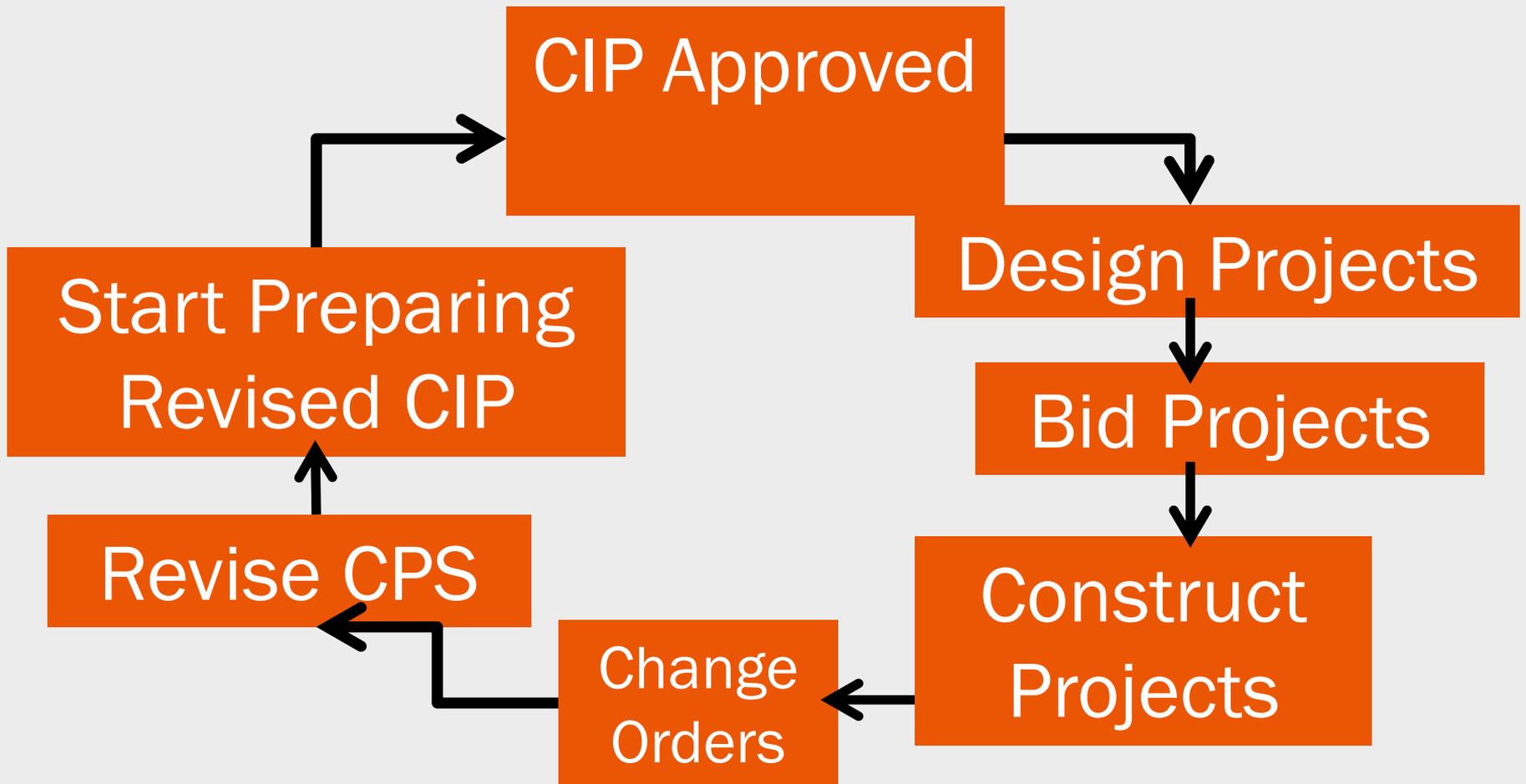
Total Quality
Management
(TQM)
Cycle



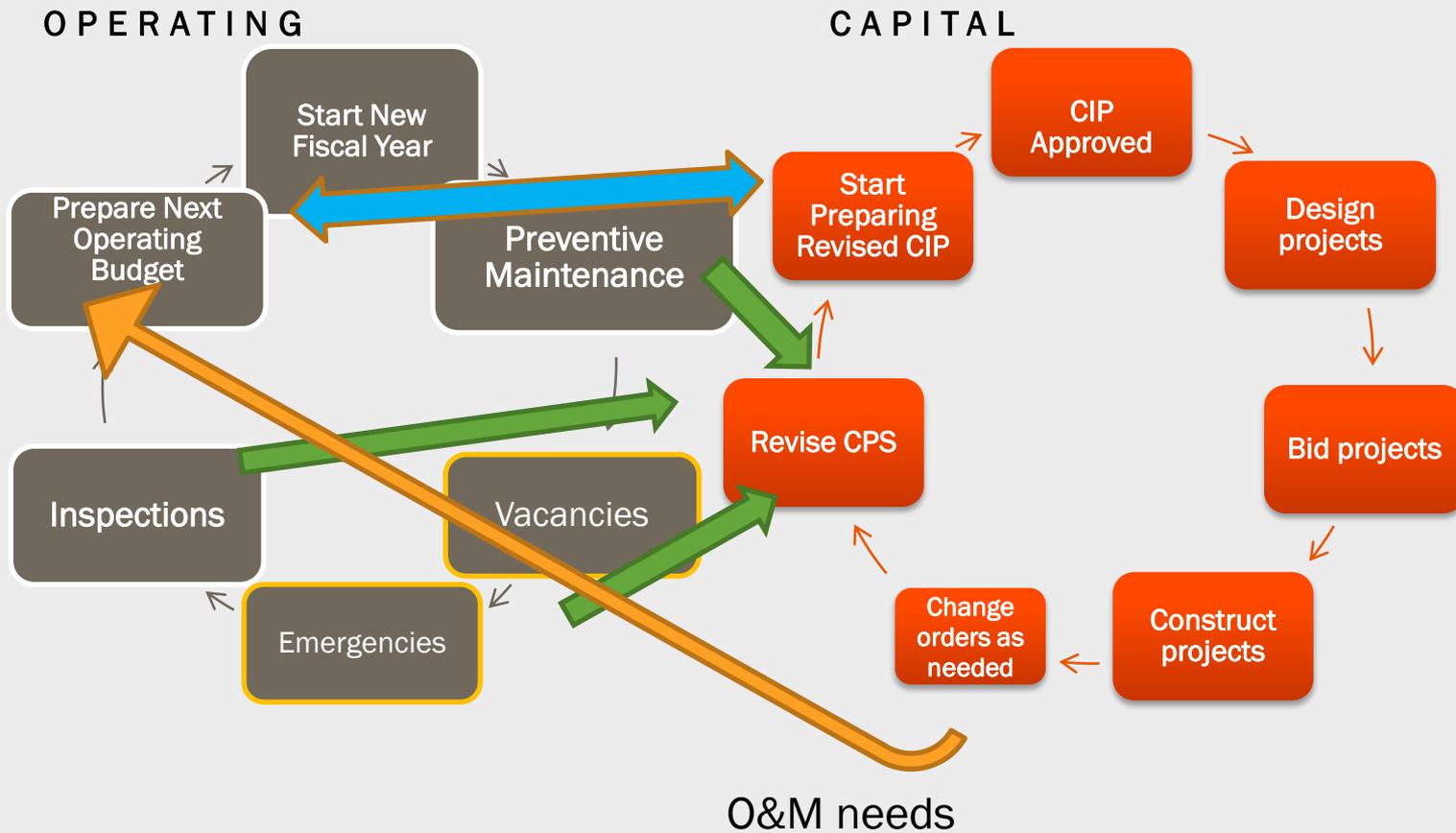
OPERATIONS CYCLE: MIX OF PLANNED & UNPLANNED TASKS



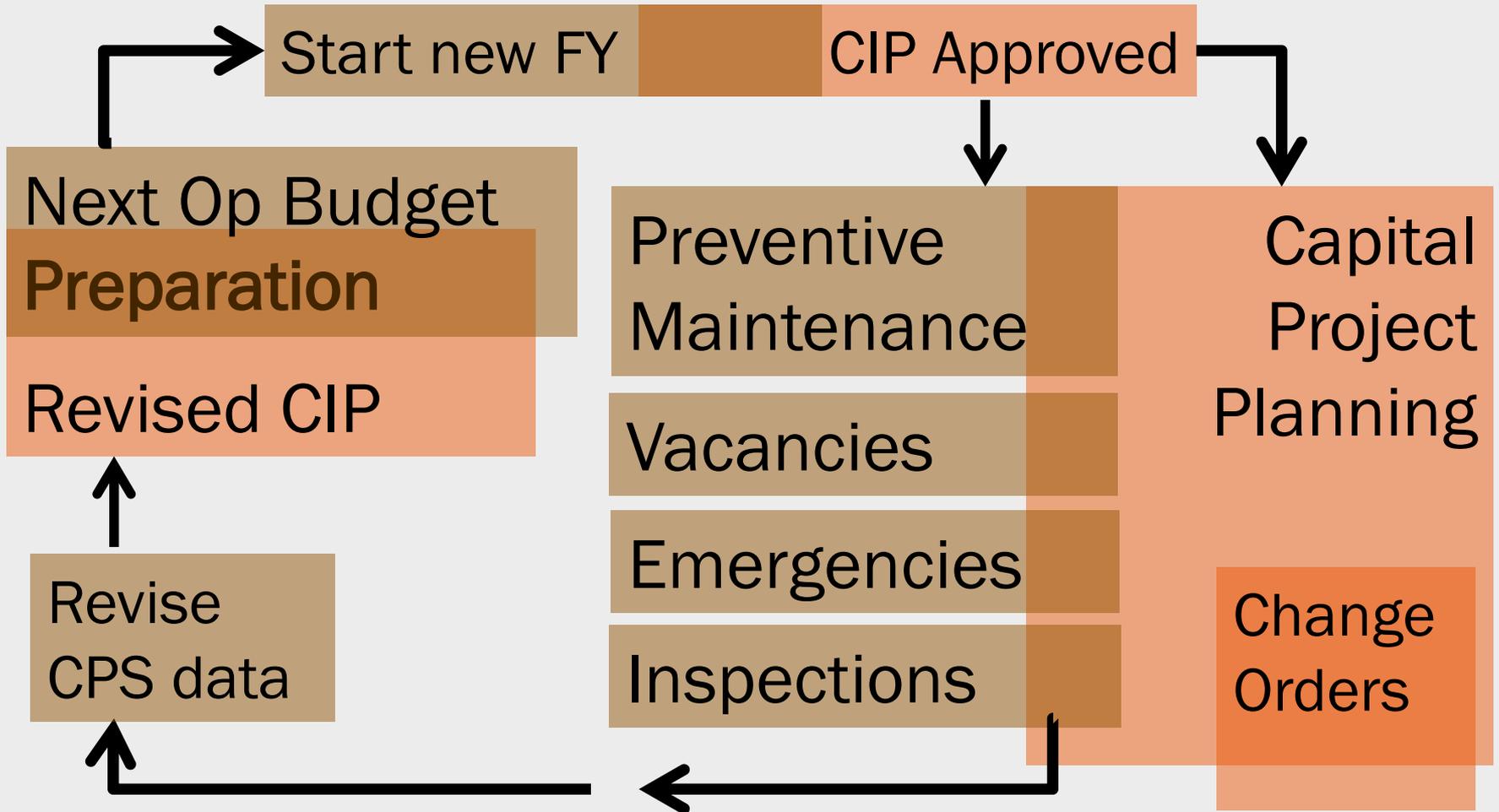
CAPITAL PLANNING & CONSTRUCTION CYCLE



POINTS OF INTERACTION



POINTS OF INTERACTION: ANOTHER LOOK



4 COMPREHENSIVE ASSET MANAGEMENT GOALS

1. Keep occupied as many units as possible.
2. Optimize life cycle investments with:
 - building maintenance strategies that extend the useful life of components and
 - capital improvements that meet DHCD design guidelines and construction standards;



4 COMPREHENSIVE ASSET MANAGEMENT GOALS

3. Reduce energy and water usage and pursue other capital and operating efficiencies; and
4. Invest in projects that leverage additional public and private resources.



ASSET MANAGEMENT

Plan

(Proactive) Planning

Do

- Financial Resources

Check

- LHA+DHCD Teamwork

&

Adjust

- Capturing & Using Institutional Knowledge



ASSET MANAGEMENT: **PLAN**

DHCD FINANCIAL RESOURCES

- **Operating Dollars**

- Non Routine
- Extraordinary Maintenance

- **Capital Dollars**
(Formula Funding)

OTHER FINANCIAL RESOURCES

- **Outside funding**

- Community Preservation Act (CPA)
- Community Development Block Grants (CDBG)
- Utility programs
- HOME
- Affordable Housing Trust
- Mixed Finance



ASSET MANAGEMENT: **PLAN**

LHA/DHCD Teamwork

- Tenants
- Board members & Executive Director
- Other administrative staff:
 - tenant selector/site management
- Maintenance & modernization staff
- DHCD staff



ASSET MANAGEMENT: **PLAN**

Capturing & Using Institutional Knowledge

- Unit Inspections
(Move-Out, Move-In, Annual)
- Scheduled Maintenance & Work Orders
- Vacancies
- CPS
- Management Plan



ASSET MANAGEMENT: DO

Plan

Do

Check

&

Adjust

Tasks

- Implement management plan
- Start projects

Resources

- LHA & DHCD Staff
- CIP as a guide and schedule



ASSET MANAGEMENT: **CHECK**

Plan

Tasks

- Track costs and time
- Update CPS
- Quarterly Operating Statements
- Vacancy/ Unit Turnover Reports

Do

Check

Resources

- CPS, CIMS & Housing Applications
- DHCD Staff
- Board Oversight & Support

&

Adjust



ASSET MANAGEMENT: **ADJUST**

Plan

Tasks

- Develop the next CIP
- Plan operating budget resources
- Update your management plan policies

Do

Check

&

Resources

Adjust

- LHA/DHCD Staff
- CIMS



**LEARNING FROM AN LHA/
STEVE KEANE, LEXINGTON HA**

CAPITAL PROJECT IMPLEMENTATION

- Bond Cap 101

Spending your approved
Capital Improvement Plan matters!

- What to Expect from DHCD
- New Expectations for LHAs



BOND CAP “EXPLAINER”

Bond Cap is projected to be
\$90M in FY 12



TO MEET BOND CAP, LHAS MUST SPEND ACCORDING TO CIP SCHEDULE

Spending	FY2009	FY2015
\$ per year bond cap	\$90 million	\$90-100 million?
# LHAs spending capital each year	94 <i>Emergency</i> 65 <i>CAR/CPA/ADA/Non-Emerg</i> 126 LHAs	242
# projects	228 per year	500+ per year



CAPITAL PROJECT IMPLEMENTATION: WHAT TO EXPECT FROM DHCD

- After CIP approval, a letter will state the “active” projects
- For larger projects (est. construction > \$25K), DHCD architects and engineers will:
 - help ‘scope’ the projects
 - prepare WO or RFS to select a design consultant
 - continue to complete design reviews

WHAT TO EXPECT FROM DHCD - CONTINUED

- DHCD will work with you through the bid process and review/approve bids and contracts
- Construction Advisors will:
 - attend construction meetings
 - sign off on requisitions, change orders, closeouts
- For smaller projects (est. construction <\$25K), AERP is available and voluntary



AIMM

- More independent CIP implementation
- Intended for LHAs with experience managing capital projects and the desire to work more independently
- AIMM LHAs certify that work is proceeding according to guidelines, regulation and statute

NEW EXPECTATIONS FOR LHAS

Schedule

- More projects, more decentralized management of the bond cap
- LHAs need to keep schedule to meet the spending projected in the CIP

NEW EXPECTATIONS FOR LHAS

Budget

- Everything is connected
 - If budget for one project goes up, the budget for another project needs to go down
- Most of the funding has been allocated to LHAs
 - DHCD has little ability to fill funding gaps

NEW EXPECTATIONS FOR LHAS

CPS: keep it current

- Updates when projects are complete
- Updates to components to reflect changed conditions

NEW EXPECTATIONS FOR LHAS

Emergencies

- You have an emergency reserve to add an urgent project to your approved CIP
- Make a written request to your Project Manager to add reserve project
- You can access DHCD's emergency reserve only if all your funds are being used for urgent work

WHAT'S IN THE WORKS

Technical Assistance Offerings

- Keeping projects on schedule
- Refresher on updating cps
- Scoping & bidding (AERP)
- Range of media: web-based documents, webinar training, DHCD/NAHRO regional trainings

What else do you need to succeed?

