

Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Tina Brooks, Undersecretary

Public Housing Notice 2011-06

TO: All Local Housing Authorities

FROM: Laura A. Taylor, Director, Bureau of Housing Management

RE: Updated Accelerated Independent Modernization and Management (AIMM) Program Description

DATE: July 14, 2011

Attached please find an updated program description for Accelerated Independent Modernization and Management (AIMM) which is effective today. There are two (2) areas that have been updated.

1) Application Process

Interested LHAs should notify the administrative assistant for the Construction Management Unit at DHCD, Gail Cassarino, in writing (email or regular mail) of their desire to obtain AIMM status. Please see paragraph 1 under Application Process.

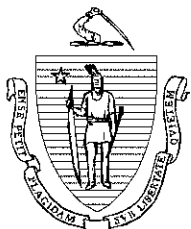
2) AIMM Eligibility

This update can be found under the operating criteria for AIMM Eligibility on page 2 of the program description, and provides that an LHA's combined reserve balance, operating and restricted, will be considered when determining an LHA's eligibility for AIMM designation. This added criterion will be considered for all LHA requests for AIMM designation received on or after July 14, 2011.

The newly added criterion is as follows:

- LHA's combined balance of operating and restricted reserves accounts is greater than or equal to 20% of full reserve balance.

We look forward to receiving and working with you on your requests for AIMM designation. Feel free to contact the LHA's housing management specialist should you have any questions regarding this update.



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Accelerated Independent Modernization and Management (AIMM)

Program Description:

DHCD's Accelerated Independent Modernization and Management (AIMM) Program provides eligible Local Housing Authorities (LHA) greater flexibility and autonomy in undertaking capital planning and capital project implementation, thereby expediting project schedules and lowering transaction costs. AIMM LHAs take full responsibility for capital improvement planning and modernization process including compliance with all statutory and regulatory requirements and submit certifications for compliance with DHCD design standards and applicable law and policy.

AIMM LHA will receive:

- Expedited and simplified CIP review: 2 week DHCD review turn-around so long as CIP does not propose to take units off line.
- Limited project management involvement: supports necessary to process invoices.
- Simplified and time-bound architectural and engineering review by DHCD (not more than two weeks for each review): 1 review at schematic design and 1 review at 95% construction documents (CD) to check for adherence to DHCD's guidelines and standards and procurement rules based on LHA review and certification. In some cases, DHCD may elect to conduct a post completion audit review following construction completion.
- An AIMM LHA may allocate up to 13% of their formula funding and/or other capital resources for documented capital project related implementation costs (the normal limit is 10%).
- An AIMM LHA will also be eligible to apply to DHCD to receive all or a portion of their formula funding through the Public Housing Innovation Demonstration Program (PHIDP) which was enacted in 2008 to allow the relaxation of certain regulatory and statutory restrictions on LHA activities in order to demonstrate cost effective revitalization methods for state-aided public housing and to reduce the need for future state modernization funding.

Application Process

1. Interested LHAs should notify the Administrative Assistant for the Construction Management Unit at DHCD, Gail Cassarino, in writing (email or regular mail) of their desire to obtain AIMM status. The letter should include two (2) certifications: 1) that your LHA has an annual preventative maintenance plan on file at the LHA and, 2) that your LHA has an appointed Chief Procurement Officer who has already obtained Massachusetts Certified Public Purchasing Official (MCPPO) certification or will obtain certification by completing Office of the Inspector General training within 12 months of AIMM designation.
2. A DHCD project manager will coordinate DHCD's efforts to pre-qualify the LHA by verifying combined balance of operating and restricted reserves accounts and conformance with at least 80% of the other operating eligibility criteria. LHAs will be notified within 10 business days of their pre-qualification status.
3. Pre-qualified LHAs will then submit their staff qualifications and AERP program experience (if applicable) in writing to their DHCD project manager. LHAs will then be notified in writing within 20

Accelerated Independent Modernization and Management (AIMM)

business days of their AIMM status. At any point in the process, if DHCD determines that an LHA is not eligible for AIMM status, DHCD will provide a detailed written explanation of the reason(s) for such determination. An LHA which has been denied AIMM status can request reconsideration in writing together with relevant documentation to support the request. Reconsideration may include a DHCD site visit.

AIMM Eligibility Criteria

Recognizing the close relationship between capital and operating functions, and while the AIMM program is currently limited to minimizing regulatory oversight only with respect to capital planning and implementation of capital projects, DHCD will review applications for AIMM status for conformance with both capital and operating eligibility criteria. An LHA that meets the reserve balance criterion meets or exceeds at least 80% of the other operating criteria and all of the modernization and maintenance criteria will be designated as an AIMM. If an LHA has a low combined reserve balance, meets less than 80% of the criteria, and/or not all of the modernization and maintenance criteria, DHCD will consider the particular circumstances affecting each LHA prior to granting or denying AIMM status. An LHA must obtain re-designation every 3 years based on then-current compliance with AIMM eligibility criteria.

Operating Criteria (LHAs must meet the reserve balance criterion in addition to at least 80% of the other criteria)

- LHA's combined balance of operating and restricted reserves accounts is greater than or equal to 20% of full reserve balance.
- LHA's adjusted vacancy rate for each program (c. 200, c. 667, c. 705) is less than or equal to 5%.
- LHAs receivables is less than or equal to 5%.
- LHAs has an annual operating budget variance of less than or equal to 10%.
- LHA is current on quarterly operating statements, vacancy reports and monthly water and energy utilization submissions.

Modernization and Maintenance Criteria (LHAs must meet all of these criteria)

- LHA has sufficient modernization capacity/experience to implement their CIP. For example: has a modernization director or dedicated modernization staff; has successfully completed AERP project(s); has successfully completed prior modernization with limited help from DHCD; has a feasible plan for acquiring/purchasing modernization services.
- LHA has an annual preventative maintenance plan on file at the LHA.
- LHA has an appointed Chief Procurement Officer who has already obtained Massachusetts Certified Public Purchasing Official (MCPPO) certification or will complete such certification by completing Office of the Inspector General training within 12 months of AIMM designation.

Additional Criteria for On-going Accelerated Independent Modernization and Management LHA Participation (subsequent to initiating FF and/or upon re-designation which will occur every 3 years or upon a change in the LHA's executive director)

- LHA's portfolio-wide FCI is at or below 7.9% or, if higher, is showing a consistent decline based on capital improvements.
- Change Order rate on past construction projects is less than or equal to 5%.
- CPS inventory is current and accurate.
- LHA has an approved and current CIP.
- LHA is current on quarterly modernization reports.
- LHA has completed projects on time according to their approved budget and cap share plan.