



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Aaron Gornstein, Undersecretary

Public Housing Notice 2012-17

To: Public Housing Authority Executive Directors
From: Lizbeth Heyer, Associate Director for Public Housing & Rental Assistance
Subject: **FY 2013 Formula Funding, Bond Cap, Capital Plans and Sustainability Update**
Date: November 6, 2012

The purpose of this Public Housing Notice is to provide some updates about DHCD's capital program, and to solicit LHA interest in new funding for capital projects that will turn over vacant units or save energy and water. These are the highlights:

1. Job One: Stay on track to complete formula-funded projects by June 30
2. AIMM housing authorities may start FY 14 & 15 projects early if bond spending lags
3. FY 13 Bond Cap at \$95 million - \$5 million more than anticipated
4. FY 15 Formula Funding award letter coming in November
5. DHCD gets CIMS ready for second round of Capital Improvement Planning
6. Sustainability funds available to stretch your formula funding; utility energy efficiency program budget continue to grow

➤ Items below that invite LHA response are noted in bold with an arrow.

1. **Job One: Stay On Track to Spend Formula Funded Projects by June 30!**

This is the first year that we are largely relying on Formula Funded projects to meet annual spending cap. Over 1,700 capital projects funded by the Formula Funding program are planned for FY13 and this tremendous accomplishment means that long-overdue high priority repairs are underway at almost every housing authority in the state. Together we face the challenge of moving this large volume of projects through the system. It is critically important that we stay on schedule with projects and expenditures in order to fully utilize public housing's FY13 spending cap.

Within the pre-construction Formula Funded projects,

- 23% of FY 13 projects (valued at \$21 million) are larger projects that must be moved expeditiously through design and bidding;
- 77% of FY13 projects are the 1,200 small project with construction costs under \$25,000 (valued at \$11 million) that LHA's will be responsible for launching and managing, plus AIMM LHA

projects. As you know, we circulated a new Small Projects Guide and have been doing training this fall to equip LHAs for success.

All of these projects will generate a substantial amount of construction spending in the spring before the June 30 FY end. By mid-November, DHCD will be contacting you by email to find out how you are planning to pace the implementation of your small projects by season, so we can forecast and track spending progress by quarter against real LHA plans.

This year is unusual in that many LHAs' capital plans were approved so late in the FY12 fiscal year that both FY12 and FY13 projects are all being implemented in one year. In the future, cap share will not automatically roll from one fiscal year to the next. As the Formula Funding program ramps up and the project pipeline grows, loss of unused annual cap is a real possibility, so do not put your funding in jeopardy.

- **Please plan to finish all FY 12 and FY 13 projects by June 30, 2013 and do respond promptly to DHCD email about plans for advancing small projects.**

2. **AIMM Housing Authorities May Start FY 14 & 15 Projects Early if Bond Spending By Others Lags**

Did you know that only 13 LHAs (5%) have been approved through DHCD's Accelerated Independent Modernization and Management (AIMM)? Half of all LHAs meet the operations criteria for eligibility. Are you ready to take AIMM? If you or your staff has experience managing capital projects independently, consider applying.

Since AIMM LHAs are able to advance capital projects independently, without adding significantly to the DHCD project management and design review workload, these LHAs will be offered the earliest opportunity to accelerate their capital spending if the pace of existing bond spending is not on target with quarterly forecasts, or when additional bond cap gets awarded without programmatic restrictions.

If you are an AIMM LHA and you have projects scheduled for FY 14 or 15 spending that you feel you can accelerate to complete in FY 13, please let your Project Manager know as soon as possible. This includes both projects which we've already authorized you to start and those for which you have not yet received authorization.

- **If you would like to apply for AIMM Certification please see:**
<http://www.mass.gov/hed/docs/dhcd/ph/formula/acceleratedindependent.pdf>

3. **FY 13 Bond Cap at \$95 million**

The official news is in! FY13 bond funds total \$95 million, up \$5 million from last year. The Administration has awarded an extra \$2 million for another round of Vacant Unit Turnover projects and \$3 million to accelerate energy & water-saving capital projects.

- **For detailed information on applying for Vacant Unit Turnover funding, see PHN 2012-14 <http://www.mass.gov/hed/docs/dhcd/ph/publicnotices/12-14.pdf>**

DHCD will target the extra \$3 million bond cap to the following types of energy and water saving projects:

- Completing several thousand more low-flow toilet replacements, with priority given to developments where water & sewer expenses exceed \$40 per unit per month or where there are septic system problems;
 - Accelerating heating system, siding and roof replacement jobs in current capital plans, since many of these projects were phased over several years due to limited formula funding; and
 - Upgrading refrigerators and other quick payback measures at LHAs served by municipal electric companies, which do not otherwise have access to extensive energy efficiency services.
- **Please fill out the form at the end of this memo by November 16 if you are interested in pursuing accelerated energy & water-saving projects.** DHCD is also using energy and water use data from HAFIS and WEGOWise to identify LHAs with particularly high water and energy costs and will do targeted outreach accordingly.

The following updates about formula funding and capital planning are for information. DHCD will soon follow up with LHA-specific letters or outreach.

4. **FY 2015 Formula Funding Award Letter Coming Soon**

DHCD plans to finalize and distribute FY 15 formula funding award letters in November. Awards will match the amount that was provided as a FY2015 planning estimate in the Capital Improvement Management System (CIMS) with adjustments made for advances and savings. In November, you should be able to officially take this good news to your Board.

5. **Capital Improvement Plans – Round 2**

Thanks again to all LHAs for doing such a great job getting the first round Capital Improvement Plans (CIPs) completed. Going forward, the capital plan process will be cycled closely with operating budget preparation. This will help LHAs to consider the balance of capital and maintenance spending needed to protect and gradually upgrade the portfolio.

DHCD staff have been working with the CIMS software consultants and an LHA user advisory group on upgrades for creating the second 5-year CIP. DHCD will perform beta testing with 3 or 4 LHA's in November or December, and we plan to have the upgraded system live by early January.

The first set of users of CIMS 2.0 will be the 57 LHA's who had capital plans approved more than 9 months ago and have a Fiscal Year End (FYE) on March 31, 2012, June 30, 2012, September 30, 2012

or December 31, 2012. FYE March 31, 2013, will bring the next wave of 44 LHAs who will benefit from the lessons learned from the first wave.

The Training Strategy we are entertaining for CIMS Version 2.0 is to conduct “District Hours”, hands-on sessions where LHAs will learn how to manage new CIMS functions using their own “live data”. The trainings will be scheduled in waves so that LHAs will get the training close to the time that their new capital plan needs to be resubmitted—stay tuned for a training announcement.

Planning: Even before CIMS 2.0 is ready, it’s not too early to get ready for your next capital plan by taking the following steps:

- Making sure your Capital Planning System (CPS) information is updated to reflect your recent capital spending with formula funding, or other resources (reserves, CPA, ARRA, utility energy efficiency funds, CDBG, etc.)
- Identify what resources are currently available to you, how much of them you have used to date, what is remaining to reassign/reprogram, and what may be “untapped”(eg CPA, CDBG, DHCD Sustainability, other).
- Add any new capital projects that have been identified.
- Reprioritize existing & new capital projects in CPS based on recent evaluation of conditions and needs. (*When planning, think **LHA/portfolio-wide** with respect to the needs of the LHA, tenants, and the community*).
- Put your Board and Tenants on notice of the timeline to develop and submit your CIP 13.
- Ensure that all of your DHCD reporting is up to date: (HAFIS Operating, Vacancy, Capital Form 80 and 90, Energy consumption, Completed Projects).
- Ensure that your inspections records are current.

DHCD expects LHAs will get much more out of district hours training if all the above steps are taken first.

Questions: For questions regarding CPS, email Rick Brouillard at Richard.brouillard@state.ma.us. For questions regarding the CIMS software contact Bill Holland at William.holland@state.ma.us or Rick Brouillard at Richard.brouillard@state.ma.us. For questions regarding your projects that are in process, contact your DHCD Project manager.

6. Sustainability Update

In addition to the extra bond cap for Energy & Water-Saving, here are other resources worth noting:

Utility Energy Efficiency funds: LHAs served by investor-owned (rather than municipal) gas and electric companies have enjoyed robust energy efficiency investments from the Low Income Multifamily Energy Retrofit (LIMF) program, which is now in its third year of operation. In Calendar Year 2012, the electric programs have improved offerings to LHAs and affordable housing owners:

- Refrigerators (10 yr. vs. 15 yr. cutoff for replacement)
- Lighting (Interior and Exterior Replacement, as well as some LED pilot projects)
- Weatherization for Electric Heat units

The gas measures have included installation of new boilers, weatherization, and/ or customized cash incentives toward capital-funded, Ch. 149 procured heating system upgrades.

The next 3-Year Utility Energy Efficiency Plan for 2013-2015 is about to be filed with the Dept. Of Public Utilities; DHCD, along with other low-income housing advocates, has been helping the utilities plan for further program improvements. The 3-year budgets for both Single and Multifamily Low Income programs will include approximately \$60 M for electric and \$ 35 M for gas measures. State-aided public housing is well-positioned to benefit from at least a third of this robust budget.

- **To apply for an LIMF energy assessment, go to www.leanmultifamily.org or contact debra.hall@state.ma.us**

\$2 million DOER Renewable/Thermal Technology Grant: MA Dept. of Energy Resources (DOER) solicited LHA interest in renewable pilot projects last spring, but funding was not transferred to DHCD until late summer. We apologize for the delay in getting back to LHAs interested in these projects. DOER, in consultation with DHCD, has selected several developments for pilot projects involving innovative technologies including air source heat pumps, combined heat & power, and commercial scale biomass (wood pellet) boilers. A solar feasibility analysis is underway for developments at 14 LHAs. Once budgets are developed for these projects, we will know how much of the \$2 million grant will be available for additional projects. DOER has made an effort to choose projects that include a range of technologies, taking into consideration utility service territories, size of LHAs, and geographic distribution.

For further information about DHCD Sustainability programs, contact Debra Hall, DHCD's Sustainability Program Developer at debra.hall@state.ma.us.

In conclusion - thank you all for your collaboration and diligence in spending these long-awaited capital funds. We are seeing great results all over the state!

**I'M INTERESTED IN SAVING WATER & ENERGY!
 PLEASE FILL OUT, SAVE AND EMAIL THIS FORM BY NOVEMBER 16 TO
DEBRA.HALL@STATE.MA.US**

No scans or faxes, please.

Name of LHA	
Name of Executive Director	
Contact Phone & Email	

Water Conservation/ Low flow toilets - Please indicate how many high-flow toilets you will commit to replace by June 30, 2013.	
Dev. No.	
# Toilets Needed	
Rear or Floor Mount?	
2011 Water bills over \$40 PUM or septic problem?	
Dev. No.	
# Toilets Needed	
Rear or Floor Mount?	
2011 Water bills over \$40 PUM or septic problem?	
Dev. No.	
# Toilets Needed	
Rear or Floor Mount?	
2011 Water bills over \$40 PUM or septic problem?	

Accelerating Capital Projects with Energy-Saving Opportunities

Dev. No.	
FISH Number?	
Project Description	
Opportunity to Save Energy	<input type="checkbox"/> High Efficiency Heating System <input type="checkbox"/> Additional Insulation Needed Under Roof or Siding <input type="checkbox"/> Solar-Ready Roof <input type="checkbox"/> Need Upgrades to Thermostats, Controls <input type="checkbox"/> Other _____

Need Assistance Applying for Utility-Funded Low Income Multifamily Energy Retrofit Program

Dev No & Address	
Type of Heating Fuel	[] Electric [] Gas [] Oil [] Propane
Needs/Opportunities to Save Energy	