Commonwealth of Massachusetts
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT
Charles D. Baker, Governor ◆ Karyn E. Polito, Lieutenant Governor ◆ Janelle L. Chan, Undersecretary

Public Housing Notice 2019-05

To: Local Housing Authorities Executive Directors

From: Amy Stitely, Associate Director, Division of Public Housing

Date: March 7, 2019

Re: Regional Capital Assistance Team (RCAT) Program Waivers

The purpose of this notice is to solicit applications from any LHAs that wish to be excluded from participation in the Regional Capital Assistance Team (RCAT) program, and provide an update on RCAT participation eligibility.

NOTE: If you would like to pursue a waiver, you must put this decision in front of the board of commissioners at your next meeting and also schedule a meeting with your tenants.

The waiver application and submission directions are in Attachment A of this notice.

If your LHA wishes to remain in RCAT or begin receiving RCAT services as of July 1, 2019, it does not need to take any action pursuant to this PHN. All LHAs with less than 500 state units will be automatically entered into the RCAT program unless they request a waiver.

A. Updates

500+ LHAs

In the first waiver round in 2016, LHAs with more than 500 state-aided units were not invited to "opt-in" to the RCAT program. At this time, there has been no change to this policy.

CapHub

Should an LHA opt to waive-out of the RCAT program, they should note that they will be expected to maintain all Budgets and Schedules for $50,000 and below projects in CapHub. Updates with accurate information should be done frequently through the life of a project to ensure that DHCD's capital spending forecast reflects the most up to date data.

LHA's that opt-in to the RCAT program will be expected to do the same for projects $10,000 and below.

DHCD will provide training to LHAs on CapHub beginning in Spring 2019.

New Contract Terms

After this round of waivers is concluded, agreements between LHAs and RCATs are to be issued in perpetuity and will have a termination clause. Should an LHA choose to terminate, they must notify the RCAT 3 months in advance of terminating service and they will need to wait a period of 1 year before being eligible to opt-in again. Waivers will be issued for 3 year terms, at which point the waived LHA must re-apply for a waiver or will automatically enter the RCAT program.

If a waived LHA undergoes a significant change in staff or operations that might negatively affect its ability to meet capital or maintenance program goals, they would be allowed to request entry to the RCAT program. See page 8 of the RCAT Program Guidelines for details and instructions.

B. RCAT Program Scope

As a reminder, the RCAT program is legislatively mandated under Section 26C of Chapter 235 of the Acts of 2014. The program created 3 regional teams of technical assistance providers to assist smaller LHAs in executive capital and maintenance plans and projects. All LHAs may participate in the program, but LHAs with 500 or fewer state-aided units are required by law to participate, unless the LHA is granted a waiver.

With the goal of increasing the technical capacity of smaller LHAs while facilitating collaboration to capture efficiencies of scale, the RCATs performs the following services for participating LHAs:

1. Annual Portfolio needs assessment
2. Annual Capital Improvement Plan (CIP) creation and maintenance between submissions
3. Project management duties for RCAT designated capital projects, with particular focus on implementing projects between $10,000 - $50,000
4. Assistance with securing additional capital funds from DHCD or other leverage sources
5. Annual Maintenance Plan creation and guidance
6. Creation of template service contracts for LHA use

In addition, the RCATs will each organize 2 group trainings per year on topics most relevant to the needs of the LHAs in their regions.

C. Waiving Out of the RCAT Program

LHAs with less than 500 state-aided public housing units must apply for a waiver if they wish to opt out of the services listed above. Any LHA with less than 500 state-aided units that does not submit a waiver application will be automatically entered into the RCAT program. **Please note that having submitted and received a waiver in 2016 does not automatically qualify you for a waiver again.** Those that have been previously granted a waiver will need to reapply if they wish to remain exempt from the program. If you wish to remain in RCAT, or if your LHA has a waiver and wishes to join the RCAT program, you do not have to take any action; your LHA will be assigned to the RCAT program beginning July 1, 2019.

DHCD will only be granting waivers to LHAs that can successfully demonstrate that they have the operational and technical capacity to manage their own capital and maintenance programs independently. LHAs that elect to waive out of the program will be expected to do the following tasks without any assistance from DHCD staff:

1. Assess properties annually for capital and maintenance needs, including unit inspections.
2. Create capital projects in the Capital Planning System (CPS).
3. Create CIPs in the Capital Information Management System (CIMS) and submit revisions as needed.
4. Execute small projects from start to finish:
    a. Scope projects under $50,000 in construction costs for procuring designers or assembling bid packages.
    b. Procure contractors and manage projects to meet budget and schedule.
5. Continuously update the CPS inventory (at the close of project and after annual needs assessments/unit inspections).
6. Write and update annually a maintenance plan for all properties that will be incorporated into the required submissions of the LHA annual plan.
7. Keep all projects on schedule and within approved budgets.

D. Waiver Threshold Criteria

In order to qualify for a waiver, an LHA must meet all of the following threshold criteria:

1. Staff Capacity: LHA has a full-time Executive Director and full-time maintenance staff person.
2. Capital Benchmarks: In the past 3-years, LHA has demonstrated good capital program performance, by:
    a. Spending 80% of total awarded Formula Funding for the past 3 fiscal years
    b. Submitting its most recent CIP within the same month that it was due, with no reporting errors. If DHCD requested modifications, LHA resubmitted within 30 days of notice.
3. Vacant Units: Currently, less than 5% of the LHA's state-aided units are vacant beyond 60 days, not including those with a DHCD approved waiver.
4. Management Capacity: LHA has routinely stayed up to date with all reporting and certification requirements over the past year, including:
    a. Vacancy reports
    b. Monthly energy reports
    c. Budget
    d. Operating Statements
    e. Operating Statement Certifications
    f. Lead-based paint compliance certification
    g. Top 5 highest paid housing authority salaries certification
    h. Capital Improvement Plan (CIP)
    i. Quarterly Modernization Cost reports

j. AUP has not flagged any significant procurement issues

In addition, DHCD will also take into consideration:

1. The total number of public housing units that the LHA manages, including federal units and other state units that are covered by a management agreement.
2. Recent changes in staffing
3. Whether or not the LHA has a designated procurement officer who has MCPPO certification or is working towards certification
4. The LHA's past demonstrated ability to complete projects under $50,000 on schedule and in compliance with procurement laws.

E. Waiver Conditions

Waivers will be granted for a term of 3-years, from July 1, 2019- June 30, 2022. DHCD may rescind a waiver in the following situations:

1. LHA has a change in Executive Director, or a management agreement expires.
2. LHA falls below the 3-year, 80% Formula Funding spending threshold.
3. LHA neglects to submit their CIP on time.
4. A DHCD site visit or Agreed Upon Procedures financial review indicates that an LHA would benefit from some assistance in the areas of property maintenance, unit occupancy, and/or procurement.

F. Application and Review Process

LHAs that would like to apply for a waiver must fill out the attached application form (Attachment A) and submit it to DHCD by Friday, April 12, 2019. 500+ LHAs that would like to opt-into the RCAT program must fill out the attached application form (Attachment B), and submit it to DHCD by the same date.

The review process is expected to be completed by mid-May with decision notices being emailed to each individual LHA on Friday May 24, 2019.

If there are any questions, please submit them in writing to: Fatima Razzaq, Director of Project Management at Fatima.Razzaq@mass.gov

Attachments:

Attachment A: Waiver Application

Attachment B: Map of Current RCAT regions