



Commonwealth of Massachusetts

DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

Charles D. Baker, Governor ♦ Karyn E. Polito, Lieutenant Governor ♦ Jennifer D. Maddox, Undersecretary

PHN 2021-13 Addendum #1

To: Local Housing Authority (LHA) Executive Directors
From Ben Stone, Director, Division of Public Housing
Date: February 23, 2022

Re: Chief Administrative and Financial Officer (CAFO) Program, Agreed Upon Procedures (AUP) Threshold **UPDATE**

This addendum to PHN 2021-13 announces an absolute score on the Agreed Upon Procedures (AUP) as the threshold under which an LHA would receive a Chief Administrative and Financial Officer (CAFO) strike. The AUP scoring threshold is now defined as ten (10) or more exceptions. This update supersedes the AUP threshold defined in PHN [2021-13](#). Other guidance in PHN 2021-13 remains in effect.

MGL c.121B Section 26B(d), as enacted by c.235 of the Acts of 2014, authorizes DHCD to “establish guidelines for designating a housing authority as “chronically poor performing” under the monitoring program.” DHCD has established a monitoring program through the Performance Management Review (PMR) and AUP. DHCD is also empowered to “appoint a chief administrative and financial officer...who is responsible for the overall administration of the housing authority.” DHCD established those guidelines in PHN 2021-13.

LHAs are designated as Chronically Poor Performing based on a “3 strike” process resulting from poor performance on AUP and/or PMR over 3 successive years. Previously, the AUP threshold was set as the bottom 5% in terms of number of exceptions. Updates to thresholds are bolded below. (Note these thresholds will also be updated in the online version of PHN 2021-13. See PHN 2021-13, page 9, “*Chronically Poor Performing Designation*” for additional details.)

- Strike 1/Year 1: Fall below PMR Threshold (bottom 10% of scores) OR fall below **AUP threshold (ten (10) or more exceptions)**.
- Strike 2/Year 2: Again, fall below PMR Threshold (bottom 10% of scores) OR fall below **AUP threshold (ten (10) or more exceptions)**.
- Strike 3/Year 3: For third consecutive year, fall below PMR threshold OR fall below **AUP threshold**.

Scoring above both the AUP/PMR thresholds in any year or appointing a new Executive Director or Management Agent resets the count of “strikes” to zero.

After the first two years of this Biennial PMR and CAFO process (starting with FYE 6/30/2023 LHAs) DHCD may announce new, absolute scoring thresholds for PMR (rather than the poorest performing 10%) and may update the AUP threshold. Please contact your Housing Management Specialist with any questions.