PHN 2024-10

To: Local Housing Authority (LHA) Executive Directors
From: Ben Stone, Undersecretary of the Division of Public Housing and Rental Assistance
Date: June 27, 2024
Re: Changes to Chief Administrative and Financial Officer (CAFO) Program for AUP starting with FYE 2024 and Updates to Performance Management Review (PMR) for 2024 Cycle

This notice provides updates to Chief Administrative and Financial Officer (CAFO) Program starting with FYE 2024 and the PMR program for review of LHA fiscal years ending 6/30/2024 - 3/31/2025 (2024 cycle).

Need to Know

- Changes to Chief Administrative and Financial Officer (CAFO) Program starting with FYE 2024
  - Update to AUP threshold
  - Incorporate an additional published PMR following a strike reset from Strike 2 due to a PMR scoring above threshold
- The following PMR metrics will be published starting with FYE 6/30/2024 LHAs:
  - CFA Submissions
  - CHAMP Criteria 3 (Planning year 06/30/2022 through 03/31/2023)
- The scoring model will be adjusted starting with FYE 6/30/2024 LHAs.

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Section 1: Changes to Chief Administrative and Financial Officer (CAFO) Program for AUP

The CAFO program, as authorized in Chapter 235 of the Acts of 2014 and set out in PHN 2021-13 provides for a progressive review culminating with the appointment of a CAFO for chronically poor-performing LHAs. The designation is based solely on transparent, public findings in Agreed Upon Procedures (AUP) and Performance Management Review (PMR) and will be invoked in cases of chronic

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poor performance. 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.

This PHN updates the scoring thresholds for Agreed Upon Procedures (AUP) to account for late AUPs or AUPs not performed. Now, AUPs not submitted or more than 121 days late will garner a strike. Deadlines for AUP submission and other information can be found in PHN 2021-12.

Strike 1/Year 1: Fall below PMR threshold (less than or equal to 65%), as outlined in PHN 2022-09 OR fall below AUP threshold (ten (10) or more exceptions) or AUP submission is >121 days late (between the 9th -12th month of the next FY) or not submitted for the FY in review.

a. Board is notified of the 1st strike towards being designated as Chronically Poor Performing.
b. Board is required to file Corrective Action (CA) Plan to address findings within 30 days of notification, and submit to EOHLC, to include:
    i. How the board will monitor quarterly progress.
    ii. Timelines and milestones for the corrective steps that the LHA will undertake to improve each finding, and meet with EOHLC to discuss, or similar.
c. Quarterly, based on the findings, the Executive Director or Management Agent and Board should notify EOHLC on the status (i.e., milestones met) of their CA plan.
d. EOHLC will contact the LHA to coordinate and provide in-depth technical assistance, as needed, based on findings.

Strike 2/Year 2: Again, fall below Annual PMR threshold OR fall below AUP threshold (detailed above).

a. Board and local leadership (Town Manager/Mayor) are notified of the 2nd strike towards being designated as Chronically Poor Performing.
b. Board is required to file Corrective Action Plan (CA) to address findings within 30 days of notification, and submit to EOHLC, to include:
    i. How the board will monitor monthly progress.
    ii. Timelines and milestones for the corrective steps that the LHA will undertake to improve each finding, and meet with EOHLC to discuss, or similar.
c. Monthly, based on the findings, the Executive Director or Management Agent and Board are required to notify EOHLC on the status (i.e., milestones met) of their CA plan.
d. EOHLC will contact the LHA to coordinate and provide in-depth technical assistance, as needed, based on findings.

NOTE: Failure to submit a board-approved Corrective Action Plan to EOHLC may result in immediate designation as Chronically Poor Performing and appointment of a Chief Administrative Financial Officer (CAFO).

Strike 3/Year 3: For third consecutive year, fall below Annual PMR threshold OR fall below AUP threshold.

a. Designated as Chronically Poor Performing and CAFO appointed.

Generally, 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. Effected with 6/30/24 FYEs, however, LHAs who pass in the third year after two strikes will still reset to zero, but will now have a

PMR the following year to confirm progress, rather than defaulting immediately back to the biennial cycle.

Section 2: CFA Submission Criteria

As announced in PHN 2023-09, the Capital PMR Criteria, CFA Submission, has completed its Planning Year with the 3/31/2024 PMRs. Starting with the 6/30/2024 PMR, CFA Submission will be a scored criterion based on your LHA's past year's performance. See details below in Table 1.

Table 1. CFA Submission Criteria

Performance Area	No Findings	Operational Guidance	Corrective Action
CFA Submission Timeliness	Returned all Contracts for Financial Assistance (CFAs) via DocuSign ***within 8 weeks of date of issuance.***	Returned all Contracts for Financial Assistance (CFAs) via DocuSign ***within 12 weeks of date of issuance.***	Returned Contracts for Financial Assistance (CFAs) via DocuSign ***over 12 weeks from date of issuance.***

Section 3. Common Housing Application for Massachusetts Programs (CHAMP) PMR Criteria 3 – Updates and Start of Publishing Year

EOHLC implemented the CHAMP Fair Housing PMR Criteria (CHAMP PMR Criteria 3) in July 2021 with PHN 2021-14. EOHLC instituted these criteria to reinforce and review housing authority compliance with fair housing requirements and related tenant selection procedures. PHN 2023-09, updated PHN 2021-14, provided the Planning and Publishing Year schedules and offers guidance for completing the tasks required by the criteria as related to PMR CHAMP Criteria 3.

As announced in PHN 2023-09, Criteria 3b & 3c: Affirmative Action Goal and Placement Rate Implementation, will be included as scored criteria starting with FYE 6/30/2024. See details in Table 2 on the following page. Scores associated with the specific criteria are detailed in Section 4. Updated PMR Scoring and Table 3.

Table 2. CHAMP Fair Housing PMR Criteria

Performance Area	No Findings	Operational Guidance	Corrective Action
Criteria 3b: Affirmative Action Goal	LHA completed Fair Housing Form in CHAMP.	N/A	LHA did not complete Fair Housing Form in CHAMP
Criteria 3c: Placement Rate Implementation	LHA adopted Affirmative Action Goal and placement rate ***AND*** LHA is already at or above Affirmative Action Goal for each type of housing (Family & Elderly) ***OR*** LHA made offers to Minority applicants at a rate that met the LHA's specified placement rate for each type of housing (Family & Elderly) (based on all offers, whether applicant accepted or not) ***OR*** LHAs are making a good faith effort to make offers that meet defined placement rate.	LHA adopted an Affirmative Action Goal and placement rate ***AND*** LHA is BELOW Affirmative Action Goal for either type of housing (Family & Elderly) ***AND*** LHA did not make offers to Minority applicants at a rate that met the LHA's specified placement rate ***AND*** LHA does not make good faith effort to make offers that meet	Board did not adopt Affirmative Action Goal and placement rate

Section 4: Updated PMR Scoring

Starting in the 2022 cycle (6/30/22-3/31/23 PMRs), LHAs scoring 65% or below on the scoring model received a "strike" and a follow-up PMR the next year, rather than two years later. The 65% threshold was set based on a tallied score of 65 in a scoring model where all criteria totaled together would equal 100 points. This tally scoring model did not allow EOHLC flexibility to incorporate or adjust scores when criteria moved between planning and publishing without disrupting the distribution in other sections of the PMR, such as Desk Audit or Facilities Management Review. EOHLC is adjusting its scoring model to a proportional weighting model. A proportional weighting model adds the raw scores of the sections and criteria, and then divides by the total points possible to obtain a percentage for each item in the weighted column. The changes announced in the PMR Scoring Model are minimal, yet allow for more refinement over time. Please see, Table 1 PMR Scoring Model on the following page for the scoring that will apply to PMRs starting 6/30/2024.

Table 3. PMR Scoring Model

Percentage of Final Score	Category	Criteria	No Findings	Operational Guidance	Corrective Action
44%	Desk Audit	Occupancy Rate: For each housing type (C. 667,705,200)	6	3	0
		Tenant Accounts Receivable (TAR)	6	3	0
		Board Training	3	1.5	0
		Certifications and Submissions	5	1.5	0
		Annual Plan	7	3.5	0
		Adjusted Net Income (ANI)	7	3.5	0
		Operating Reserves	7	3.5	0
		Staff Certification and Training	3	1.5	0
4%	Capital	Contract for Financial Assistance (CFA) Submission	4	2	0
8%	CHAMP	Criteria 1: Paper applications are available, received and entered into CHAMP	2	1	0
		Criteria 2: Vacancies are recorded correctly and occupied using CHAMP	3	1.5	0
		Criteria 3a: Adoption of FHP, Language Access, RA policies	1	0.5	0
		Criteria 3b	1	0.5	0
		Criteria 3c	1	0.5	0
44%	Facilities	Criteria 1: 100% Unit Inspections (5 points)	5	2.5	0
		Criteria 2: LHA Inspection Reports/ Work orders (5 points)	5	2.5	0
		Criteria 3: Unit inspection reports accurately reflect necessary repairs	8	4	0
		Criteria 4: Vacancy Turnover Work Orders: Work orders created for every vacancy and completed within 30 days (or waiver requested).	3	1.5	0
		Criteria 5: Vacancy turnover work orders accurately reflect necessary repairs	8	4	0
		Criteria 6: LHA Preventive Schedule Accuracy and Implementation of Preventive Schedule: LHA Preventive Maintenance schedule accurately reflects all necessary work to maximize life of LHA components.	8	4	0
		Criteria 7: Emergency work orders created, track, and report in accordance with PMG and necessary repairs are completed within 48 hours	4	2	0
		Criteria 8: Requested Work Orders are created, tracked and reported. All work orders are completed within 14 days or added to DM/CIP	3	1.5	0

We anticipate issuing a follow-up PHN later this summer explaining further changes to PMR for the 6/30/25-3/31/26 fiscal year end cycle.

Please contact your Housing Management Specialist with any questions.