

Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Charles D. Baker, Governor ♦ Karyn E. Polito, Lieutenant Governor ♦ Chrystal Komegay, Undersecretary

Public Housing Notice 2016-36

To: Local Housing Authorities
From: Amy Stitely, Acting Associate Director, Division of Public Housing & Rental Assistance
Date: November 10, 2016
Re: Performance Management Review (PMR) Launch

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ATTENTION EXECUTIVE DIRECTORS:

THE PERFORMANCE MANAGEMENT REVIEW PROGRAM (PMR) WILL BEGIN WITH THOSE LHAS WITH A 12/31/16 FISCAL YEAR END.

THIS FIRST YEAR WILL BE A “PLANNING YEAR” (NOT PUBLISHED).

What Is This Public Housing Notice (PHN) About?

The Department of Housing and Community Development (DHCD) is excited to announce the launch of the Performance Management Review (PMR), a program mandated by M.G.L. 121B, Section 26B. For more background information on the PMR, please see Public Housing Notice (PHN) [2016-06](#), PHN [2016-16](#), PHN [2016-17](#) & PHN [2016-18](#). Executive directors and Local Housing Authority (LHA) staff should carefully review this PHN in preparation for their PMR.

While we have introduced the PMR in several public housing notices over the past year, this notice will explain the following:

- 1) The PMR schedule and major deadlines.
- 2) What to expect during your site visit.
- 3) How to prepare for the PMR.
- 4) PMR criteria and thresholds.

Who Should Read This PHN?

This PHN is for general use. However, LHA executive directors, financial staff and maintenance staff should take special care to read this document carefully. Please reach out to your DHCD Housing Management Specialist (HMS) or Facilities Management Specialist (FMS) with any questions.

What is the PMR? How Was it Developed?

The PMR is a state-mandated assessment of LHAs operations and management. The criteria and thresholds by which LHAs will be evaluated were developed through a collaborative process involving stakeholders from DHCD, The Massachusetts Chapter of the National Association of Housing and Redevelopment Officials (MassNAHRO), The Massachusetts Union of Public Housing Tenants (MUPHT), The Massachusetts Housing Partnership (MHP) as well as several public and private-sector stakeholders.

DHCD staff will use the data collected through the PMR to provide targeted technical assistance and support. PMR data will also be used to celebrate the accomplishments of executive directors and their staff.

What Will The PMR Process Look Like? What Should I Expect?

Part 1: “Desk Review”: 45 Calendar Days Post Fiscal Year End.

HMS will conduct a thorough data review 45 calendar days after the LHA’s fiscal year end (FYE) using documents submitted by the housing authority. This will be referred to as the “desk review.” All year end statements must be submitted to DHCD by that time. Note that the PMR IT system takes a “snapshot” of the data at the end of the 45th day. Any information submitted after the “snapshot” is taken, including late operating statement submissions, will not be included in the PMR analysis. Please see table 1.0 for specific submission dates; the “snapshot” days are November 14th for 9/30 FYEs, February 14th for 12/31 FYEs, May 15th for 3/31 FYEs, and August 14th for 6/30 FYEs.

The desk review will evaluate the LHA’s:

- Adjusted occupancy rate
- Budget to actual variance
- Operating reserve
- Timeliness of certification and reporting submissions
- Capital (CAP) spending
- Capital Improvement Plan (CIP) submission

Part 2: Scheduling Your Site Visit

HMS and FMS will call the executive director to schedule a date for HMS and FMS to visit the LHA and conduct a site visit. You should expect one HMS and one FMS to visit your housing authority. However, in the interest of time, if your housing authority is large (>500 state-aided units) we *may* send more than one FMS to ensure that your site visit is completed in a timely fashion.

Part 3: Desk Review Preview

HMS will e-mail the results of the desk review directly to the executive director at least one week prior to the site visit and may send further instructions on how to prepare for your site visit.

The executive director must notify tenants no fewer than 48 hours in advance of the site visit to let them know that DHCD staff may be entering their units.

Part 4: Site Visit

During the Site Visit:

- The HMS will review the LHA's desk review results with the executive director and discuss next steps.
- The FMS will work with a member of the facilities staff to review the LHA's work orders, inspection reports, Preventive Maintenance Program, 24 hour emergency response system, and to conduct unit inspections.
- When the FMS has completed their review, they will join the executive director and HMS to review the results of the maintenance and work order review and discuss next steps.
- The results of the PMR will be delivered to the executive director either on site or via e-mail within 5 working days of the visit.

After the Site Visit:

- The executive director may respond in writing, within 30 calendar days of receiving the PMR results. A response is not required but is encouraged. Responses will be part of DHCD's official PMR record.
- HMS, FMS and LHA staff will work together throughout the year to execute the technical assistance and guidance given in response to the PMR's results.

In order to ensure that processes, criteria and infrastructure are effective and fair, the first year of the PMR, which will run from 12/31/2016 - 12/31/2017, will be a planning year.

What Is A "Planning Year"?

PMR results will not be published during the planning year. The results of the first year's PMR will be used to identify best practices, help LHAs to improve their operations and facilities management, and help DHCD to smooth and streamline procedures and clarify expectations. Once DHCD has collected PMR data from the majority of LHAs, we will adjust policy, program details and technical assistance accordingly.

The PMR will be conducted on a quarterly schedule corresponding to the LHAs' fiscal year end (FYE). The table below shows a rough outline of important dates for each FYE's PMR.

What Dates Should I be Aware of?

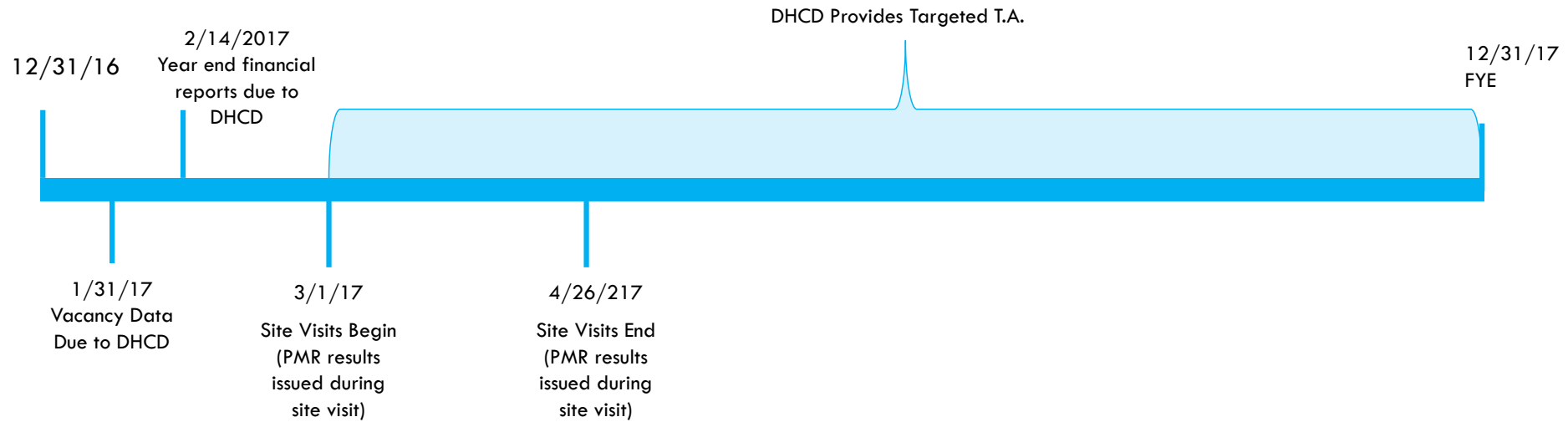
On the table below, find the column with your housing authority's FYE. Use that column to identify major dates and deadlines.

Table 1.0: Important Dates

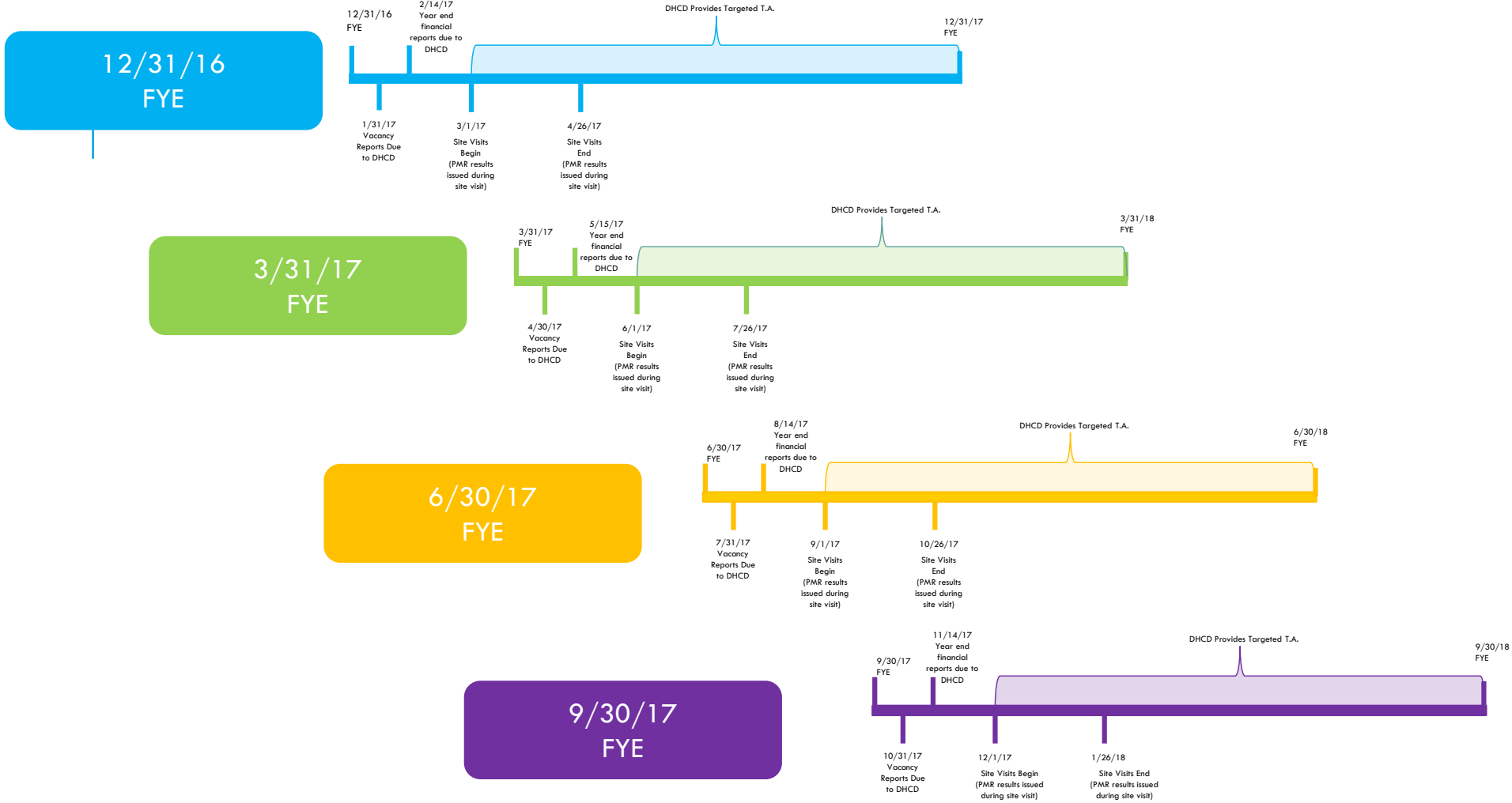
| Event | FYE: December 31 | FYE: March 31 | FYE: June 30 | FYE: September 30 |
|---|--|---|--|--|
| <i>Budget Revisions (Planning Year only)</i> | <i>November 30th</i> | <i>February 28th</i> | <i>May 1st</i> | <i>August 1st</i> |
| Budget Revisions <i>(all other years)</i> | November 1 st | February 1 st | May 1 st | August 1 st |
| Vacancy certifications due to DHCD and All Vacancy Waiver Requests In* | 1 st Qtr. Apr. 30 2 nd Qtr. Jul. 31 3 rd Qtr. Oct. 31 Year-End: January 31 | 1 st Qtr. Jul 31 2 nd Qtr. Oct. 31 3 rd Qtr. Jan. 31 Year-End: April 30 | 1 st Qtr. Oct. 31 2 nd Qtr. Jan. 31 3 rd Qtr. Apr. 30 Year-End: July 31 | 1 st Qtr. Jan. 31 2 nd Qtr. Apr. 30 3 rd Qtr. Jul. 31 Year-End: October 31 |
| Quarterly/Year-End financial statements due to DHCD | 1 st Qtr. May 15 2 nd Qtr. Aug. 14 3 rd Qtr. Nov. 14 Year-End: February 14 | 1 st Qtr. Aug. 14 2 nd Qtr. Nov. 14 3 rd Qtr. Feb. 14 Year-End: May 15 | 1 st Qtr. Nov. 14 2 nd Qtr. Feb. 14 3 rd Qtr. May 15 Year-End: August 14 | 1 st Qtr. Feb. 14 2 nd Qtr. May 15 3 rd Qtr. Aug. 14 Year-End: November 14 |
| Site visits: DHCD staff visit housing authority | Exact date to fall between March and late April | Exact date to fall between June and late July | Exact date to fall between September and late October | Exact date to fall between December and late January |
| Prepare for inspection: notify all tenants of possible unit inspection. | No fewer than 48 hours before scheduled site visit. Best practice is two weeks. | No fewer than 48 hours before scheduled site visit. Best practice is two weeks. | No fewer than 48 hours before scheduled site visit. Best practice is two weeks. | No fewer than 48 hours before scheduled site visit. Best practice is two weeks. |

*Note: The dates presented in the table above for waiver requests are the last possible dates vacancy waivers can be submitted in order for the waivers to be processed by DHCD in time for the “snapshot” of PMR data and for fee assessments. Any waiver requests submitted after these dates will not be processed by DHCD in time for the “snapshot” or to avoid fee assessments for that quarter end. Depending on the date the unit became vacant, waivers may need to be requested prior to the deadlines stated above. Best practice is to apply for a vacancy waiver as close as possible to the vacated date.

PMR Over a Year (12/31/16 Example)



PMR Schedule Shown Over All Four Fiscal Year Ends



What Are The Criteria? How Will My Performance Be Measured?

Desk Review

Below is a table that lists the criteria that HMS will use to conduct your LHA's PMR. A score of "No Findings" indicates that a housing authority meets or exceeds expectations; "Operational Guidance" indicates that the LHA must make slight changes to improve in that performance area; "Corrective Action" indicates that housing authorities must develop and implement a plan of action to correct any deficiencies noted in order to improve performance to a satisfactory level. The LHA may be in need of targeted assistance or guidance from DHCD.

Table 2.0: PMR Performance Area and Criteria

| Performance Area | No Findings | Operational Guidance | Corrective Action |
|--|---|--|---|
| <p>Occupancy Rate (Adjusted)</p> <p><i>*Will Only Use Data in New Occupancy System*</i></p> <p>Occupied Units on Monthly Report Date /</p> <p>Total Units - Waivered Units - Units Vacant <30 days on Monthly Report Date</p> | <p><i>For each housing type (C. 667,705, 200) Adjusted Occupancy Rate is at or above 98%</i></p> <p><i>Cumulative: Adjusted Occupancy Rate is at or above 98%</i></p> | <p><i>For each housing type (C. 667,705, 200) Adjusted Occupancy Rate is at 95%, up to 97.9%</i></p> <p><i>Cumulative: Adjusted occupancy rate is at 95% up to 97.9%</i></p> | <p><i>For each housing type (C. 667,705, 200) Adjusted Occupancy Rate is less than 95%</i></p> <p><i>Cumulative: Adjusted occupancy rate is less than 95%</i></p> |
| <p>Tenant Accounts Receivable (TAR)</p> <p>TAR - Repayment Agreements /</p> <p>Shelter Rent</p> | <p>This criterion will not be evaluated until December, 2017</p> | | |
| <p>Accounts Payable</p> | <p>This criterion will not be evaluated until December, 2017</p> | | |
| <p>Master Ledger (Public Housing Portal)</p> | <p>To be measured in future</p> | | |

| Performance Area (continued) | No Findings | Operational Guidance | Corrective Action |
|---|--|--|---|
| Certifications and Reporting Submission | <p>All 4 quarterly vacancy certifications are submitted by the end of the month following the quarter end</p> <p>AND</p> <p>All 4 quarterly operating statements are submitted within 45 days of the quarter end</p> | Any of the quarterly vacancy certifications and/or operating statement are late or not submitted | No Corrective Action for this Category |
| <p>Budget to Actual Variance</p> <p>$\frac{\text{Actuals} - \text{Budgeted}}{\text{Budgeted}}$</p> | See Table 3.0 Budget to Actual Variance Criteria below. | | |
| Operating Reserves (OR) | Operating Reserves are at or above 20% | No Operational Guidance for this category. | Operating Reserves are less than 20% OR year-end operating statements not submitted by 45 th day after FYE |
| Capital (CAP) Spending | Spent at least 80% of the past three years of Formula Funding (FF) | Spent 50-79% of the past three years of Formula Funding (FF) | Spent less than 50% of the past three years of Formula Funding (FF) |

| Performance Area (continued) | No Findings | Operational Guidance | Corrective Action |
|--|---|--|--|
| Capital Improvement Plan (CIP) Submission | <p>CIP Submitted on Time</p> <p>AND</p> <p>No Modifications/ Modifications fixed within 45 days</p> | <p>CIP submitted up to 45 days late</p> <p>AND</p> <p>No Modifications/ Modifications fixed within 45 days</p> | <p>CIP Not Submitted/ Submitted more than 45 days late</p> <p>OR</p> <p>Modifications fixed in more than 45 days</p> |

Budget to Actual Variance

Before calculating an LHA’s budget to actual variance rating, six accounts which LHAs cannot budget for are backed out of the equation (as indicated in the table below). If **ANY** of the situations in the table below are true, the LHA will receive a rating of “Corrective Action.” Otherwise, if **NONE** of the situations are true, the LHA will receive a rating of “No Findings.” There is no rating of “Operational Guidance” for this category.

Table 3.0: Budget to Actual Variance Criteria

| Budget to Actual Variance Categories | Corrective Action on This Criteria IF <u>ANY</u> of the following Situations are True: | |
|---|--|--|
| Total Revenue (after subtracting out Gain/Loss From Sale Account (#3920)) | Less Than -10% under Budget | Greater than 10% over budget |
| Total Administration (after subtracting out Compensated Absences (#4120) AND Penalties and Interest (#4180) Accounts) | Less Than -10% under Budget | Greater than 10% over budget |
| Total Utilities | ----- | Greater than 10% over budget |
| Total Maintenance | Less Than -10% under Budget | Greater than 10% over budget |
| Total General Expenses (after subtracting out GASB 45 (#4541) Account) | Less Than -10% under Budget | Greater than 10% over budget |
| Total Other Expenses (after subtracting out Restricted Reserve Expenditures (#4612) AND Depreciation (#4801) Accounts) | Less Than -10% under Budget | BOTH Greater than 10% over budget AND Operating Reserves Less than 20% |
| Total Expenses (after subtracting out GASB 45 (#4541) and Depreciation (#4801) Accounts) | Less Than -10% under Budget | Greater than 10% over budget |
| Budget | No Budget Submitted | |
| Year End Operating Statement | If YEAR END Operating Statement Not Submitted by 45 Days After the FYE | |

Inspections and Work Order System

Below are two tables that list the criteria that FMS will use to conduct your LHA’s PMR. A score of “No Findings” indicates that a housing authority meets or exceeds expectations; “Operational Guidance” indicates that the LHA must make slight changes to improve in that performance area; “Corrective Action” indicates that housing authorities must develop and implement a plan of action to correct any deficiencies noted, in order to improve performance to a satisfactory level. The LHA may be in need of targeted assistance or guidance from DHCD.

NOTE: In this Planning Year, DHCD will not be issuing any scores (No Findings, Operational Guidance, or Corrective Action) for this portion of the PMR but will provide detailed information to the LHA on how to prepare for the “publishing year” review next year. We are electing to withhold scores because DHCD understands many LHAs will need additional time and technical assistance in order to meet the PMR expectations. Please note, however that LHAs should still address any maintenance issues identified during the PMR, accordingly.

Please note that you can find more detailed information about the Inspections and Work Order System criteria and how to meet the criteria in [PHN #2016-16](#), issued June 2, 2016: “Preparing for the PMR-LHA Annual Inspections and Work Order System.”

Table 4.0: Inspections Criteria

| Annual Inspections Criteria | No Findings | Operational Guidance | Corrective Action |
|---|--|---|--|
| Unit Inspections¹ (Based on Sample of Inspection Reports) | 100% of sampled unit inspections were conducted once during the year | No Operational Guidance for this Criteria | Fewer than 100% of sample unit inspections were conducted once during the year |
| Unit Inspections: Necessary Repairs (Based on Sample of Inspection Reports) | 100% of deficiencies are noted in inspection report | No Operational Guidance for this Criteria | Fewer than 100% of deficiencies are noted in inspection report |

¹ How many inspection reports and units will FMS sample and inspect, respectively? Small LHAs (≤199 units): FMS will review seven inspection reports and inspect three units. Medium LHAs (200 units- 499 units): FMS will review ten inspection reports and inspect four units. Large and very large LHAs (≥ 500 units) FMS will review 15 inspection reports and inspect 6 units.

| Annual Inspections Criteria | No Findings | Operational Guidance | Corrective Action |
|---|--|---|--|
| <p>Inspection Work Order Generation</p> <p>(Based on Sample of Inspection Reports)</p> | <p>100% of inspection report deficiencies generated work orders</p> | <p>No Operational Guidance for this Criteria</p> | <p>Fewer than 100% of inspection report deficiencies generated work orders</p> |
| <p>Inspection Work Orders Tracking</p> | <p>Inspection work orders are identified, tracked, and reportable</p> | <p>Inspection Work Orders are not: identified, and/or tracked, and/or reportable</p> | <p>No Corrective Action for this Criteria</p> |
| <p>Inspection Repairs</p> <p>(Based on Sample of Inspection Reports)</p> | <p>Sampled inspection work orders were completed within 30 calendar days of inspection date or added to deferred maintenance plan and/or CIP</p> | <p>Sampled inspection work orders were completed within 31 to 45 calendar days of inspection date and not added to deferred maintenance plan or CIP</p> | <p>Sampled inspection work orders were completed in over 45 calendar days of inspection date</p> |

Table 5.0: Work Order System Criteria






| Work Order System Criteria ² | No Findings | Operational Guidance | Corrective Action |
|--|---|--|--|
| Emergency Work Orders | Emergency work orders defined per the PMG, identified, tracked AND reportable | Emergency work orders are not: defined per PMG, and/or identified, and/or tracked, and/or reportable | No corrective action for this criterion |
| Emergency Work Order Initiation (Based on Sample of Emergency Work Orders) | Emergency work orders initiated within 24-48 hours. | No operational guidance for this criterion | Emergency work orders not initiated within 24-48 hours. |
| Maintenance System Criteria | No Findings | Operational Guidance | Corrective Action |
| Vacancy Work Orders | Vacancy work orders identified, tracked AND reportable | No operational guidance for this criterion | Vacancy work orders are not: identified, and/or tracked, and/or reportable |
| Vacancy Work Order Completion (Based on Sample of Vacancy Work Orders) | Vacancy work orders are complete within 30 calendar days or if not completed within timeframe, LHA has a waiver | Vacancy work orders completed within 31-60 calendar days | Vacancy work orders completed 61+ calendar days |

² How many work orders will FMS review? For each work order type, FMS will review a sampling based on the size of the housing authority. Small LHAs (≤199 units): FMS will review two work orders. Medium LHAs (200 units- 499 units) four work orders. Large and very large LHAs (≥ 500 units) six work orders.

| Maintenance System Criteria | No Findings | Operational Guidance | Corrective Action |
|--|--|--|--|
| Preventive Maintenance Program | A comprehensive preventive maintenance program exists and work orders are identified, tracked and reportable | No operational guidance for this criterion | A comprehensive preventive maintenance program does not exist OR work orders are not identified and/or tracked and/or reportable |
| Routine Work Orders | Routine work orders identified, tracked, reportable and completed regularly | Routine work orders are not identified and/or tracked and/or reportable | No corrective action for this criteria |
| Requested Work Orders | Requested work orders identified, tracked and reportable | Requested work orders are not identified and/or tracked and/or reportable | No corrective action for this criteria |
| Requested Work Order Completion (Based on Sample of Requested Work Orders) | Requested work orders are completed within 14 calendar days of tenant request OR added to deferred maintenance plan and/or CIP | Requested work orders are completed within 15-30 calendar days from the date of tenant request | Requested work orders are completed in over 30 calendar days from the date of tenant request/not completed |
| Emergency Systems | A 24- hour system for responding to emergencies exists AND definitions of emergencies have been distributed to staff, residents and answering service, if applicable | System exists, but no definition has been distributed | Neither a system nor distributed definitions exist. |

How Can I Prepare for my PMR?

There are several ways to prepare for your PMR.

- Review relevant public housing notices:
 - [2016-28 FY 2017 Budget Guidelines](#) 
 - [2016-18](#) : Preventative Maintenance Monthly Reminders
 - [2016-17](#) : Implementation of New On-Line Vacancy System (DHCD to Issue Updated Guidance by end of year)
 - [2016-16](#) : Preparing for the PMR-LHA Annual Inspections and Work Order System
 - [2016-06](#) : Performance Management Review Preparation

Please note that PHNs are updated periodically, so please review the most recent PHN relative to each topic.

- Ensure that all financial, operational, and vacancy-related reports are submitted to DHCD in accordance with the deadlines outlined in table 1.0.
- Make sure that your board member attendance is updated online and that, for each board member, you've identified their role and provided a valid e-mail address.
- Work with your fee accountant or financial staff to keep a close eye on your budget and operating statements. If budget and operating statements vary by more than 10% for each total line item, you should consider an increase in collections, changes to spending and perhaps revisions to your budget. Please see [2016-28 FY 2017 Budget Guidelines](#) for more information about when to submit budget revisions.

If you have additional questions, please reach out to your housing management specialist or facilities management specialist.