



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

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Chrystal Kornegay, Undersecretary

Public Housing Notice 2016-02

To: Local Housing Authorities

From: Sarah Glassman, Associate Director, Division of Public Housing & Rental Assistance

Date: February 3, 2016

Re: TIME SENSITIVE: Regional Capital Assistance Team (RCAT) PROGRAM WAIVERS

THE PURPOSE OF THIS NOTICE IS TO GIVE ALL LOCAL HOUSING AUTHORITIES (LHAs) A GENERAL UPDATE ON THE PROGRESS OF THE RCAT PROGRAM **AND TO SOLICIT APPLICATIONS FROM ANY LHAs THAT WISH TO BE EXCLUDED FROM PARTICIPATION IN THE REGIONAL CAPITAL ASSISTANCE TEAM (RCAT) PROGRAM.**

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. Any

A. RCAT Update

The Department of Housing and Community Development (DHCD) is pleased to announce that the 3 Host Housing Authorities for the Regional Capital Assistance Team (RCAT) program are as follows:

1. **The Leominster Housing Authority** will be implementing the program for the Central-West Region that includes Berkshire, Franklin, Hampden, Hampshire, and Worcester Counties;
2. **The Chelmsford Housing Authority** will be implementing the program for the Northeast Region that includes Essex, Middlesex, and Suffolk Counties; and
3. **The Taunton Housing Authority** will be implementing the program for the Southeast Region which includes: Barnstable, Bristol, Dukes, Nantucket, Norfolk, and Plymouth Counties

DHCD looks forward to working closely with them over the next 3 to 5 years.

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 will create 3 regional teams of technical assistance providers to assist smaller LHAs in executing 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 will perform 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 all capital projects, with particular focus on implementing small projects (under \$25,000).
4. Assistance with securing additional capital funds from DHCD or other leverage sources.
5. Annual Maintenance Plan creation and guidance.
6. Establishment and implementation of bulk procurement program
7. Establishment and implementation of force account crew program

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

For a more detailed explanation of the program, see the Request for Responses and corresponding attachments that were distributed through Public Housing Notice 2015-15. (Link: <http://www.mass.gov/hed/housing/ph-manage/public-housing-administration-notice.html>)

C. Opting In to the RCAT Program

At this time, LHAs with more than 500 state-aided units are not invited to “opt in” to the RCAT program. However, if there is a group training or bulk procurement activity that would benefit from more participants, the RCAT may invite larger LHAs in the region to take part in those particular pieces of the program. Once the RCATs are beyond the ramp-up period, DHCD will institute a sign-up process for larger LHAs.

D. 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 folded into the RCAT program.** 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 all of 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 revise it as needed;
4. Execute small projects from start to finish:
 - a. Scope projects under \$25,000 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 later be incorporated into the required submissions of the LHA annual plan.
7. Keep all projects on schedule and within approved budgets.

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 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 (FY 13-15).¹
 - 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 45 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. Board Attendance Reports
 - d. Budget
 - e. Budget Certification
 - f. Operating Statements

¹ See Capital Benchmark report here:

<http://www.mass.gov/hed/docs/dhcd/ph/capitalbenchmark/2015benchmarkreport2015.pdf>

- g. Operating Statement Certifications
- h. Lead-Based Paint Compliance Certification
- i. Top 5 Highest Paid Housing Authority Salaries Certification
- j. Capital Improvement Plan (CIP)
- k. Quarterly Modernization Cost Reports

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; and (4) the LHA's past demonstrated ability to complete projects under \$25,000 on schedule and in compliance with procurement laws.

NOTE: Moving forward, only LHAs with 500 or more state-aided units or with RCAT waivers will be eligible for the Accelerated Independent Maintenance and Modernization (AIMM) program. Once RCAT waivers are finalized, DHCD will be revoking all existing AIMM designations and putting out a new call for applications.

Waiver Conditions

Waivers will be granted for a term of 3 years, from July 1, 2016 to June 30, 2019. 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 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.

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, March 18th, 2016, as instructed on the form. Once all applications are received, DHCD will review each one and may contact LHAs and ask for additional information.

This review process is expected to be completed by the end of April 2016; however, it may take longer. LHAs will be notified of DHCD's decision via individual email communication. If the LHA disagrees with DHCD's decision, they will be invited to submit a letter of appeal through a process that will be further explained in the decision letter. DHCD's decision to the appeal will be final.

If there are further questions, please submit them in writing to:

Richard.Brouillard@state.ma.us