

# MASSACHUSETTS STATE-AIDED PUBLIC HOUSING PRESERVATION AND MODERNIZATION PROGRAM GUIDELINES

Department of Housing and Community Development  
Second Revision: February 2017

# TABLE OF CONTENTS

- Introduction ..... 4**
- What’s New in this Revision? ..... 4**
- Section 1 – Executive Summary ..... 5**
- Section 2 – Eligible Entities ..... 6**
- Section 3 – Eligible Activities ..... 6**
- Section 4 – Understanding & Assembling Funding Resources..... 6**
  - DHCD Program Budgets..... 7
    - Formula Funding (FF) ..... 7
    - Mixed-Finance and High Leverage ..... 8
    - Sustainability Initiative ..... 8
    - Special Initiatives ..... 9
  - Other Funding Sources ..... 9
    - Other Sources ..... 9
    - LHA Operating Reserves ..... 9
  - DHCD Contingency Reserves ..... 9
    - DHCD Emergency Reserve ..... 10
    - DHCD Compliance Reserve ..... 10
- Section 5 – The CIP Cycle: Planning, Submission, Review and Approval, Modifications and Revisions ..... 12**
  - When to Submit ..... 12
    - Prior to Submission: Capital Assessment ..... 12
    - Prior to Submission: Tenant Participation ..... 12
    - Prior to Submission: Meet with c. 689 and c. 167 Service Providers ..... 12
    - Prior to Submission: Board Approval ..... 13
  - CIP Submission ..... 13
  - Changes to an Approved CIP between Submissions..... 13
  - Systems that Support CIP Development and Review ..... 14
    - CIP Review by DHCD ..... 14
  - Flexibility in Defining & Prioritizing Capital Projects ..... 15
    - Turnovers and Currently Vacant Units Needing Substantial Improvements ..... 15
    - Securing Vacant Units with Excessive Capital Needs ..... 15

Capital Project Supplemental Costs.....	15
LHA Administrative and Overhead Expenses.....	15
Predevelopment Third Party Expenses .....	16
Use of Bond Funds for “Force Account” Work.....	16
<b>Section 6 – Capital Project Implementation.....</b>	<b>17</b>
Impacts of Formula Funding .....	17
Keeping Projects on Schedule .....	17
Budget Change .....	18
Keeping CPS Accurate and Up-To-Date .....	18
Implementation of CIP Projects.....	18
Large Projects (\$50,000 or more) .....	18
Small Projects (Under \$50,000) .....	19
<b>Section 7 - RCAT Program .....</b>	<b>18</b>
RCAT Scope of Services Overview .....	20
<b>Section 8 - Performance Management Review .....</b>	<b>20</b>
<b>Section 9 – AIMM Eligibility and AIMM Project Implementation .....</b>	<b>21</b>
AIMM Program and Eligibility .....	21
AIMM Designated LHA Responsibilities.....	21
Capital Planning .....	21
Project Implementation .....	21
DHCD Non-Project Role .....	24
<b>Section 10 – Definitions.....</b>	<b>24</b>
What is Capital Improvement Planning? .....	24
What is Formula Funding? .....	24
What is the Capital Planning System (CPS)? .....	24
What is the Capital Improvement Management System (CIMS)? .....	24
What is a CIP? .....	25
<b>Section 11 – Attachments .....</b>	<b>26</b>
Attachment A: Narratives .....	26
Attachment B: Certifications.....	32
Attachment C: Modernization and Development Regulation.....	35

Attachment D: Checklist for Tenant Participation..... 41

Attachment E: Table of Allowable Bond Funded Capital Expenses ..... 43

## Introduction

The Department of Housing and Community Development (DHCD) originally published preservation and modernization guidelines on July 5, 2011. In this revision, dated March 1, 2013, DHCD has updated all program information to reflect current policy and practice. DHCD will continue to update these guidelines periodically. Between updates, DHCD may issue program clarifications through public housing notices. Program administrators are responsible for using the most current edition of guidelines and all applicable public housing notices. The latest copy of these guidelines can be downloaded at:

<http://www.mass.gov/hed/docs/dhcd/ph/formula/mass-stateaidpublichousing.pdf>

## What’s New in this Revision?

These guidelines have been edited to reflect the ongoing changes to the Formula Funding (FF) program and other changes to public housing programs. Key changes are:

- Page 10: Removed reference to unit counts for calculating DHCD Emergency Reserve awards.
- Page 13: DHCD will no longer withhold approval of a CIP due to late reporting or lead certification. Reporting and certifications will now be benchmarked in the Performance Management Review (PMR).
- Page 93: LHAs may request other DHCD funding in their CIP submission.
- Page 13: CIP modifications and revisions can be made mid-year and when revisions must be made and approved by DHCD.
- Page 14: LHAs may more easily change the timing of project spending in the CIP.
- Page 18: In order to assist in keeping CPS current, the LHA’s architect or engineer submits a list of components modified by the project at the completion of projects with construction budgets greater than \$50,000.
- Page 19: Revisions to the Small Project section (now under \$50,000 projects - formerly Under \$25,000 projects)
- Page 18: Addition of a section about the Regional Capital Assistance Team (RCAT) program and summary of the services provide to participating LHAs.
- Page 20: Addition of a section about PMR and PMR capital benchmarks.
- Page 21: Revised section on the Accelerated Independent Modernization and Maintenance (AIMM) program.

## Section 1 – Executive Summary

These guidelines contain the information necessary for local housing authorities (LHAs) to access and use state-aided public housing capital funds through DHCD’s Formula Funding (FF) Program. Under FF, capital funds authorized periodically by the Massachusetts Legislature are issued to all LHAs using a needs based formula based on DHCD’s Capital Planning System (CPS).

To access FF, LHAs must submit annually for DHCD approval a five (5) year Capital Improvement Plan (CIP) that describes their capital investment strategy to preserve and modernize their state-aided public housing units. This approach allows LHAs to document how they are taking a coordinated approach to deploying capital, operating, and maintenance resources to manage their entire state-aided public housing portfolio.

The FF program ensures that capital funds are equitably-distributed through a transparent and predictable system. FF relies on LHAs’ local expertise, with DHCD technical assistance and backup, to most effectively use capital dollars to keep as many units on-line and occupied as possible.

**CPS, FF and CIP** are central pillars of DHCD’s **Comprehensive Asset Management System** that support:

- Long-term, comprehensive capital planning by providing LHAs predictable capital funds;
- Thoughtful, measured allocation of funds to the most pressing capital needs; and
- The leverage of public and private resources.

The **Capital Planning System (CPS)** is DHCD’s transparent web-based capital planning system that catalogues the condition of every building and site in the statewide public housing portfolio, providing LHAs with detailed technical information to make strategic long-term capital investments.

**Formula Funding (FF)** is an LHA’s multi-year share of capital funds based on an LHA’s proportional capital funding need, as determined by the statewide CPS inventory of expired building and site components.

**A Capital Improvement Plan (CIP)** is a multi-year plan prepared by an LHA and submitted annually for DHCD approval that describes its capital investment program to preserve and modernize its state-aided public housing units. A CIP must prioritize projects in order to:

- **Keep occupied as many units as possible** by addressing core capital components and important health and safety needs;
- **Optimize life cycle investments** following DHCD design guidelines and construction standards and using maintenance strategies to extend the useful life of building components;
- **Reduce energy and water usage** and pursue other capital and operating efficiencies; and
- **Invest in projects that leverage** additional public and private resources.

In addition to FF, DHCD will award capital funds on a competitive basis to LHAs for sustainability investments, mixed-finance and high leverage projects, and other special initiatives as funding permits. These non-FF-related projects must also be included in an LHA’s CIP.

## Section 2 – Eligible Entities

The Massachusetts state-aided public housing preservation and modernization programs are structured to allocate capital funds to LHAs organized under MGL c. 121B for use at units owned and operated by LHAs and developed under c. 200, c. 667, c. 705, c. 689 and c. 167 construction funding programs. However, LHAs with state-aided public housing units whose operating funds are provided under the Section 8 New Construction/Substantial Rehabilitation Program will not receive FF for those developments and instead must fund capital needs for those developments through dedicated project-based Section 8 reserves.

In order to receive and spend capital funds, LHAs must be current with all DHCD reporting and certification requirements and be in compliance with all applicable DHCD public housing regulations.

## Section 3 – Eligible Activities

DHCD's capital funding programs are primarily focused on those activities that preserve, stabilize and/or modernize existing state-aided public housing. Pursuant to MGL c. 121B and prior written approval by DHCD, capital funds can be used to dispose of and replicate state-aided public housing only in cases where an LHA can demonstrate that such action is economically feasible and necessary to stabilize its remaining state-aided public housing units. Only in special situations and with prior written approval by DHCD may capital funds be used to develop or acquire new units that expand the state-aided public housing portfolio.

## Section 4 – Understanding & Assembling Funding Resources

To best meet the goal of stabilizing, preserving and/or modernizing state-aided public housing, DHCD will allocate capital funds to LHAs through the following funding programs:

- Formula Funding;
- Mixed-Finance and High Leverage;
- Sustainability Initiative, and
- Other special initiatives, as funding permits.

DHCD's modernization programs will be documented in its annual Capital Plan that is submitted to the Executive Office of Administration and Finance (A & F). DHCD's programs will be updated periodically to address changing conditions and opportunities.

DHCD strongly encourages LHAs to seek additional sources of funding to supplement DHCD's resources in these programs. Other state, local, utility, or philanthropic organizations may provide grants, loans or rebates, often with some use restrictions (as to timing, locations, use only for labor or equipment, etc.).

DHCD also has set aside some FF reserves for emergencies and compliance needs which cannot otherwise be addressed by LHAs with their FF and available resources. These contingency reserves will only be accessed as FF implementation occurs and special needs arise.

## DHCD Program Budgets

### Formula Funding (FF)

The **Capital Planning System (CPS)**: is DHCD's transparent web-based capital planning system that catalogues the condition of every building and site in the state-aided public housing portfolio, providing LHAs with detailed technical information to make strategic long-term capital investments. It includes a Facility Condition Index (FCI) for every development that compares the value of expired components of a development to their replacement costs.

**Statewide Formula Funding Allocation**: DHCD uses the value of expired components of each LHA's portfolio as a proportion of the value of expired components of the entire statewide portfolio to calculate a formula funding allocation for each LHA. FF allocations are then used as an accounting tool to calculate an LHA's FF awards based on the currently available public housing capital funds.

**LHA's Formula Funding Award**: is a multi-year share of capital funds issued to an LHA through a Contract for Financial Assistance (CFA). FF awards will cover three (3) years of capital funding with a new award made annually. With each award, the CFA will be updated to include an additional year of formula funding.

**LHA's FF Cap Share**: While each LHA can count on eventually expending the full amount of its FF award as documented in its FF CFA, an LHA's annual spending is controlled by DHCD's bond cap. Each LHA is allocated a cap share for spending when its CIP is approved, subject to the continued availability of bond cap.

### Formula Funding Priorities

DHCD has established the following priorities for the use of formula funding in response to limited capital and operating resources:

- **Keep occupied as many units as possible** by addressing core capital components and important health and safety needs;
- **Optimize life cycle investments** following DHCD design guidelines and construction standards and using maintenance strategies to extend the useful life of building components;
- **Reduce energy and water usage** and pursue other capital and operating efficiencies; and
- **Invest in projects that leverage** additional public and private resources.

### LHA FF Set Asides

Most of the LHA's FF award is unrestricted and can be directed to any of its needs in keeping with FF priorities. However, LHAs must use some FF for prescribed set asides in its CIP, according to the following guidance.

### LHA FF Emergency Set Aside

In order to address emergencies, each LHA must set aside a percentage of its total FF allocation as an emergency reserve. Those percentages are as follows:

- 10% for an LHA having not more than 199 state-aided public housing units; and
- 15% for an LHA having at least 200 state-aided public housing units.

These amounts are to remain “unplanned.” That is, no CIP projects are to be assigned to this funding unless an emergency need develops.

The LHA set aside is intended to allow the LHA to have funds available to deal with unforeseen events without having to reconfigure ongoing projects in its CIP. An LHA can make a request to DHCD during the plan year to draw down its emergency reserves as needed. The reserve amount will be recomputed annually when the LHA submits its annual CIP. The set aside amount will be the applicable 10% or 15% of the total award balance.

#### LHA FF 1% Set Aside for Reasonable Accommodations, Reasonable Modifications or Other Accessibility Improvements

All LHAs need to set-aside at least 1% of their FF award amount for reasonable accommodations, reasonable modifications or other accessibility improvements. The LHA should include a project or projects in its CIP that makes use of this 1% set aside. It can be programmed to be part of a larger project with an accessibility component or a stand-alone project. LHAs with a small set aside amount may apply funds to an anticipated reasonable modification at the property where they are most likely to receive a request.

#### LHA FF DDS and DMH Set Asides

LHAs with c. 689 or c. 167 developments for individuals supported by the Department of Developmental Services (DDS) or the Department of Mental Health (DMH) have separate set asides for DDS and DMH properties. They are the portion of the FF award amount attributable to conditions at those properties. These set asides are to be used for properties by agency designation. Capital work on DDS properties is to be funded from the DDS set aside and DMH properties from the DMH set aside. The LHA should include a project or projects in its CIP for these properties, based on needs established at the annual meeting with the vendor or more recent discussions in the context of the CIP.

#### Prospects for Future Formula Funding

Upon passage of any Housing Bond Bill in the future, DHCD will likely allocate a portion of DHCD’s total available capital authorization to each of DHCD’s modernization programs, including FF. At that time, FF allocations will be recalculated. Since the CPS will be updated as capital projects are implemented, future FF allocations will reflect the relative changes to facility conditions at each LHA and across the statewide portfolio.

#### Mixed-Finance and High Leverage

DHCD will periodically make a portion of state-aided public housing capital funds available on a competitive basis to LHAs for mixed-finance and high leverage projects. The availability of such funds and the corresponding program guidelines will be announced through public housing notices as well as posted on DHCD’s website.

#### Sustainability Initiative

DHCD encourages LHAs to give priority to projects that conserve water and energy, and thereby reduce utility expenses. DHCD supports other sustainability or green goals such as improving indoor air quality, reducing greenhouse gas emissions, recycling construction waste and use of recycled materials. DHCD has programmed at least \$2M annually in bond funds for sustainability programs, approximately \$750,000 of which has been

set aside annually for a performance based program to conserve water through the replacement of conventional fixtures with low-flow toilets and showerheads. The balance of the funds is available to be used to augment approved heating, roofing and siding projects with energy saving opportunities, implement energy saving measures for LHAs served by municipal electric and gas companies that are not eligible for utility rebates, and install Air Source Heat Pumps in electrically heated community rooms and other auxiliary spaces. These awards will be prioritized to high energy or water users. In addition to the above bond-funded sustainability opportunities, DHCD encourages LHAs to apply for free utility-funded energy audits and efficiency upgrades. The Low-Income Multifamily Energy Retrofit (LIMF) program runs on a calendar year and has improved offerings each year since launching in 2010. To apply for LIMF, go to [www.leanmultifamily.org](http://www.leanmultifamily.org). DHCD will publish notices of funding availability when resources are available for new or continuing sustainability initiative programs.

### Special Initiatives

As funds become available, DHCD may launch special initiatives to address specific capital challenges that are beyond the reach of FF. DHCD will announce these initiatives to LHAs through public housing notices or direct outreach efforts.

### Other Funding Sources

#### Other Sources

DHCD strongly encourages LHAs to seek additional sources of funding for capital projects. Proposed projects to be funded from these sources are to be included in the CIP. Other sources of funding and assistance that LHAs have successfully secured for capital projects in the past include: Community Preservation Act (CPA) funding, Community Development Block Grant (CDBG) funding, Local Affordable Housing Trust Funds (AHTF), HOME grants, cell tower income, , savings from net meter credit contracts with solar developers, utility rebates and contracted work, and Sheriff's Department work crews.

#### LHA Operating Reserves

The LHA may choose to fund a capital project, in whole or part, with available operating reserves in excess of 20% of its full reserve level. Similarly, an LHA may use c. 689 and c. 167 operating reserves in excess of 20% of full reserve for capital projects that are: 1) specific to the building for which the reserves are dedicated; and 2) in accordance with priorities established together with the vendor at the annual meeting. Proposed projects using operating reserves are to be included in the CIP. See Attachment E (or [Public Housing Notice 2012-22](#)) for more detailed guidance on how LHAs may synergistically deploy both operating reserves and bond funds to best meet their capital needs.

#### DHCD Contingency Reserves

Entirely separate from each LHA's FF set asides, DHCD will maintain two (2) statewide reserve accounts for eligible emergencies and compliance related projects. The amount of funding in each reserve account is limited and available on an as needed basis to an LHA with insufficient FF to address a project that meets the eligibility criteria outlined below. If the funding is fully expended in either of these DHCD reserves, an LHA with an eligible project will have to wait for new bond funds to become available to replenish the funds or seek outside funding sources to address the eligible project.

## DHCD Emergency Reserve

DHCD has a limited emergency reserve to assist LHAs in covering the costs of extreme emergencies that exceed their available FF. DHCD's emergency reserve will be administered as funds of last resort by the Bureau of Housing Development and Construction. When monies from the emergency fund have been exhausted, the fund will be closed until additional resources can be identified to replenish it.

### Project Criteria for Accessing DHCD Emergency Reserve:

LHAs applying for DHCD emergency funding must show that the project to be funded meets **all** of the following criteria:

- If not repaired, the emergency condition results in an immediate threat to the health, safety, and welfare of the occupants, and/or would prevent the unit(s) from being occupied.
- The emergency cannot be funded through a reduction of other planned work in the CIP without resulting in occupied units becoming vacant. This includes projects that haven't been started as well as active projects that are not yet out to bid.
- The project must be partially funded using the LHA's own emergency reserve. The LHA must allocate all of its uncommitted emergency reserve balance to the proposed project, minus \$10,000, which shall be retained to cover other small emergencies that might arise during that year.
- Other resources are not available to pay for all of the work. LHAs will be required to dedicate operating reserves in excess of 70% of their full reserve to the emergency project. An LHA with restricted reserves may be required to reprogram those funds to the emergency project, depending on the urgency of the work for which the restricted reserves were originally earmarked and the LHA's operating reserve level.

### Emergency Reserve Awards:

For projects with a design phase, DHCD's award will be limited to design funding only and a further assessment of the LHA's ability to cover construction costs will be completed prior to bidding the project. Any additional FF awarded to the LHA between the design award and the approval to bid must be dedicated to the emergency project unless DHCD approves the use of those funds to cover other urgent needs.

## DHCD Compliance Reserve

Funding from DHCD's compliance reserve is available for projects required to comply with laws, codes or regulations covering deleading, abatement of friable asbestos, removal of abandoned underground oil tanks and reasonable modifications to units, common areas and sites in response to a specific request by, or on behalf of, a resident or anticipated resident with a disability. The compliance reserve may also be used to fund compliance with those requirements of the Massachusetts Architectural Access Board (MAAB), ADA or Section 504 of the Rehabilitation Act triggered by work performed over time using FF.

DHCD recognizes that many LHAs will want to initiate accessibility projects. Due to statewide capital funding limitations and the need to fund reasonable modifications, however, the current compliance reserve is generally not available for such projects at this time. For these projects, LHAs may use other resources such as

CPA or CDBG funds, or their own FF if they have sufficient resources. LHAs without those resources should plan for these needs as part of their Self Evaluation/Transition Plan for accessibility, which is required by the ADA and Section 504 (See guidance here: <http://www.mass.gov/hed/docs/dhcd/hd/fair/ada-504.pdf>).

To receive funding from the compliance reserve, LHAs will be required to dedicate operating reserves in excess of 70% of their full reserve to the compliance project. LHAs with restricted reserves may be required to reprogram those funds to the compliance project, depending on the urgency of the work for which the restricted reserves were originally earmarked and the LHA's reserve level. Additionally, LHAs requesting funds for reasonable modifications will need to spend their own ADA set aside first to be eligible for additional funding from the DHCD compliance reserve.

## Section 5 – The CIP Cycle: Planning, Submission, Review and Approval, Modifications and Revisions

### When to Submit

Each LHA must submit an updated CIP annually, 15 days after its fiscal year end.

#### Prior to Submission: Capital Assessment

This is the time to update CPS to reflect property changes since the last CIP and assess resources and needs. Specifically the LHA should:

- Update data in the Capital Planning System (CPS) and close out CPS projects based on ALL completed projects.
- Review these guidelines and any relevant Public Housing Notices regarding funding availability.
- Conduct an inspections review and/or a facility condition assessment of all properties to identify any new deficiencies or current deficiencies which have worsened and update CPS Facility Inventory components based on these findings.
- Build new CPS Projects to plan for and address any new deficiencies found in the inspections review and/or assessments.
- Identify, assess and prioritize to allocate your resources to your needs.

#### Prior to Submission: Tenant Participation

DHCD's Modernization and Development of State-Aided Public Housing regulation (760 CMR 11.00) requires tenant participation in the modernization planning process. Specifically, before submitting its CIP the LHA must:

- Meet with the tenants and/or the recognized Local Tenant Organization(s) (LTO) to discuss property needs and priorities.
- Incorporate tenant feedback that is consistent with sound management into the draft CIP.
- Provide a draft of the CIP to the LTO(s) and where there is no LTO, advise tenants where they can review the draft CIP.
- Incorporate tenant priorities that are consistent with sound management into the CIP.
- Request a letter from the LTO that endorses the CIP or describes the LTO's differing assessment of need.
- Include the LTO letter with the CIP when the LHA makes its CIP submission to DHCD.

See Attachment C for a copy of the regulation, 760 CMR 11.00 and Attachment D for a copy of the Checklist for Tenant Participation in Modernization Projects.

#### Prior to Submission: Meet with c. 689 and c. 167 Service Providers

LHAs with c. 689 or c. 167 properties must meet with each applicable service provider on an annual basis to discuss the physical condition and necessary repairs for each of the c. 689 and c. 167 developments. If the LHA is considering projects for the c. 689 or c. 167 properties that were not part of the annual plan, or if there are questions regarding priorities, the LHA should seek input from the applicable service provider.

## Prior to Submission: Board Approval

The board must formally vote to approve the CIP before it is submitted to DHCD. Please note that the status of reporting and certification are no longer being evaluated as part of DHCD's CIP review. Certification and reporting submissions will be reviewed as part of the Performance Management Review (PMR).

## CIP Submission

The CIP submission consists of three (3) required parts:

1. A **Budget Scenario** that shows the LHA's active projects and proposed projects, the funding sources (FF plus other available sources), and the timeframe for planning and construction. The LHA should attempt to prepare Primary CIP with a Budget Scenario that meets the following spending rules:
  - a) Spending in each of the 5 years of the CIP falls within 20% of the cap share for the respective year.
  - b) Total spending for the first 3 years is within 5% of the total cap share for the 3 years.
  - c) Total spending for all 5 years falls within 3% of the total cap for all 5 years.

In order to allow flexibility to implement projects that require greater variation from an LHA's cap share in any given year, an LHA may propose an Alternate CIP with a Budget Scenario in which Rule (a) above is disregarded. DHCD's ability to approve alternate CIPs will depend on cap share distribution in all LHA approved CIPs.

If the LHA chooses to submit an Alternate CIP instead of the Primary CIP, the Alternate CIP selection must be made in Question #1 on the Narratives page and a suitable explanation must be given for not submitting a Primary CIP. The LHA may request any spending distribution in the Alternate CIP but there is a better chance that DHCD will be able to approve the Alternate CIP if it doesn't diverge too widely from the Primary CIP cap share range.

2. A **Narrative** where the LHA explains how the projects included in its CIP support DHCD's formula funding priorities or, where they differ, why the LHA made those choices. It also includes information about how the LHA will maintain expired components which it was unable to include in the CIP; and, in the case where the LHA proposes to keep or take units off line, explains why unit conditions cannot be addressed in its CIP. In the Narrative, the LHA may also request funding from other sources: LHA Emergency Reserve (ER), DHCD ER, Sustainability and Compliance Reserve. See Attachment A for a copy of the Narratives form.
3. **Certifications** where the LHA indicates it has complied with key DHCD program requirements and regulations, including board approval of the CIP, tenant participation in the CIP process, and operating, capital, vacancy, and energy reporting and Lead Certification and confirms the accuracy of reporting submission dates. See Attachment B for a copy of the Certifications form.

## Changes to an Approved CIP between Submissions

Over time the LHA's priorities may change, project budgets may grow or shrink, new projects may be required, and additional funding may be granted by DHCD or other entities. Any of these changes may affect the spending projected in the CIP. When the projected spending shown in the "Active CIP", which can be viewed in CIMS and shows the cost of active FISH projects, varies markedly from the

“Approved CIP”, the LHA should edit the CIP to reduce the discrepancy. There are two categories of CIP changes:

1. **CIP Modifications:** LHA may change project dates in the CIP to adjust projected spending to align with the spending that was approved in the most recent “Approved CIP”. Changes of this sort do not need to be submitted to DHCD for approval.
2. **CIP Revisions:** LHA may add projects to the CIP or shift the approved spending amounts between years. However, in these cases, the LHA must make the changes in the CIP and then submit a proposed revision to DHCD for approval.

## Systems that Support CIP Development and Review

DHCD has two (2) key information systems that support the creation, submission and review of the CIP: the Capital Planning System (CPS) and the Capital Improvement Management System (CIMS) software.

CPS is a Web based statewide inventory, condition assessment and capital project planning system for state-aided public housing. CPS records the condition of every significant capital component at every LHA building and site, with the initial assessment completed by DHCD’s consultants between 2007 and 2010 and repeated in 2015.

LHAs use CPS to create capital projects to include in the CIP. Construction costs embedded in CPS are based on conventional sources of component-based construction information such as RS Means construction data and Commonwealth of Massachusetts wage rates. Soft costs should be added and are calculated as a percentage of construction cost. CPS project budgets are suitable for working at a planning level when creating the CIP, although the LHA may choose to modify a project budget in the CPS database with more specific project cost information. Before starting in CIMS, the LHA should close out all CPS projects that have been completed, update CPS to reflect any newly identified capital needs not previously captured in the CIP10, which the LHA can then prioritize in its CIP.

The LHA will prepare and submit its CIP in CIMS. Using the LHA’s project data from CPS, the Web based CIMS program allows the LHA to prioritize, select and schedule projects, assign funding sources and direct project spending to specific fiscal years to create a CIP that has a budget consistent with the LHA’s FF award amount and FF cap shares, plus any additional funding resources the LHA has identified.

CIMS assigns a template schedule to each project based on project size. These are generic schedules suitable for planning purposes and contain adequate time to complete the ‘average’ project. While LHAs cannot change project durations, they can control the timing of spending by changing any one of the four project dates or by entering a spending amount into any of the fiscal year columns.

All proposed capital projects are to be included in the LHA’s CIP, whether they are funded with FF or from another source. The LHA should work with its DHCD project manager to make sure that all active projects with FISH numbers have accurate budgets and schedules in CIMS.

## CIP Review by DHCD

DHCD will use CIMS to conduct its review of the CIP. DHCD’s goal is to approve CIPs within forty five (45) days of LHA submission. DHCD anticipates that in many cases the CIP will be approved as submitted without any requests for additional information or modifications. In a case where DHCD is requesting additional

information and or modifications, DHCD will communicate such requests to the LHA through CIMS. In limited instances, DHCD staff may conduct field visits as part of its review process. The LHA will receive notices on the status of its CIP through CIMS, and after approval, will receive an approval letter which will contain FISH numbers for projects which the LHA is authorized to start as well as any conditions or comments on the CIP. The LHA should not start projects until it receives this letter.

## Flexibility in Defining & Prioritizing Capital Projects

Capital projects in CPS are generally replacements of building systems or components for multiple buildings or a whole development, based upon actual or imminent performance failure, predicted lifecycle, or as part of an overall plan to upgrade performance (e.g., for water or energy conservation purposes.) In many cases the LHA may need to split projects into phases to match funding availability.

Two (2) types of projects identified by a number of LHAs deserve clarification relative to their eligibility as capital projects versus operating expenses:

### Turnovers and Currently Vacant Units Needing Substantial Improvements

Unit turnovers beyond routine cleaning, refinishing and repair may be included in the CIP. Eligible projects are those that address CPS tracked systems or components that have reached the end of their useful lives and require complete modernization of a unit or room or the replacement of individual CPS tracked systems or components, plus associated finish work and other incidental repairs provided the associated cost for the finish and incidental work is less than 15% of the project Total Development Cost (TDC.)

### Securing Vacant Units with Excessive Capital Needs

On a case by case basis, when an LHA can demonstrate that a reasonable planned use of its FF and other resources does not allow the level of investment necessary to restore a vacant property to occupancy, DHCD will consider an LHA's request to use FF to pay the cost to secure the property until resources for redevelopment are available. Such a proposal must be requested in the LHA's CIP and include a detailed explanation of the necessity of such an action. DHCD will only consider proposals to demolish a property if the LHA can provide a plan with committed funding sources for a feasible replacement project. The proceeds of the sale of the property will be considered as one of the replacement project funding sources only if a current "as-is appraisal" completed by a certified appraiser is provided to DHCD.

Note that under [DHCD's Vacancy Policy](#), the operating budget for units vacant for an extended period of time without a fully funded plan for reoccupancy may be based on a reduced Suspended Occupancy Payment of \$110/unit/month, rather than the much higher ANUEL levels typically budgeted. LHAs are strongly encouraged to use all available resources, including FF and operating budget funds, to keep all of its units occupied whenever possible.

## Capital Project Supplemental Costs

### LHA Administrative and Overhead Expenses

An LHA's general administrative expenses (as delineated in the Form 80) associated with a particular capital project may be paid out of the LHA's FF, in whole or in part, but the amount paid out of FF for such expenses cannot exceed 10% of the construction cost for that particular project. Administrative expenses are to be included in the project budget and billed in accordance with the progress of the job according to the milestones and percentage payment schedule in the RFS or Work Order. Accounting and advertising

expenses are reimbursables that may be paid using FF funds and are outside of the 10% cap. With prior approval by the LHA's project manager, tenant coordinator costs may also be paid outside of the 10% cap. Consult with the LHA's project manager about excluding costs for other administrative lines from the 10% administrative budget cap.

With the project manager's approval, admin funding may be used to hire additional staff or increase the work hours of existing part-time staff including the executive director for project specific work, within the 10% cap on admin. The LHA should submit a request to the project manager that includes board approval of the proposal. Once approved, the LHA should keep timesheets for additional hours worked on the modernization project and bill monthly for those hours, including timesheets as back up.

General administrative expenses for AIMM designated LHAs cannot exceed 13% of the construction costs. (See the AIMM Project Implementation: Creating the Project Budget and Notifying DHCD of Project Changes section of these guidelines for additional information.)

### Predevelopment Third Party Expenses

Third party expenses associated with projects may be paid for with FF and are to be included in the project budget.

### Use of Bond Funds for "Force Account" Work

LHAs completing a capital work project which is included in the DHCD approved CIP with their own in-house work force (known as "Force Account" work), may request reimbursement from their Formula Funding funds for the actual cost for labor hours spent on the project and for the cost of materials. The LHA should indicate in its CIP project description that it will be completing the work in-house, if that information is known at the time the CIP is submitted, and the project budget should reflect that method of completing the work.

Please note that the intent of this Force Account option is to maximize the efficient use of capital funds, but it is not intended to reduce the portion of the LHA's operating budget devoted to regular and extraordinary maintenance. Any "savings" in operating budget costs (for example, maintenance staff salaries paid by capital funds) must be used to fund other maintenance or extraordinary maintenance costs, whether for labor, materials or contracted work.

**Hourly rate:** For work completed within the regular work week, hours are to be billed at the employee's regular hourly rate. This includes hours by part-time staff who are working beyond their regular hours up to what would be a full-time week (40 hours). DHCD discourages the use of overtime hours for completing capital projects but recognizes there are times when use of overtime may make sense for the LHA. If the LHA is using overtime, it should document in its procurement record the reason for its use. Please note that capital funds such as Formula Funding grants can NOT be used to reimburse LHA staff retirement benefits. These costs must be paid from the operating budget.

**DHCD review of the work:** If the estimated cost of the work exceeds \$10,000, contact your project manager to arrange for a DHCD construction advisor to review comparable work done by the same personnel. Do not start the work unless you have received approval from your construction advisor. If the cost of the work will exceed \$25,000, you need to submit a detailed request to your project manager for approval by DHCD. Requests should include the following information:

- **Qualifications:** Names and job titles of the employees who will carry out and supervise the work, including experience on similar projects;
- **Scope:** A brief description of the scope of the work including performance specs for the materials to be chosen;
- **Budget:** A breakout of the CIMS budget showing materials, labor, and soft costs; and
- **Schedule:** A proposed time frame for the scope of work to be executed, if different than the schedule in CPS, including an assessment of the LHA's ability to complete this work and regular maintenance activities.

The LHA should not start the work until it receives written approval from DHCD.

**Request for payment:** Along with a Certificate of Compliance, the request for Formula Funding reimbursement should include an invoice for labor hours indicating the name of the staff person(s) that completed the work, number of hours worked, the date(s), the hourly rate (excluding retirement benefits), and indicate whether it is a regular or overtime rate. Include invoices for all materials for which the LHA is seeking reimbursement. A form for tracking and reporting those costs is available on the web at <http://www.mass.gov/hed/housing/ph-mod/0-25000-dhcd-small-projects-guide.html>. The DHCD Construction Advisor signs off on requests for projects with construction costs in excess of \$25,000. Submit requests for payment to your Project Manager.

**Accounting:** Costs for wages and materials for capital projects may be expensed in the 'construction' portion of the Form 80 and are not subject to the 10% cap on administrative costs. Employee benefits for force account can be expensed in this line and are restricted to the following:

- FICA – Employer's share of social security tax;
- FUTA – Employer's share of unemployment tax; and
- GIC – Employer's share of group health insurance.

## Section 6 – Capital Project Implementation

### Impacts of Formula Funding

FF has led to a far greater number of LHA projects, especially smaller projects, more LHA participants, more decentralized management of the bond cap, and practically no ability for DHCD to fill project funding gaps.

DHCD is responsible for ensuring the effective utilization of approximately \$90 to 100M annually (depending upon annual bond cap allocation from A & F) for state-aided public housing. In order for DHCD to effectively utilize the annual bond cap and to mitigate the potential for a reduced bond cap, it is critical that each LHA take an active role in managing project budgets and keeping projects on schedule.

### Keeping Projects on Schedule

In FF, each LHA has a proportional allocation of bond cap based on its share of need. Every LHA's CIP has a target for annual cap spending, likely to be made up many of small projects. DHCD will not meet the overall annual bond cap unless most of the contributing small projects stay on schedule. DHCD asks LHAs

to assume responsibility for keeping projects on schedule by staying in touch with consultants and making sure that all participants are aware of their responsibilities for moving the project forward on schedule. DHCD's bond cap cannot be rolled into future years. Cap that is not spent annually is lost forever and may ultimately result in a reduction in the subsequent year's bond cap thus reducing the amount of funds available to LHAs.

### Budget Change

DHCD's reserves are severely limited, with almost all of the funding going directly to LHAs based on their share of overall need. Each increase in an LHA project budget means that another high priority project at that LHA will need to be reduced in scope. LHAs proposing project increases must identify project(s) that will offset the increase with a reduction and inform DHCD how that impacted component will be maintained given the reduction. DHCD staff is available to work with LHAs seeking guidance in making these tradeoffs.

### Keeping CPS Accurate and Up-To-Date

DHCD has designed CPS to be a basic, easy-to-use asset management tool for LHAs. DHCD welcomes LHA suggestions for further simplification or ease of use. In order to keep CPS current, any rehabilitation or modernization work that happens annually must be put into the system along with any change in the condition of any component that affects its remaining useful life. LHAs, or their RCATs if applicable, are responsible for component updates at the end of all capital projects and for updates due to change of condition. For projects with construction budgets greater than \$50,000, DHCD will provide the LHA and its architect or engineer (A/E) a form – the CPS Inventory Component Verification Form - to record the components that were updated in the construction project. This form must be completed by the LHA or A/E, if the LHA includes it in the A/E scope, and submitted electronically in conjunction with closeout forms for the construction project. When an LHA submits its annual CIP, it will need to certify that CPS is up to date and reflects completed projects and changes in component condition. Every five (5) years, DHCD intends to recalibrate the CPS inventory of all site and building components at every LHA, to ensure the quality and consistency of data across the statewide portfolio.

For more detailed instructions about how to complete these tasks, see [Public Housing Notice 2013-04](#).

## Implementation of Capital Projects

### Large Projects (\$50,000 or more)

DHCD initiates, reviews, and approves all projects with construction budgets of \$50,000 or more, regardless of funding source (DHCD capital funds, operating reserves, locally-controlled funds such as CPA, CDBG, HOME, etc.). All projects over \$25,000 require the services of a licensed design consultant unless approved by DHCD to be completed using alternative means. DHCD staff prepares Work Orders or Requests for Services (RFS) to assist LHAs to hire architects or engineers, either through DHCD's house doctor program or through the required solicitation process when the fee and construction budget are below the MGL c. 7 designer selection threshold. Projects with costs that exceed the designer selection threshold and are more complex than the predominantly single trade repair and renovation projects considered for the house doctor program will go through the Designer Selection Committee (DSC). DHCD staff complete design reviews, though keeping to the LHA's project schedule may require that a review be more limited in scope in individual cases, approve phases,

provide bidding guidance, and monitor projects during construction, including signing construction payments. Soft cost payments will be disbursed to the LHA upon DHCD approval of invoices submitted to the DHCD Project Manager for an approved project. Construction cost payments will be disbursed to the LHA upon DHCD approval of invoices submitted to the DHCD Construction Advisor for an approved project.

### Small Projects (Under \$50,000)

DHCD staff no longer assists with selection of designers, design review, bidding, contracting, and construction oversight of projects with estimated construction budgets of less than \$50,000. LHAs are responsible for managing these projects, with the assistance of their Regional Capital Assistance Team (RCAT – described in next section), if applicable. DHCD’s Small Projects Guide contains step-by-step instructions to help LHAs and RCATs ensure that every project is done efficiently, cost-effectively and according to the applicable statutes, rules and regulations. It applies to all projects regardless of funding source.

The information contained in the Guide represents DHCD’s understanding of the current laws, regulations, and policies regarding procurement of design and construction services and the execution of small (less than \$50,000) building-related repair, replacement or modernization projects, including public bidding of construction in Massachusetts. DHCD will update the Guide and its attachments and appendices as applicable. The most current version of the Small Projects Guide will be available on the web at:

<http://www.mass.gov/hed/housing/ph-mod/0-25000-dhcd-small-projects-guide.htm>

For submission and approval of invoices for small projects, LHAs must follow procedures included in the Small Projects Guide. Since these laws, regulations, and policies are always subject to change, the LHA and RCAT are responsible for insuring that all information is current before proceeding.

DHCD project managers, engineers, architects and construction advisors will still be available to answer questions and provide assistance when issues arise that are not addressed in the Guide. However, they will try to limit their assistance on small projects, so they can focus on helping LHAs implement hundreds of larger capital projects (those with construction costs over \$50,000).

## Section 7 - RCAT Program

Section 26C of MGL c. 121B mandates that 3 Regional Capital Assistance Teams (RCATs) are available to assist all Local Housing Authorities (LHAs) in executing capital and maintenance plans and projects. The Legislation states that all LHAs **may** participate in the program, but LHAs with 500 or fewer state-aided units **are required to** participate, unless the LHA is granted a waiver by DHCD.

DHCD issued an RFR in June 2015 to select 3 LHAs to host the RCAT program. In March 2016, DHCD executed contracts with 3 Host Housing Authorities that will administer the program regionally, as presented in the table below.

RCAT Region & Host Housing Authority	Counties
<b>Region 1: Central-West</b> Leominster Housing Authority	<b>Berkshire, Franklin, Hampden, Hampshire, and Worcester Counties</b>  Except: Mendon, Milford, Northborough, Southborough, and Westborough Housing Authorities
<b>Region 2 Northeast:</b> Chelmsford Housing Authority	<b>Essex, Middlesex, and Suffolk Counties</b>  Plus: Mendon, Milford, Northborough, Southborough, Westborough Dedham, Milton, Needham, and Wellesley Housing Authorities  Except Ashland Housing Authority
<b>Region 3 Southeast:</b> Taunton Housing Authority	<b>Barnstable, Bristol, Dukes, Nantucket, Norfolk, and Plymouth Counties</b>  Except: Dedham, Milton, Needham, and Wellesley Housing Authorities  Also including Ashland Housing Authority

### RCAT Scope of Services Overview

The RCATs will perform the following services for Participating Local Housing Authorities (PLHAs):

- Annual portfolio needs assessment.
- Annual Capital Improvement Plan (CIP) creation and maintenance of the plan between periodic submissions to DHCD.
- Project management duties for all capital projects, with particular focus on implementing small projects.
- Assistance with securing additional capital funds from DHCD or other leverage sources.
- Annual Maintenance Plan creation and guidance.
- Establishment and implementation of a bulk procurement program, and/or 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 and will also conduct a vacant land survey of land owned by LHAs to identify areas for potential housing development.

PLHAs will receive assistance from RCAT for most of the tasks described in these Guidelines. For a more detailed description of this program, see the RCAT Program Guidelines at [INSERT LINK](#)

### Section 8 - Performance Management Review

Section 26B of MGL c. 121B requires that DHCD establish and implement a performance-based monitoring program and develop and provide uniform assessment standards for evaluating housing authority operations. DHCD will conduct regular Performance Management Reviews (PMRs) at all LHAs. Each PMR will assess whether or not the LHA meets specific benchmarks on a number of key data points, including the following FF-related data:

### CIP Submission:

- In order for an LHA to receive a favorable rating in this area (“No Findings”), its most recent CIP must be submitted On-Time and DHCD-requested modifications must be resubmitted within 45 days of notice.
- The LHA will receive a rating of “Operational Guidance” if its most recent CIP was submitted up to 45 days late, OR DHCD-requested modifications get resubmitted within 45 days of notice.
- The LHA will receive a rating of “Corrective Action” if the most recent CIP was not submitted or was submitted more than 45 days late, or if DHCD-requested modifications were not resubmitted within 45 days of notice.

### Formula Funding Spending:

- In order to receive a favorable rating in this area (“No Findings”), LHAs must spend a minimum of 80% of its past 3 fiscal years of awarded Formula Funding.
- The LHA will receive a rating of “Operational Guidance” if it spends 50 to 79% of its past 3 fiscal years of awarded Formula Funding.

The LHA will receive a rating of “Corrective Action” if it spends less than 50% of its past 3 fiscal years of awarded Formula Funding.

## Section 9 – AIMM Eligibility and AIMM Project Implementation

### AIMM Program and Eligibility

Background information can be found at:

<http://www.mass.gov/hed/docs/dhcd/ph/formula/acceleratedindependent.pdf>.

DHCD will update eligibility criteria for AIMM as necessary to coordinate with other changes to public housing regulations, programs and guidelines. Updates will be announced through Public Housing Notices and posted on DHCD’s website. At this time, new applications are only open to those LHAs that are not mandated to participate in the RCAT program (LHAs with 500 or more state-aided units or LHAs that secured a DHCD waiver from participation).

### AIMM Designated LHA Responsibilities

#### Capital Planning

AIMM designated LHAs create, revise and update the LHA’s CIP independently.

#### Project Implementation

AIMM designated LHAs take full responsibility for capital improvement planning and the modernization process including compliance with all statutory and regulatory requirements, using DHCD programs and template documents. DHCD will review and approve throughout the project. AIMM LHA and DHCD responsibilities are described below.

### Procuring Architectural/Engineering (A/E) Services

DHCD requires LHAs to hire a licensed design professional for work with a construction estimate of \$25,000 or more. The LHA procures A/E services as follows:

- For projects under \$50,000 the LHA contacts the designer directly, using the Scope of Services form.
- For projects between \$50,000 and \$500,000 the LHA procures services through the DHCD house doctor program. Contact DHCD's house doctor program administrator at (617)573-1165 to receive a list of consultants available for the project.
- Projects over \$500,000 go through the DHCD Designer Selection Committee (DSC).

The LHA documents the procurement process for the project record.

### Creating the Work Order or Request for Services (RFS) for Architectural/Engineering (A/E) Services

The LHA creates the Scope of Services, Work Order or RFS using DHCD template documents which will be found on a new web-based platform starting in January 2017. The Scope of Services, Work Order or RFS identifies the project scope, budget, design phases and schedule, and references that the A/E must adhere to DHCD design guidelines.

The AIMM LHA submits the Work Order to House Doctor Administrator for the House Doctor solicitation. At this time DHCD assigns a review architect or engineer who also receives a copy of the Work Order.

The AIMM LHA submits the RFS to the DHCD Project Manager for DHCD approval. A DHCD assigned review architect or engineer will review the draft of the RFS. Upon approval, DHCD will approve the AIMM LHA to advertise for Designer Selection through the DSC.

### Completing Required Design Reviews

The AIMM LHA is responsible for completing design reviews as required. DHCD will review the submissions at schematic phase and 100% construction document (CD) phase. The LHA and the DHCD review architect/engineer review the project concurrently. For projects requiring an RFS, the AIMM LHA invited the DHCD review architect/engineer is any scheduled design meetings.

Assuming the submissions are acceptable, DHCD will issue Schematic Approval and Approval to Bid at the completion of the schematic and 100% CD reviews.

### Bidding the Project

The bid documents incorporate applicable DHCD front ends and contracts. The AIMM LHA bids the project according to all applicable laws and regulations. The LHA reviews the low bids and determines the eligible low bidder. If the low bid is within the approved construction budget, the LHA awards the construction contract and notifies the low bidder and provides them with contracts to complete. If the low bid exceeds the approved construction budget, the LHA contacts the Project Manager for approval to increase the construction budget before awarding the contract.

Construction contracts in excess of \$50,000 need to be submitted to DHCD for approval. For these projects, the AIMM LHA provides a completed Certification of Compliance with Bid Laws form. All

submissions should be sent to the project manager. The LHA documents the procurement process for the project record.

### Construction Administration

The LHA administers all aspects of the construction contract including approving payments, change orders and closing out the project and Warranty walk-throughs. For construction contracts with a value of \$50,000 or more, the LHA's construction advisor also signs payments, change orders and closeout documents. The AIMM LHA invites the construction advisor to attend construction meetings where payment requisitions are approved.

### Requesting Payments

The LHA submits non-construction payment requests to its project manager. The LHA certifies that the expense has been procured in accordance with law and is due and payable and that the project TDC is consistent with the CIP cost or an approved change. Administrative costs are to be billed according to the milestone percentages set in DHCD's Contract for Architectural Services. The LHA submits construction payment requests to its construction advisor. To receive final construction payment, the LHA confirms that CPS has been updated to incorporate applicable component upgrades and that the bid documents have been archived.

### Updating CPS

The LHA updates CPS as projects are completed and to reflect changes in the condition of components.

### Maintaining the Project Record & Archiving Projects with Biddocsonline

The LHA maintains a complete project record, including:

- initial and final scope and CPS components,
- initial and final cost,
- contracts,
- payments,
- documentation of procurement,
- bid set documents and designer certification, and
- as-builts.

All of the bid documents and as built documents are to be archived with Biddocsonline. The LHA or their consultant shall prepare and transmit an electronic version of the bid set documents (with addenda) to be archived at Biddocsonline. (DHCD's choice for DHCD's electronic archives.) The pdf documents shall be forwarded via email to [support@biddocsonline.com](mailto:support@biddocsonline.com). If the documents are too large to email, please forward a CD to BidDocs ONLINE, P.O. Box 51, Groton, MA 01450. All documents should be accompanied by a transmittal indicating the Housing Authority, the project name, the development name and number, the DHCD number and the designer's contact information.

## DHCD Non-Project Responsibilities

### Maintaining Design & Construction Guidelines & Standards (D&C – G&S)

DHCD will continue to create and revise D&C-G&S to reflect best practices modernization and sustainability for the building types represented in the state-aided housing portfolio.

### Creating Contracts and Other Template Documents

DHCD will continue to create and revise contracts and construction front ends to assist LHAs to procure goods and services more easily and to comply with procurement laws and regulations. DHCD has a small library of template scopes of work that LHAs may modify (or hire consultants to modify) to create bid documents for smaller projects, with the goal of reducing the time required for design and allowing LHAs to procure designer services at lower costs. To access these template scopes, LHAs may contact the supervising architect or engineer in DHCD's technical services unit. The new Capital Projects Center is expected to debut in January 2017.

## Section 10 – Definitions

### What is Capital Improvement Planning?

- Capital improvement planning is the process by which an LHA monitors and evaluates the physical condition of its real estate portfolio and determines the capital needs of that portfolio for the next ten (10) years;
- Creates a set of capital projects and maintenance activities based on those needs; and
- Organizes as many of those projects as possible -- given available resources -- into a five (5) year construction project schedule and spending plan.
- The CIP is coordinated with the LHA's operating budget.

### What is Formula Funding?

Allocation of bond funds to each LHA according to the condition (needs) of its portfolio in comparison to the entire state-aided public housing portfolio. In addition to allocations to each LHA, DHCD has created limited set aside funds to provide for extreme emergency or code compliance needs which are beyond the capacity of an LHA's current FF balance.

### What is the Capital Planning System (CPS)?

CPS is DHCD's transparent Web-based capital planning system that catalogues the condition of every building and site in the statewide public housing portfolio, providing LHAs with detailed technical information to make strategic long-term capital investments. It includes a Facility Condition Index (FCI) for every development that compares the value of expired components of a development relative to its replacement cost.

### What is the Capital Improvement Management System (CIMS)?

CIMS is a Web based system that contains the project data from CPS. The CIMS program allows the LHA to prioritize, select and schedule projects, assign funding sources and direct project spending to specific fiscal years to create a CIP that is consistent with the LHA's FF award amount and FF cap shares, plus any additional

funding resources the LHA has identified. The LHA submits its CIP and DHCD conducts its review of the LHA's CIP in CIMS.

### What is a CIP?

A Capital Improvement Plan (CIP) is a five (5) year plan which identifies capital projects, provides a planning scope, schedule and budget for each capital project and identifies options for financing and implementing the plan. The contents of a CIP are limited to available resources. An approved CIP is required in order to receive FF.

# Section 11 – Attachments

## Attachment A: Narratives

### NARRATIVES

#### Instructions:

1. Look for Blue Save button at upper right. Data input cannot be saved if Save button is not present.
2. Please complete all the required fields below.
3. **IMPORTANT!** Remember to select the **SAVE** button above before navigating off this page to save your edits.

1. Are you submitting a Primary CIP or an Alternate CIP?

A Primary CIP meets DHCD's fiscal year Cap Share rules as well as rules for 3-year and 5-year totals. An Alternate CIP does not have to meet fiscal year Cap Share rules but still must meet rules for 3-year and 5-year projected totals. Alternate CIP's will be approved only with acceptable justification and only if funding is available.

Primary  Alternate

If you are applying for approval of an Alternate CIP, select as many of the items below as apply and include explanatory comments for each item in the text box.

- Projected spending on projects currently in construction exceeds Cap Share in Year 1 or Year 2 of the CIP.
- The TDC for a proposed project exceeds the Cap Share for a single year and it doesn't make sense to spread it over multiple years.
- The CIP includes a request for use of LHA Emergency Funds.
- The CIP includes a request for DHCD Reserve Funds.

Provide detail to explain why DHCD should approve this CIP with the Alternate CIP rules:

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2. If you are requesting release of LHA Emergency Funds or requesting additional funding from DHCD, provide detail of your request below. Include previous requests which have not yet been acted upon. Do not include any previously approved requests that are incorporated in your latest Approved CIP.

I am requesting use of my emergency reserve.  Yes  No

If yes then please fill out the table below:

Amount of Request	Project Number	Project Name	Reason/Justification
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

I am requesting DHCD Emergency Reserve.  Yes  No

If yes then please fill out the table below:

Amount of Request	Project Number	Project Name	Reason/Justification
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

If you are requesting DHCD Emergency Reserve, please describe why you cannot reorganize your CIP to address these conditions using your FF allocation.

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I am requesting DHCD Compliance Reserve.  Yes  No

If yes then please fill out the table below:

Amount of Request	Project Number	Project Name	Reason/Justification

I am requesting DHCD Sustainability Funds.  Yes  No

If yes then please fill out the table below:

Amount of Request	Project Number	Project Name	Reason/Justification

3. Briefly describe your LHA's overall goals (capital, operating, programmatic) and how your CIP supports them. *(for example: the LHA's goals are to get all of our vacant units back on line and to improve access to our elderly development. To accomplish this we are proposing a comprehensive renovation of several family units in the 200-1 development and providing access ramps at our 667-2 community building.)*

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4. Aside from completing projects that were listed in your previous CIP and adding projects in the new planning year(s), in what way does your new CIP differ from your previous CIP? *(for example: My new CIP includes several urgent new projects in the first year which necessitated delaying two less urgent window replacement projects by one year.)*

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5. Did your previous CIP Approval Letter include conditions to be satisfied when implementing the CIP projects or conditions to be included in your new CIP? \*  Yes  No

If Yes, have you completely satisfied those conditions?  Yes  No

If No, please explain why you did not.

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6. If you have received a Formula Funding Advance, have you included the associated projects in this or a previous CIP? \*

Yes  No

If No please ensure that you include the associated project(s) in this CIP.

7. Have you updated the Capital Planning System (CPS) with current condition information including changes resulting from projects completed in the past year? \*  Yes  No

If No then please explain why in the text box below:

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8. Does your CIP only include high priority capital projects (that is, Priority 1 and 2 projects)? \*  Yes  No

If "No," please briefly describe your rationale for including capital projects that are not Priority 1 or 2.

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9. Are there any outstanding high priority capital deficiencies (CPS priority 1 or 2 projects), that you could not address in your CIP? \*

Yes  No

If Yes, what are they and what is your plan to address the deficiency(s)?

Enter your response in the text box below or follow the "**Unselected Projects Report Instructions**" below to create and upload an Excel file with your Un-selected projects list and explanations.

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**Unselected Projects Report Instructions:**

1. [Click here](#) to open the report window.
2. Select the *Excel* option in the **Export Results to** drop-down.
3. Select the **Execute** button.
4. Select the **OK** button in the *File Download* box.
5. Choose a location on your computer to save the file
6. Open the file and complete the Plan to Address column for each CPS project.
7. Select the **Browse** button on this page and locate and upload your completed Excel file.
8. Select **Save** to complete the upload.

Unselected Projects Report Excel File Upload:



14. Your LHA's reported unadjusted vacancy rate is shown in the chart below:

- % c. 667 (statewide average %)
- % c. 200 (statewide average %)
- % c. 705 (statewide average %)
- % c. 689 (statewide average %)

Does your reported unadjusted vacancy rate exceed the statewide average for any program?  Yes  No

If "Yes," does your CIP include projects that can bring your rate down?  Yes  No

If "No," please explain why. PLEASE NOTE: Your unadjusted vacancy rate captured in these figures is the percentage of ALL your housing units that are vacant, including both offline units being used for other purposes and units with DHCD vacancy waivers.

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15. Do you have: \*

- 1) vacant units that you propose to keep vacant
- 2) units you are proposing to vacate
- 3) additional units at risk of becoming vacant within the next 12 months

Yes  No

If "Yes," please complete the chart(s) below:

**Vacant-Propose to Keep Vacant**

Development #	# of Units	Why aren't you addressing these conditions in your CIP? What is your interim strategy to keep the units safe? What is your long-term strategy to reoccupy?
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	

**Occupied Units-Propose to Vacate or Re-purpose**

Development #	# of Units	Why aren't you addressing these conditions in your CIP? What is your interim strategy to keep the units safe? What is your long-term strategy to reoccupy?
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	

**Occupied Units-At risk of Vacancy**

Development #	# of Units	Why are these units at risk?
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	

16. How does your CIP include methods to increase operating and capital efficiencies? \*  Yes  No  
If Yes, please describe or indicate by checking off on the list provided.

- Smaller and/or phased projects completed by LHA's maintenance staff.
- Completing unit improvements upon turnover using LHA's maintenance staff.
- Bundling smaller jobs to save on soft costs.
- Increase focus on preventative maintenance to extend the useful life of capital components.
- Others?

If Other, please explain.

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17. Please describe any innovative strategies your LHA utilizes that could help other LHAs.

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18. Has DHCD staff provided you with assistance in developing this CIP? \*  Yes  No  
If Yes, who were the DHCD staff involved?

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19. Is there anything else you feel DHCD should be aware of when considering your CIP submission?

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## Attachment B: Certifications

### CERTIFICATIONS

**Instructions:** Please complete all the required fields below.

1. Please note that if the reports listed below for quarterly operating statements, quarterly vacancy reports, and monthly energy reports are not current, then the LHA's CIP proposal will be not be approved until the current data is entered into the DHCD/LHA Housing Applications Web Based System. For the purposes of CPS submissions, "current" is defined as follows:
  1. **HAFIS Operating Statements and Vacancy Reports:** DHCD policy states that these documents are due 45 days after the close of a fiscal quarter. Therefore, the LHA must have submitted the last quarter due and the prior three quarters to be considered "current".
    1. Example: If an LHA submits a CIP proposal on February 5, 2011, the December 31, 2010 statement is not due until 45 days later, or on February 15, 2011. Therefore, the last four quarters to be submitted in order to be considered "current" for the purpose of your February 5, 2011 CIP application are September 30, 2010, June 30, 2010, March 31, 2010, and December 31, 2009.
  2. **Energy Consumption Reports:** DHCD policy states that these documents are due 30 days after the end of the month. Therefore, the LHA must have submitted the last month due and the prior eleven months to be considered "current".
    1. Example: If an LHA submits a CIP proposal on February 5, 2011, the January 31, 2011 monthly energy report is not due until 30 days later, or on March 2, 2011. Therefore, the last twelve monthly reports to be submitted in order to be considered "current" for the purpose of your February 5, 2011 CIP application are for the twelve consecutive months ending December 31, 2010.
2. **IMPORTANT!** Remember to select the **SAVE** button above before navigating off this page to save your edits.

The following certifications are to be completed by the LHA prior to CIP approval. To be considered complete, an LHA either needs to certify compliance or have a plan in place that is acceptable to DHCD to rectify any deficiencies.

LHAs already report on the majority of the certification items to DHCD so whenever possible the data for these certifications will be automatically "populated" via an electronic link between the CIP submission forms and DHCD's data bases. This process will allow LHAs and DHCD staff to easily view the status of required submissions and take appropriate action to clarify any reporting errors or to become current.

A. The CIP received LHA Board approval on:

 \*

B. The tenant input process was completed according to required procedures and included a meeting with all Local Tenant Organizations (LTO) or in the case of no LTO(s), all tenants from all State aided developments on:

 \*

1. Does your LHA have one or more LTOs?

 Yes  No \*

2. Did your LHA receive a letter from each LTO or did your housing authority receive one letter signed by all LTOs or if there is /are no LTOs, did your LHA receive a letter(s) from the tenants?

 Yes  No \*

3. If the answer to question B2 is Yes, you must include a copy of the letter(s) from the LTO(s) and/or tenants with your CIP submission. To do this, please attach an electronic copy of the letter(s) by selecting the **Browse** button next to the **LTO/Tenant Letter Upload** field below for each letter. If you do not have or can not produce an electronic copy of the letter(s), then please certify that you have submitted a hard copy of the letter(s) by clicking the check box(es) below and filling in the date(s) that the letter(s) were mailed for each letter submitted.

4. If there are one or more LTOs and the answer to question B2 is No, then please obtain the LTO letter(s) and certify as instructed in B3.

5. If there are no LTOs and the LHA did not receive any letters from the tenants then B3 does not apply.

LTO Upload Development

I certify that a hard copy of the LTO was submitted on  Development

For assistance with the tenant input process, please [click here](#) for the "Checklist for Tenant Participation In Modernization Projects."

C. Our fiscal year ends on:

D. Our 4 most recent quarterly operating statements were submitted electronically on:

Qtr End	Date Submitted
<input type="text"/>	<input type="text"/>

E. Our 4 most recent quarterly vacancy certifications were submitted electronically on:

Qtr End	Date Submitted
<input type="text"/>	<input type="text"/>

F. Our most recent quarterly capital report (form 80 and 90) was submitted on:

G. Our most recent 12 monthly energy consumption reports were submitted electronically on:

Year/Month	Date Submitted
<input type="text"/>	<input type="text"/>

H. Our CPS is updated as of:  \*

I. Our last audit conducted by the State Auditors or our most recent HUD single audit was completed on:  \*

- Were there findings from the last audit?

Yes  No \*

- If there were findings, did your LHA take appropriate action to correct?

Yes  No

J. During the previous 12 months we have completed at least one inspection on each unit in our portfolio.

Yes  No \*

K. To the greatest extent possible, our capital and maintenance plans address all outstanding health and safety concerns in our occupied units, common areas and sites.

Yes  No \*

L. We have an annual preventative maintenance plan on file at our LHA.

Yes  No \*

- We are in the process of creating such a plan.

Yes  No

M. Lead Based Paint Compliance Certification

**Instructions:**

1. If the CIP is submitted within 45 days after the LHA's fiscal year end then they should certify for the previous fiscal year.
2. If the CIP is submitted later than 45 days after the LHA's fiscal year end then they should certify for the fiscal year most recently ended.

Our LHA is in compliance with federal and state laws and regulations regarding Lead Based Paint, including the following:

1. Required tenant notification(s).
2. Maintaining the on-line Lead-Based Paint Compliance Tracking System (LBPCTS).

Our LHA Board certification of compliance was submitted to DHCD on:  \*

Please upload a copy of the signed Certification form below:  
(Note: If this form is not attached you will not be able to submit your CIP)

Lead Certification Form Upload  DELETE

**Instructions:**

1. Click the Browse button on this page to open the "Choose File to Upload" window on your computer and locate the Lead Certification Form.
2. Select the Lead Certification Form and click the "Open" or "Insert" button at the bottom of the "Choose File to Upload" window. This will upload the file to the Certifications page.
3. Select the Save button at the top of the page to complete the upload.

**IMPORTANT!** Remember to select the **SAVE** button above before navigating off this page to save your edits.

## Attachment C: Modernization and Development Regulation

### **760 CMR 11.00: MODERNIZATION AND DEVELOPMENT OF STATE-AIDED PUBLIC HOUSING**

11.01: Purpose and Applicability

11.02: Application for Funds and Site Selection

11.03: Designer Selection

11.04: Design

11.05: Bidding

11.06: Allocation of Funding

11.07: Construction

11.08: Completion

11.09: Grant Close-Out

11.10: Tenant Participation in Modernization Projects

11.11: Waiver by Director of Housing and Community Development

#### **11.01: Purpose and Applicability.**

(1) The purpose of 760 CMR 11.00 is to set forth the procedures governing the modernization and development of housing funded by the Department of Housing and Community Development (hereinafter referred to as the "Department") through grants to a local housing authority (hereinafter called the "LHA").

(2) 760 CMR 11.00 shall be effective on November 1, 1996. 760 CMR 11.00 replaces prior regulations appearing at 760 CMR 10.00 (modernization) and 760 CMR 11.00 (development).

(3) Unless otherwise noted, 760 CMR 11.00 applies to both the modernization and development of public housing funded by the Department.

#### **11.02: Application for Funds and Site Selection**

(1) Application (Modernization). The LHA shall inform the Department of the LHA's modernization needs on forms prescribed by the Department, either at specific funding rounds announced by the Department or as critical safety and energy needs arise.

(a) The LHA shall involve tenants of state aided housing in decisions related to the application for modernization funds in accordance with 760 CMR 11.10.

(b) Each modernization application shall contain a narrative statement outlining specific plans for tenant participation in the modernization process.

(2) Application (Development). The LHA shall submit to the Department an application proposal that responds to all aspects of the Request for Proposals circulated by the Department.

(a) The application shall include cooperation agreements between the LHA and the municipality to the extent requested in the Request for Proposals.

(b) When required by the provisions of St. 1954, c. 667, as amended, the LHA shall secure town meeting authorization to apply for such funding. Such approval shall be consistent with the Department's written guidelines and should not be specific as to site or number of units.

(3) Site Selection (Development). The LHA shall select sites in accordance with the Department's site selection guidelines.

#### **11.03: Designer Selection**

(1) Designer Selection. The LHA shall solicit applications from designers (as defined by M.G.L. c. 7) and follow the selection and interview process in accordance with M.G.L. c. 7 and the Department's exemption, as applicable to LHAs.

(2) Tenant Interview (Modernization). The LHA shall invite a representative of the tenant organization to participate in the interview of the finalist(s) for designer.

(3) Contract for Designer Services. Upon written approval of the selection of designer by the Department, the LHA and designer shall execute a contract for designer services in the form prescribed by the Department.

(a) The LHA shall not modify or amend this contract without the prior written concurrence of the Department.

(b) This contract shall not be valid until approved in writing by the Department.

(c) The LHA shall make periodic payments to the designer as provided by the contract subject to the approval of the Department.

#### **11.04: Design**

(1) Consistency with Department Procedures and Budget. Each project shall be developed in accordance with the Department's procedures and within the budget established by the Department for the project.

(2) Consistency with Department Design and Materials Criteria. The LHA shall not approve of any design or materials that deviate from the Department's design and materials criteria without the prior written approval of the Department.

(3) Consultation on the Scope of Work with the Department. The designer and LHA shall discuss with the Department, on a preliminary basis, the scope of the work prior to the preparation of plans and specifications.

(4) Authorization to Prepare Construction Documents. The designer shall not prepare construction documents without the prior written authorization of the Department. Such authorization shall not take place until all local approvals shall have been secured unless otherwise authorized by the Department.

(5) Approval of Plans, Specifications, and the Construction Documents. All plans and specifications and the construction documents shall be reviewed and approved by the Department prior to the LHA's advertising for bids by the LHA.

(6) Comprehensive Permit (Development). Upon request of the Department, the LHA shall apply for a comprehensive permit under the provisions of M.G.L. c. 40B if deemed necessary by the Department for construction of the project. The LHA shall diligently pursue any such application.

#### **11.05: Bidding**

(1) Statutory and Regulatory Compliance in Bidding. Bidding and approval of bidders shall be in accordance with the Massachusetts General Laws, the regulations of the Division of Capital Planning and Operations, and the Department's directives. The LHA shall:

(a) Notify the Department immediately regarding any formal bid award protest filed with the Division of Fair Labor and Business Practices in the Office of the Attorney General.

(b) Forward all bid documents, including subbids, the three low general bids and a bid summary to the Department for its review and approval.

(2) Rejection of Bids. The LHA shall reject any bidder whose bid price exceeds the budget established for the project unless the Department shall have given prior written authorization for acceptance of the bid. The LHA shall reject any or all bids when requested in writing by the Department to do so.

(3) Owner-Contractor Agreement. Upon written authorization by the Department, the LHA shall execute an owner-contractor agreement in the form prescribed by the Department. The Agreement shall not be valid until endorsed with the Department's written approval. The LHA shall not:

(a) modify or amend the agreement without prior written concurrence of the Department.

(b) permit the contractor to proceed with the work until authorized in writing by the Department.

(4) Tenant Participation (Modernization). The LHA shall involve tenants of state aided housing in planning modernization projects in accordance with 760 CMR 11.10.

#### **11.06 Allocation of Funds**

The LHA shall:

(1) Excess Reserve (Modernization). Use excess operating reserves and capital reserves, if available, before receipt and expenditure of modernization funds for modernization projects.

(2) Separate Accounts. Keep state modernization and development funds separate from other LHA funds.

(3) Reports. Report, as directed by the Department, on the status of funds received by the LHA, including interest.

(4) Prior Department Approval. Make no payments from state modernization and development funds without the Department's approval.

(5) Tenant Participation (Modernization). The LHA shall involve tenants of state aided housing in matters concerning the allocation of modernization funds in accordance with 760 CMR 11.10.

#### **11.07: Construction**

(1) Project Representative. Where the Department has determined that the services of a project representative are required, the designer shall advertise for, and select a project representative to monitor daily construction activity. Both the project representative and the project representative's compensation shall require approval of the LHA and the Department.

(2) Contract Officer. The LHA shall designate a contract officer whose function shall be to review payment requisitions from the contractor and to approve periodic payments to the contractor.

(3) Contractor Payments. The LHA shall make payments on the payment requisitions following approval by the contract officer and approval by the Department.

(4) Change Orders. The LHA shall consider requests for change orders in accordance with applicable contract provisions, the Department's procedures, and applicable law.

(a) The Contractor shall submit to the designer specification of any changes in the approved project which the Contractor deems necessary.

(b) The designer shall review the Contractor's request and, if the designer deems a change to be necessary or appropriate shall submit a written request for a change order including specification of the reason for the change order to the LHA and the Department.

(c) The LHA shall review each request for a change order and if it determines it to be necessary or appropriate may approve it subject to the approval of the Department.

(d) The LHA shall transmit a certified extract of the LHA's vote approving any change order together with all pertinent documents to the Department which may approve the change order if it deems it to be necessary or appropriate.

(5) Construction Disputes. Construction disputes between the contractor and designer shall be resolved in the manner specified by the owner-contractor contract and any applicable administrative procedures of the Department.

(6) Tenant Participation (Modernization). The LHA shall involve tenants of state aided housing in decisions relating to the construction of modernization projects in accordance with 760 CMR 11.10.

#### **11.08: Completion of a Project**

(1) Acceptance as Substantially Complete. In order for a project to be accepted by the LHA as substantially complete, it must be certified by the designer as being substantially complete in accordance with procedures established by the Department.

(2) Retainage Release. Upon substantial completion in accordance with the owner-contractor agreement, applicable law, and the Department's procedures on contract close-out, the LHA shall release retainage to the Contractor, provided that the LHA, pursuant to advice of the architect, shall reserve sufficient funds for completion of all incomplete and unsatisfactory work, and payment of any direct payment demands and other claims against the contractor.

(3) One Year Inspection. The designer shall inspect the project within one year of substantial completion and shall make a list of all deficiencies. The designer shall forward the list of all deficiencies to the LHA, to the Department, and to the Contractor for prompt remedial action.

#### **11.09: Grant Close-out**

After the close-out of any owner-contractor agreement, the LHA shall return funds remaining for the project to the Department, including accrued interest. The LHA may apply to the Department to undertake additional modernization work with all or part of modernization funds remaining after close-out of the agreement.

**11.10: Tenant Participation in Modernization Projects**

(1) Application Procedures. The LHA shall:

(a) Notify each duly recognized tenant organization when funding rounds are announced by the Department and whenever the LHA plans to seek modernization funds to meet a central safety or energy need or needs. The tenant organization shall be involved in determining the needs and priorities to be included in the application. For this purpose the LHA, working in cooperation with the tenant organization shall schedule a meeting at a time and place when the maximum number of tenants should be able to attend. The LHA shall post notice of the scheduled meeting that indicates the date, time and purpose of the meeting in a conspicuous place in the central office and in each project.

(b) Explain the Modernization Program and application procedures when such meetings are held, and shall answer any questions presented by the tenants relating to the modernization process. For this purpose, the LHA's modernization director, or other individual responsible for the modernization proposal, shall be present at the meeting. The LHA shall consider the tenants' input on needs and priorities and incorporate some or all of such needs and priorities in a draft funding application if deemed by the LHA to be consistent with sound management.

(c) Provide a copy of the draft funding application to each duly recognized tenant organization at least one week prior to submission of the application to the Department. If there is no tenant organization, the LHA shall post a notice within one week of submission advising interested tenants where they can review the draft. The LHA shall make any appropriate changes and shall request that the tenant organization's chairperson or representative of the tenants to sign the application. If the tenant organization and the LHA differ on priorities or inclusion of items in the final application, the LHA shall request a letter from the tenant organization setting out its differences. The LHA shall attach this letter to the application. If there is no tenant organization signature or letter from the tenant organization, the LHA shall include a statement establishing a good cause for the omission.

(2) Allocation of Funds. If awarded funding for a modernization project, the LHA shall notify the chairperson or a representative of each affected tenant organization of the award and make a copy of the contract for financial assistance between the LHA and the Department available upon request by the tenant organization.

(3) Bidding Document Preparation. The LHA shall explain the proposed modernization project to any interested tenants. The consultant and the LHA shall solicit and review comments from the tenants on the proposed modernization improvements and incorporate these comments in the bidding documents if deemed appropriate by the LHA.

(4) Construction. Following award of a contract for a modernization project, the LHA shall:

(a) Inform each affected tenant organization of the award, the construction contract, and the proposed construction schedule.

(b) Inform each affected tenant organization that the material documents relating to the modernization project are available in the LHA's office for inspection.

(c) Attend pre-construction conferences and invite a representative of each affected tenant organization to attend.

(d) Allow no more than two tenant representative observers at any regularly scheduled job meeting.

(5) Tenant Coordinators. The Department may require the services of a tenant coordinator or tenant coordinators for certain jobs. The LHA shall

(a) Select one or more tenant coordinators from a list of tenants, compiled on the basis of applications which have been reviewed, approved, and ranked by the tenant organization. If the LHA desires to pass over any of the ranked tenants, the LHA shall inform the tenant organization of the reasons for disagreement. The Department will mediate any further dispute.

(b) Use the tenant coordinator(s) to expedite construction activities which affect the tenants. The LHA shall pay the tenant coordinator(s) at the rate of one and a half times the prevailing minimum wage. The chairperson of a tenant organization shall be ineligible to receive compensation as a tenant coordinator.

**11.11: Waiver by Director of Housing and Community Development**

The Director of the Department may waive in writing any provision of 760 CMR 11.00, not otherwise required by applicable law, for good cause shown by the LHA or the Department upon a determination that a waiver will advance the interests of the state-aided housing program and promote the public benefit.

**REGULATORY AUTHORITY**

760 CMR 11.00: M.G.L. c. 23B, § 6; c. 121B, § 29.

## Attachment D: Checklist for Tenant Participation

### CHECKLIST FOR TENANT PARTICIPATION IN MODERNIZATION PROJECTS

LHAs (LHAs) are required to comply with 760 CMR 11.10, Tenant Participation in Modernization Projects. Please review this regulation to ensure that you have complied with the requirements. Below is a checklist which will assist LHAs through the steps as referenced in the regulation.

1.) Does the housing authority have one or more Local Tenant Organization(s) recognized under 760 CMR 6.09 (2)?

Yes       No

If yes, go to question number 2.

If no, please go to question number 3.

2.) Did you notify each recognized tenant organization of the housing authority's intent to draft a Capital Improvement Plan (CIP)?

Yes       No

3.) If there is no recognized tenant organization, did you notify the tenants at each of your state-aided public housing developments of your intent to draft a CIP?

Yes       No

4.) Did you involve tenants in the determination of the needs and priorities to be included in the CIP by holding a meeting at a time and place to encourage maximum tenant attendance? (This meeting is necessary whether or not the LHA has a recognized tenant organization).

Yes       No

If yes, when was the meeting(s) held? \_\_\_\_\_

5.) Did the LHA incorporate tenant priorities in the CIP that are consistent with sound management?

Yes       No

If yes, which priorities reflect tenant identified priorities?

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---

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If no, which tenant priorities are not included in the plan?

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6.) Did the LHA provide a copy of the draft plan to each recognized tenant organization at least one week prior to submitting the plan to DHCD? LHAs are encouraged to submit the draft plan to LTOs prior to submitting the plan for Board approval.

Yes       No       LHA has no recognized LTO

7.) If the LHA has no recognized LTO, did the LHA post a notice within one week of submission advising interested tenants where they can review the draft plan?

Yes       No

8.) Did the LHA request a letter of support for the plan from the recognized LTO (s), stating if the LHA and the recognized LTO (s) differ on priorities or inclusion of items in the CIP, and setting out its differences?

Yes       No

If a letter (s) was received, please submit the letter with your CIP.

If the LHA has no recognized LTO and the LHA has received letters from individual tenants, please submit any tenant letters with your CIP.

Please note letters can be scanned and attached to the electronic submission of your CIP.

I have read and understood the further requirements for tenant participation contained in 760 CMR 11.10 (3)-(5) relative to bidding document preparation, construction and tenant coordinators.

Yes       No

## Attachment E: Table of Allowable Bond Funded Capital Expenses

EXPENSE TYPE	ALLOWED TO BE BOND-FUNDED (USE CAPITAL BOND ACCT)		NOT ALLOWED TO BE BOND-FUNDED (USE OPERATING BUDGET FUNDS)	
	SITUATION	EXAMPLE	EXAMPLE	SITUATION
<b>GENERAL CAPITAL EXPENSES</b>	Materially adds value to the asset.	Repaint entire development envelope. (Note: This is an exception to the otherwise-enforced CPS rule).	Spot painting; interior decorating.	Maintains value of the asset.
	Prolongs useful life by at least 5 years.			Repairs/ replacements to meet or extend useful life.
	Project cost is greater than \$1,000 AND component being replaced is tracked in CPS.			Project cost is less than \$1,000, OR component is not tracked in CPS.
<b>BUILDING SYSTEMS</b>	Replacement of building systems based upon lifecycle.	Replace entire HVAC system.	Replace a section of pipe.	Repair to building systems.
		Roof replacement.	Roof patching.	
		Envelope: re-placing more than 20% of siding.	Envelope: spot replacement of worn/damaged siding.	
		Envelope: repointing a building.	Envelope: spot repointing.	
<b>BUILDING COMPONENTS OR EQUIPMENT</b>	Replacement of equipment based upon lifecycle, generally as part of a long term, predictable schedule, OR as part of an overall plan to upgrade equipment (e.g., for energy or water conservation purposes).	Replacement of all kitchen appliances in a building at the end of their useful life, per industry norm.	Replacing one kitchen appliance in a unit because it is broken.	Replacing a broken piece of equipment.
		Replacement of all refrigerators to Energy Star models as part of an overall energy conservation plan.	Installing one Energy Star refrigerator in a unit as replacement for a broken refrigerator.	

EXPENSE TYPE	ALLOWED TO BE BOND-FUNDED (USE CAPITAL BOND ACCT)		NOT ALLOWED TO BE BOND-FUNDED (USE OPERATING BUDGET FUNDS)	
	SITUATION	EXAMPLE	EXAMPLE	SITUATION
<b>UNIT TURNOVER</b>	Primarily consists of replacement of components tracked in CPS, plus associated finish work and other incidental repairs which together are worth less than 15% of the project TDC.	Complete modernization of room(s) in a unit which has not turned over for many years or has been subject to unusually hard use so that capital components have reached ends of useful lives.	Painting; carpet cleaning; replacement of failed or failing individual appliances; cabinet refinishing and repair (as opposed to replacement).	Replace, repair, or refurbish components not listed in CPS; work typically done on unit turnover.
<b>SITE WORK</b>	Heavy site work requiring special equipment and special expertise.	Removal of trees or large tree limbs.	Snow plowing; lawn mowing; regular landscape maintenance.	Routine site maintenance.
<b>STAFF: PLANNING &amp; ADMINISTRATION FOR CAPITAL PROJECTS</b>	<p>With project manager approval, LHA may use up to 10% of its Formula Funding for capital administrative purposes, including paying for staff time. AIMM authorities may use up to 13% of Formula Funding.</p> <p>See p.14 of this guide for detailed instruction.</p>		<p>Capital funds applied toward administration must be recorded in operating budget. Funds are still subject to bond rules for contracts and expenditures.</p>	
<b>STAFF: LABOR FOR CAPTIAL PROJECTS</b>	<p>Needs to be a formal, approved budget for the whole project. Wages paid on reimbursable basis at the hourly rate specific to each permanent employee. Capital bond funds cannot be used to pay staff retirement benefit costs. Requires careful record keeping.</p> <p>See p.16 of this guide for detailed instruction</p>		<p>Upon approval, wages paid on a reimbursable basis, for overtime or for temporary or seasonal employees filling in for more skilled permanent employees. Requires careful record keeping.</p> <p>See p.16 of this guide for detailed instruction</p>	