



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

CAPITAL FUND GUIDEBOOK AN INTRODUCTION

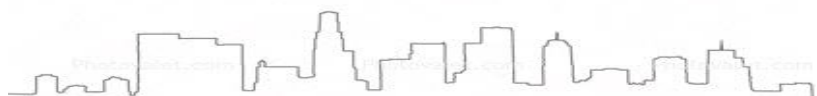
24 CFR PART 905



INTRODUCTIONS



- Trainers
- Local HUD Field Staff
- Public Housing Agencies (PHAs)



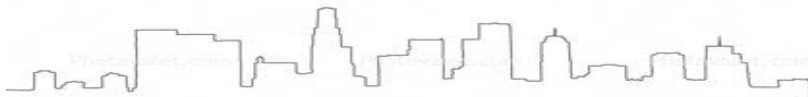


OVERALL TRAINING OBJECTIVES



➤ By the end of this training, you should:

- Understand the key changes of the Capital Fund program, based on the Final Rule.
- Know eligible and ineligible activities under the Capital Fund program.
- Understand the annual Capital Fund submission requirements and how the funds will be distributed by HUD.
- Understand how the Capital Fund Formula is allocated and your requirements for certification within the PIH Information Center (PIC).



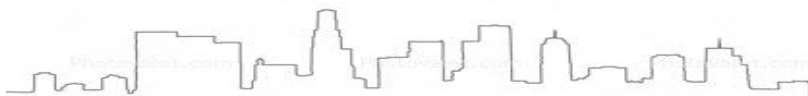
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OVERALL TRAINING OBJECTIVES



- Describe the changes in the Replacement Housing Factor (RHF) grant program, including Demolition and Disposition Transitional Funding (DDTF).
- Identify the general program requirements of the Capital Fund.
- Know the requirements for obligating and expending Capital Funds, how to process budget amendments, and when to perform close-out activities.
- Understand the requirements of the emergency, non-presidentially declared natural disaster and safety and security grants.



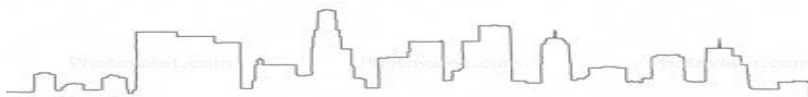
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OVERALL TRAINING OBJECTIVES



- Describe the key components of public housing development.
- Understand the basic relationship of the RAD and MTW demonstration programs to the basic Capital Fund Program.
- Know the requirements for providing a primary security interest and financing activities allowed under the Capital Fund Program.
- Appreciate the penalties and sanctions within the program for non-compliance.



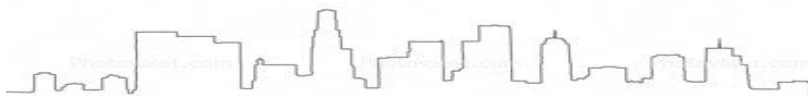
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LOGISTICS



- Training Packets and Materials
- Questions
- Breaks
- Agenda
- Overall Training and Site Logistics



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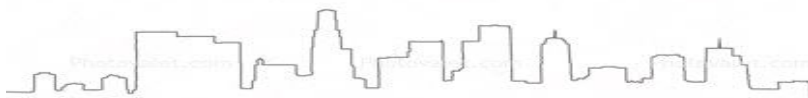
CHAPTER 1: BACKGROUND AND INTRODUCTION



CHAPTER 1: TOPICS



- Capital Fund Program Overview
- Changes Based on the Capital Fund Final Rule



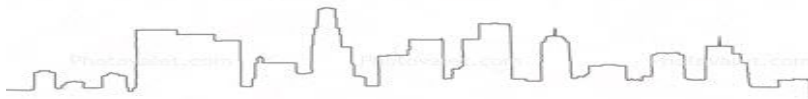


CAPITAL FUND BASICS



- U.S Housing Act of 1937
 - Development
 - No subsidies - just low rents

- Brooke Amendment - 1968
 - No more than 25% originally, later 30% of low income families income in rent
 - Modernization (CIAP) and Operating subsidies added
 - CIAP application based program



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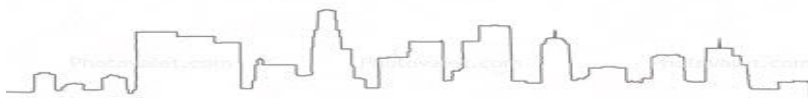


CAPITAL FUND BASICS, CONTINUED



- Comprehensive Grant Program (CGP) - 1993
 - PHAs 250 and more
 - Small PHAs continue to receive CIAP

- Quality Housing and Work Responsibility Act (QHWRA) - 1998
 - Public Housing Agency (PHA) Plan
 - Capital Fund
 - Operating Fund



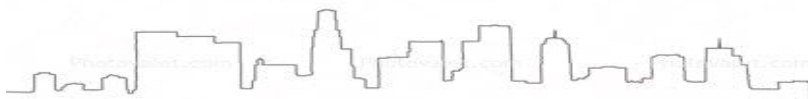
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TYPES OF CAPITAL FUNDS



- Formula
- Replacement Housing Factor (RHF)
- Demolition and Disposition Transitional Funding (DDTF)
- Emergency and Non-Presidentially Declared Natural Disaster
- Emergency Safety and Security
- Capital Fund Education and Training Community Facilities (CFCF)



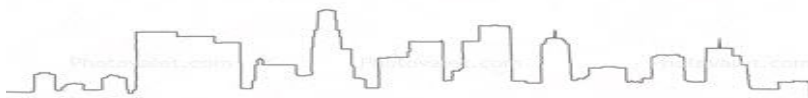
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WHAT IS THE CAPITAL FUND RULE/GUIDEBOOK TRYING TO ACCOMPLISH?



- More effective use of Capital Funds by PHAs and residents through increased understanding of program requirements;
- More efficient and consistent management of Capital Fund Program by HUD Headquarters and Field Offices;
- Increased use of funds for modernization given the limited fiscal environment; and
- Use of Capital Funds to better address energy efficiency.



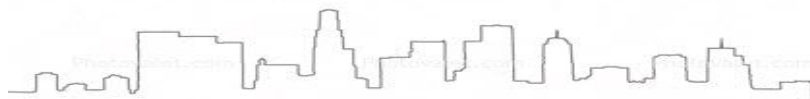
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BACKGROUND



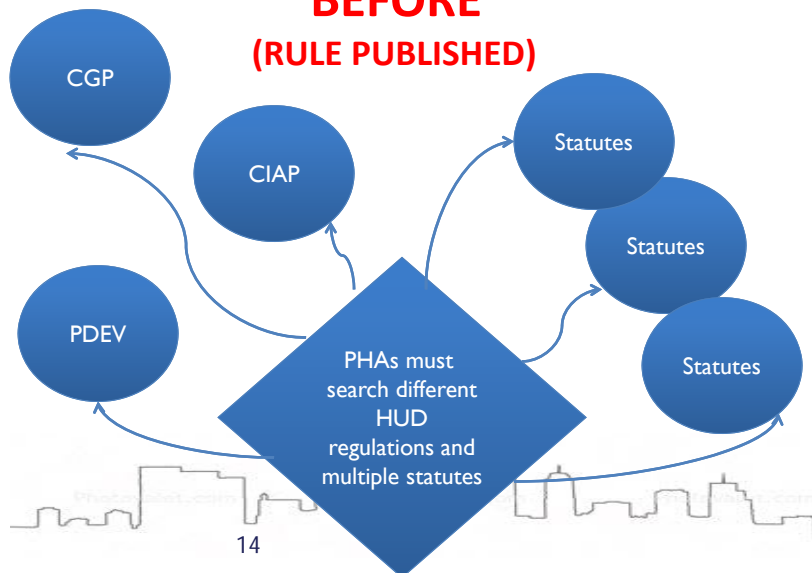
- Final regulation combines and streamlines former legacy programs into the Capital Fund Program:
 - Original limited Capital Fund (24 CFR 905) – only included the formula and eligible expenses
 - Modernization programs (24 CFR 968)
 - Public Housing Development (24 CFR 941)
 - Mixed Finance Development (24 CFR 941 subpart F)
- Capital Fund Final Rule incorporates Capital Fund Financing Program (CFFP) requirements at 24 CFR 905.500, Subpart E

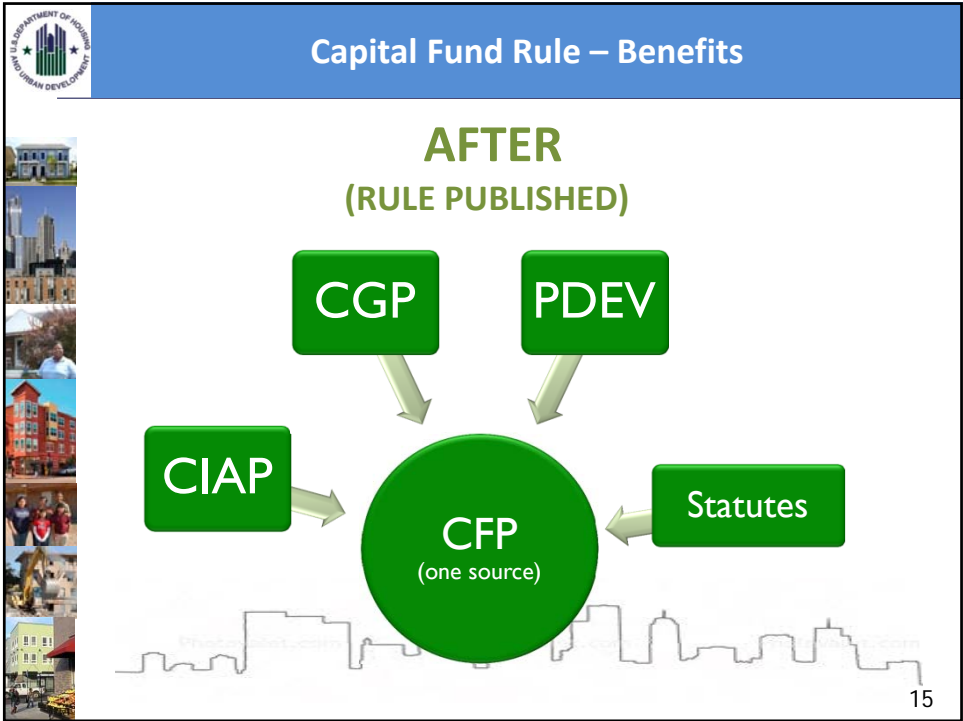


Capital Fund Rule – Benefits



BEFORE (RULE PUBLISHED)





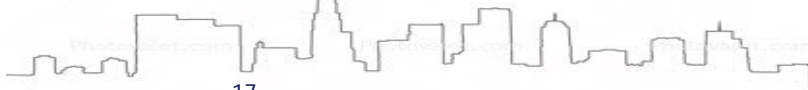
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- Capital Fund Rule – Benefits**
- **NEW!** Decouples (Separates) Capital Fund submission requirements from the larger PHA plan requirements
 - **NEW!** PHAs now receive Demolition and Disposition Transitional Funding (DDTF) instead of Replacement Housing Factor (RHF) funds
 - **NEW!** Focuses on more comprehensive strategic planning for the future by adopting standards for physical needs assessments
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Capital Fund Rule – Benefits



- **NEW!** Focuses use of Funds on Physical Improvements
- **NEW!** Simplifies Mixed-Finance (combined Public/Private) Finance Requirements
- **NEW!** Allows TDC exception for Cost Saving Energy Initiatives



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Capital Fund Rule – Modification to Part 903

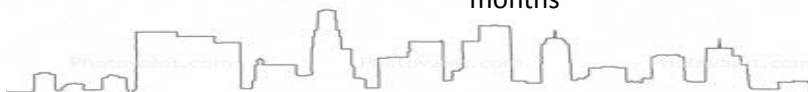


➤ PHA Plan Rule - § 903.3 modified to add a definition of a Qualified PHA

- A Qualified PHA is:
 - One with 550 or fewer public housing units/HCVs



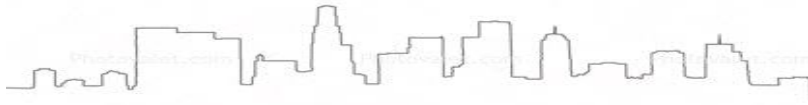
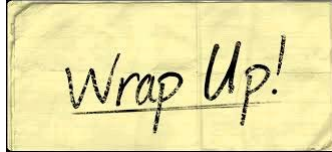
- Not troubled or have a failing SEMAP score in the past 12 months



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

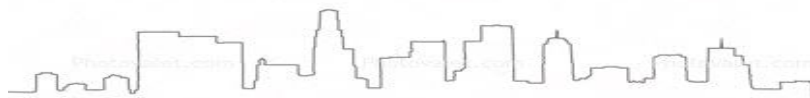
ELIGIBLE ACTIVITIES (CHAPTER 2)



CHAPTER 2: TOPICS



- Eligible Activities
- Ineligible Activities
- Costs and Other Limitations





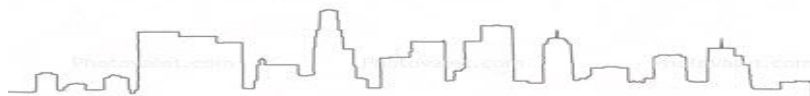
ELIGIBLE ACTIVITIES



ELIGIBLE CAPITAL FUND ACTIVITIES



- Eligible activities in 24 CFR 905.200
- Specified in an approved 5-Year Action Plan
- Approved by HUD for emergency/natural disaster
- Identified in a Moving to Work (MTW) Agreement

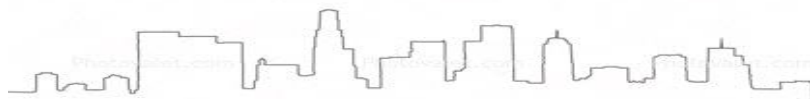




WHAT IS A BUDGET LINE ITEM (BLI)?



- Budgets have specific accounts which HUD calls "Budget Line Items (BLIs)".
- PHAs must classify eligible expenses into one of the HUD defined BLIs in their budgets.



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BLI QUICK REFERENCE CHART



Capital Fund Activity	BLI
Transfer to Operations	1406
Management Improvements	1408
Economic Self-Sufficiency (soft cost)	1408
Administrative Costs	1410
Capital Fund Program Fee	1410
Audit	1411
Fees and Costs, Legal	1430
Financing Costs	1430
Homeownership	BLI for associated activity*
Force Account Labor	BLI for associated activity*
Safety and Security	BLI for associated activity*
Economic Self-Sufficiency (capital expenditure)	BLI for associated hard cost activity*

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BLI QUICK REFERENCE CHART



Capital Fund Activity	BLI
Physical Needs Assessment & Energy Audit	1430
Site Acquisition	1440
Site Improvement	1450
Dwelling Structure	1460
Dwelling equipment, nonexpendable	1465
Nondwelling structures	1470
Nondwelling equipment	1475
Demolition	1480
Resident Relocation and Mobility Counseling	1495
Development	1499
CFFP Debt Service Payments	1501 (by PHA) 9000 (by LOCCS)
RAD	1503 and 1504

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ELIGIBLE ACTIVITY: DEVELOPMENT



Eligible Development Costs

- Construction and acquisition with or without rehabilitation
- Development of Mixed-Finance Projects,
- Resident consultation and meetings
- Environmental review
- Consultants necessary for any public housing aspect of the project
- Initial operating period expenses – lease up, initial occupancy
- Predevelopment and planning costs for public housing
- Site preparation, abatement, demolition, water/gas distribution systems, site and infrastructure
- Cost certification costs
- Development activity financing costs
- Amenity structures and fixture costs including parking lots and laundry
- Project specific administrative costs, within Section 2.4 limits
- Physical Needs Assessment (PNA)

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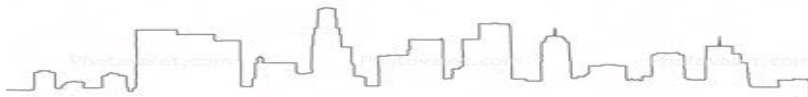


ELIGIBLE ACTIVITIES: FINANCING



Eligible Public Housing Financing Costs

- Preparing applications for funding (e.g. Choice Neighborhoods and LIHTC)
- Legal services for PHA
- Construction period interest
- Due diligence, such as market study and environmental testing
- Fairness opinion
- Other development and modernization activities needed to obtain financing



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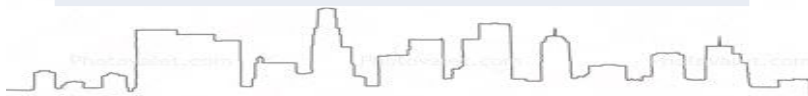


ELIGIBLE ACTIVITIES: MODERNIZATION-PHYSICAL WORK



Modernization – Physical Work

- Demolition
- Reconfiguration
- Planning
- Site Acquisition
- Site Improvement
- Related dwelling structures
- Dwelling equipment
- Non-dwelling structure
- Non-dwelling equipment
- Demolition for a PH modernization or development project



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ELIGIBLE ACTIVITIES: MODERNIZATION – NON-DWELLING EQUIPMENT - VEHICLES

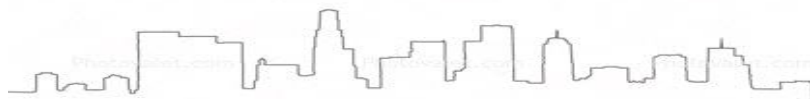


Modernization – Non-dwelling equipment

Purchase or Lease of vehicles

Non-passenger vehicles

Passenger vehicles



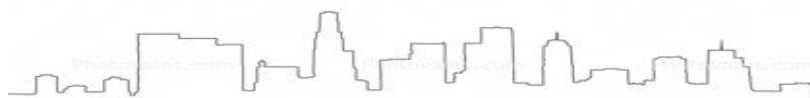
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PREMATURE REPLACEMENT



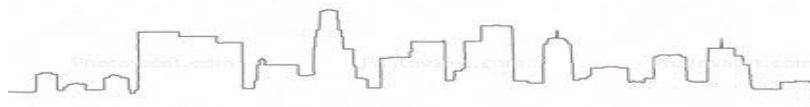
- Must use public housing facilities and related equipment for the entire useful life.
- Premature replacement is limited to circumstances where a cost analysis shows it is cost effective, based on a simple 10 year payback.



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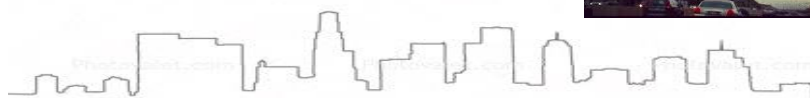
QUESTIONS



ELIGIBLE ACTIVITIES: MODERNIZATION-EMERGENCY WORK



- Capital Fund-related activities identified as Emergency Work.
- Upon determining the need for Emergency Work, PHA should perform the work





ELIGIBLE ACTIVITIES: ENERGY EFFICIENCY



Energy Efficiency Work

New or updated Energy Audits – only when audit part of Capital Fund program and not otherwise covered by Operating Funds.

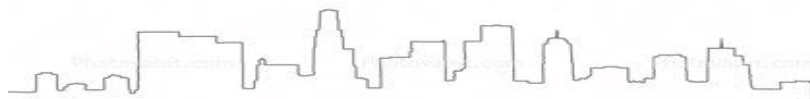
Implementation of energy and water conservation per Energy Audit

Integrated utility management and capital planning

Installation of energy/water-use efficiency fixtures and fittings

Installation and use of Energy Star appliances – part of replacement program

Automation of utility & energy management systems – master to individual metering if installed as a part of a mod. activity to upgrade utility systems



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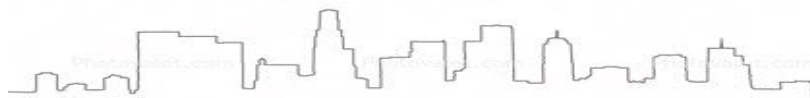


ELIGIBLE ACTIVITIES: NON-ROUTINE MAINTENANCE



- Work items ordinarily performed regularly in the course of property management and maintenance, but now substantial in scope and expense due to postponement.

Note: *Avoid premature replacement unless payback analysis indicates it is more cost-effective.*



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ELIGIBLE ACTIVITIES: PLANNED CODE COMPLIANCE

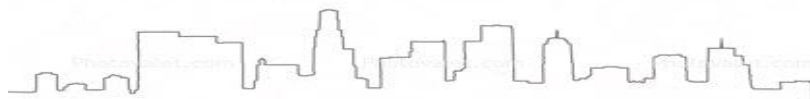


Planned Code Compliance

Local building code or the Uniform Physical Condition Standards (UPCS) under PHAS

National building code, such as those developed by the International Code Council or the National Fire Protection Association

2009 International Energy Conservation Code (IECC), or ASHRAE standard 90.1-2010



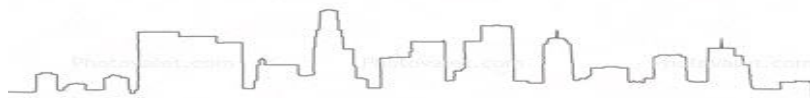
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ELIGIBLE ACTIVITIES: VACANCY REDUCTION



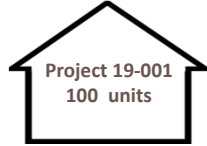
- Physical improvements to reduce number of vacant public housing units
- Vacancy reduction activities must remedy a defined vacancy problem detailed in the PHA's 5-Year Action Plan.



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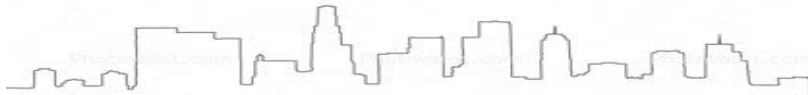
VACANCY REDUCTION EXAMPLE



- 20 units chronically vacant due to deferred long and short term maintenance.
- Management deficiency

Plan calls for:

- Team = 3 (supervisor and two maintenance staff)
 - PHA staff (Force Account).
- Assessment of physical needs of each unit.
- Preparation of a scope of work and cost estimates for each unit.
- Schedule of work for each unit.
- Purchase of all supplies and materials.
- Implementation: 2 units per week for 10 weeks.



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GENERAL ELIGIBLE ACTIVITIES: SOFT COSTS



Soft Cost

Economic Self-Sufficiency

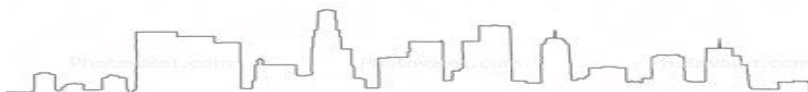
Safety and Security

Management Improvements

Training and Technical Assistance (TA)

Resident Relocation/Mobility Counseling Due to CF Activity

Note: *Capital Funds may not be used to fund the salaries and benefits of security guards or ongoing security costs.*



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ELIGIBLE ACTIVITIES: OTHER COSTS



Other Cost

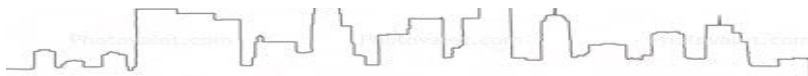
Administrative Costs/Capital Fund Program Fee (CFP Fee)

Audit

Legal

Homeownership

Note: CFP Fee does not cover costs for construction, supervisory, and inspection functions that are front-line project costs.



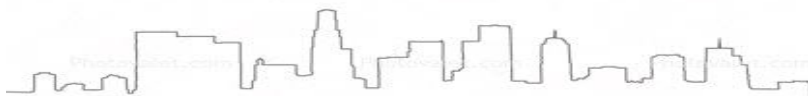
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DISCUSSION



- Is the Community Building only for Section 8 Residents an eligible cost?
- Community Building for both Section 8 and PH residents?
- A new boiler for a public housing project?
- A new boiler for a Section 8 project?
- The cost of implementing a Section 3 program for the PHA?



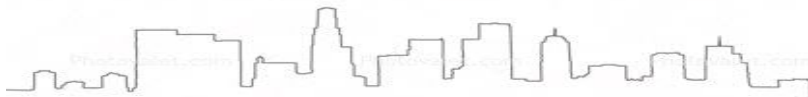
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DISCUSSION



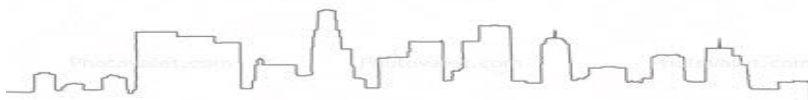
- A new roof on a public housing project?
- A new truck for the PHA Capital Fund Director?
- The cost of energy improvements included in an Energy Performance Contract?
- The daily cost of PHA Police?
- Physical improvements included in a defined vacancy reduction.



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QUESTIONS





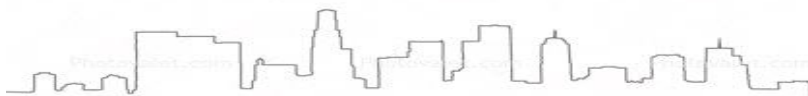
INELIGIBLE ACTIVITIES



INELIGIBLE ACTIVITIES



- Not Related to Public Housing
- Not in 5-Year Action Plan
- Fail to meet OMB Circular A-87/2 CFR Part 200 requirements
- An otherwise eligible cost that is funded by another source and would result in duplicate funding
- Other Activities and Costs that HUD may deny case-by-case

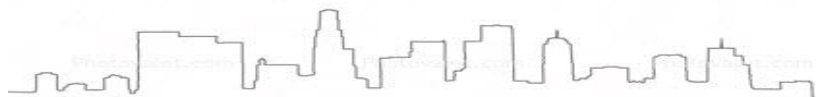




INELIGIBLE ACTIVITIES, CONTINUED



Activities/Categories
Not Modest Design
Operating Assistance
Benefitting Other Programs
On-going Security Services
Supportive Services



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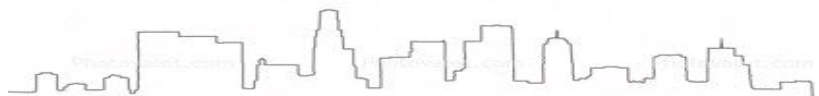


DISCUSSION



Are these Eligible or Ineligible Activities?

- Training Security Guards on new systems
- Security Guard Salaries
- Whirlpool Bathtubs
- The full cost of a vehicle used for both HCV and the Capital Fund Programs
- Costs for the portion of the annual audit covering the Capital Fund Program
- Hiring a social worker
- Security Cameras



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MOVEMENT BREAK/QUESTIONS



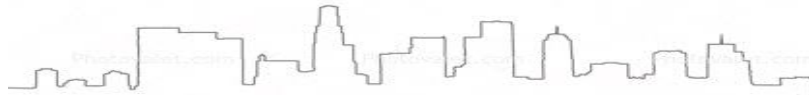
COST AND OTHER LIMITATIONS



COST AND OTHER LIMITATIONS



Categories	Limitation
Allocation of Costs with Other Programs	Amount directly attributable to public housing program even if other programs benefit.
Modernization Costs	Under 90% of published TDC/ Reasonable Cost.
Administrative Costs/CFP Fee	Up to 10% for non-asset management (AM) PHAs. CFP Fee - percentage of the annual Capital Fund formula grant(s) amount with exclusions for AM PHAs.
Development	3% of the total project budget, or, with HUD's approval, up to 6%



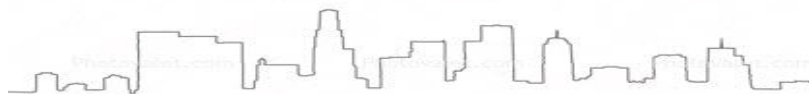
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COST AND OTHER LIMITATIONS, CONTINUED



Categories	Limitation
Modernization Fee Cap	No more than 10%.
Force Account Labor (including materials and equipment)	Must be in a 5-Year Action Plan. HUD approval PHAS Standard Performers and below.
Total Development Cost (TDC)	the maximum amount of Public Housing Capital Assistance for use for HCC and Community Renewal Costs on a Project, absent a waiver from HUD.

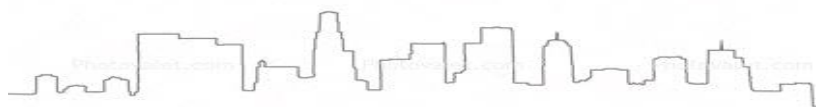


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COST AND OTHER LIMITATIONS, CONTINUED

Categories	Limitation
TDC Limit Exceptions	May request an exception to the TDC limit for select activities associated with energy efficiency and conservation.
RMC Activities	No Capital Funds for any administrative or other reason when entire development project is RMC run, unless under contract with PHA
Community Renewal Costs	Where the maximum amount is the difference between allowed TDC and calculated HCC.



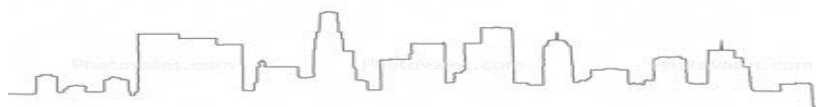
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COST AND OTHER LIMITATIONS, CONTINUED

- Management Improvement Cost Limits 10%, annual reductions for transition period per chart.

FY	% Allowed
2014	18%
2015	16%
2016	14%
2017	12%
2018 Forward	10%



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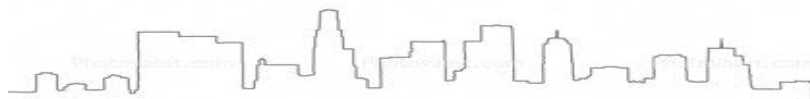


COST AND OTHER LIMITATIONS, CONTINUED



- Capital Funds identified for operations are obligated once the funds have been budgeted and drawn down.
- Once funds are transferred, PHAs must follow the requirements of 24 CFR Part 990 – the Operating Fund Rule.

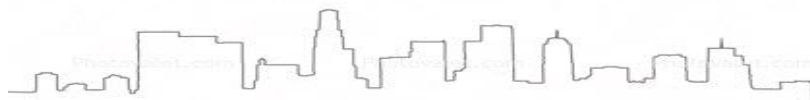
PHA Category	BLI 1406 Cost Limit
Large PHA (250 + units)	20% of CFP Grant
Small Non-troubled PHA (1-249 units)	100% of CFP Grant
Small Troubled PHA (1-259 units)	20% of CFP Grant



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QUESTIONS

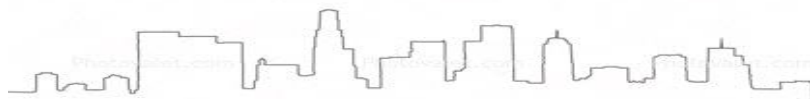




KNOWLEDGE CHECK: QUESTION #1



How much can a PHA that has 150 units and is designated as troubled transfer to BLI 1406 Operations?



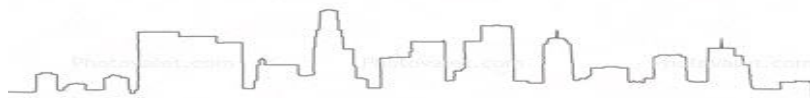
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KNOWLEDGE CHECK: ANSWER #1



Small non-troubled PHAs may transfer up to 100%. Since the PHA is troubled, HUD must approve any transfer. HUD will consider the reasons for its troubled status as well as current need for Capital Improvements.



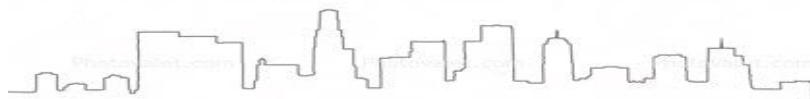
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KNOWLEDGE CHECK: QUESTION #2



For Development work with Capital Fund and RHF grants, what is the administrative cost limit chargeable by an asset management PHA without HUD approval?



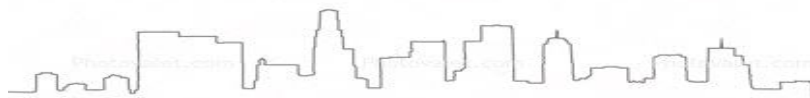
39



KNOWLEDGE CHECK: ANSWER #2



3% of the total project budget, or, with HUD's approval, up to 6% of the total project budget



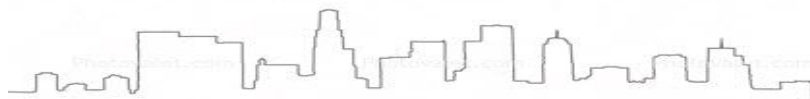
40



KNOWLEDGE CHECK: QUESTION #3



Does the HCC limit apply to the rehabilitation of Public Housing Projects?



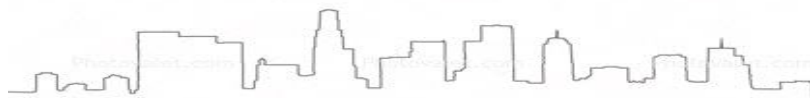
41



KNOWLEDGE CHECK: ANSWER #3



No except for Mixed Finance Modernization.



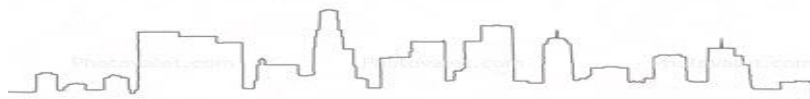
42



KNOWLEDGE CHECK: QUESTION #4



List an example of an activity that qualifies for a TDC exception.



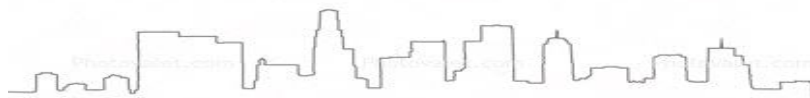
43



KNOWLEDGE CHECK: ANSWER #4



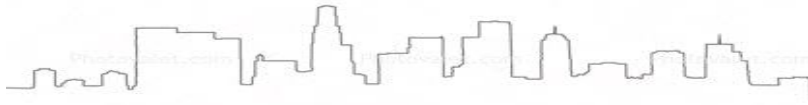
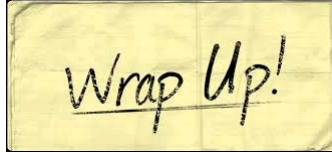
**Emergency Work;
Essential maintenance necessary to keep a Public Housing Project habitable until a demolition or disposition application is approved; or
The costs of maintaining the safety and security of a site that is undergoing demolition.**



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

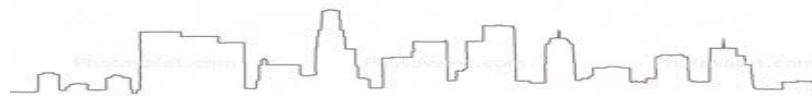
PLANNING, ANNUAL SUBMISSION AND DISTRIBUTION OF FUNDS (CHAPTER 3)



CHAPTER 3: TOPICS



- Planning
- Capital Fund Submission and Amendments
- Fund Disbursement

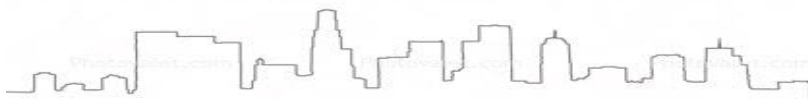




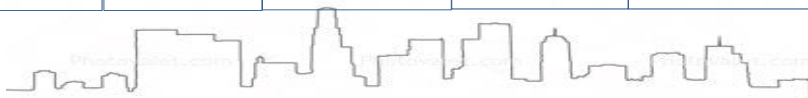
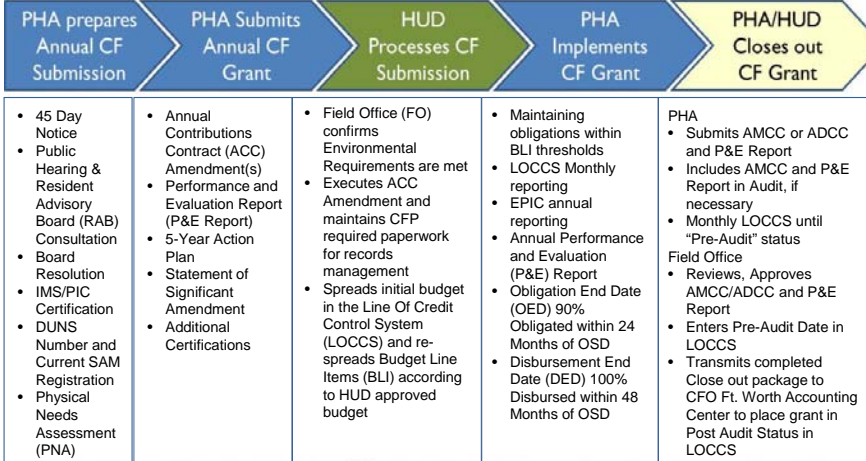
CHAPTER OVERVIEW



- PHAs are responsible for the long term physical and financial viability of the PHA and their properties.
- The Capital Fund plays a pivotal role in financing activities to achieve the PHA's mission and goals.



CAPITAL FUND PROGRAM (CFP) ANNUAL FORMULA GRANT PROCESS





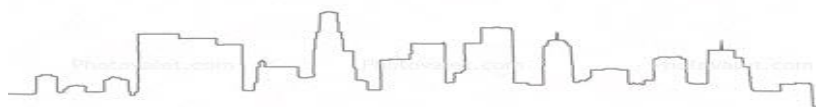
PLANNING



CAPITAL FUND GRANT PLANNING REQUIREMENTS



- Physical Needs Assessment
- Energy Audit
- 45 Day Notice
- Public Hearing & RAB Consultation
- Board Resolution approving 5-year action plan
- IMS/PIC Certification
- DUNS renewal in SAM

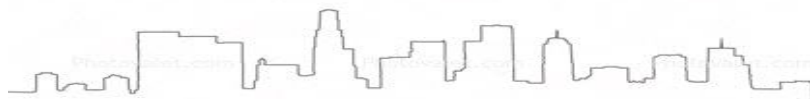




PLANNING: PHYSICAL NEEDS ASSESSMENT (PNA)



- A PNA identifies all of the work that a PHA needs to undertake to bring each of its developments up to the applicable modernization and energy conservation standards.



7

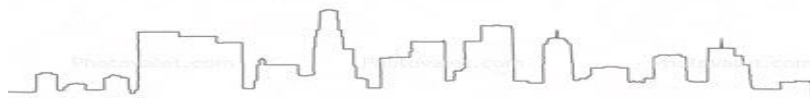


PLANNING: PNA, CONTINUED



PNA Rule - Public Housing: Physical Needs Assessment Proposed Rule, 76 Federal Register 43219 (July 20, 2011)

- Requires PHAs to conduct a PNA every 5 years in coordination with the Energy Audit
- An annual updated submission of the PNA data will likely also be required, timed to the PHA's fiscal year.
- Failure to submit PNA data will trigger CFP Final Rule sanctions including withholding of Capital Funds.



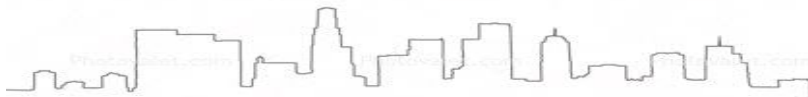
8



PLANNING: PNA – WHERE ARE WE NOW?



- Section 233 of the FY 2015 HUD Appropriations Act
 - Prohibits HUD from requiring PHAs to conduct a PNA during FY 2015 and prohibits HUD from enforcing a PNA requirement in FY 2015.
 - Does not prohibit the use of Capital Funds or Operating Funds by a PHA to perform a voluntary PNA.



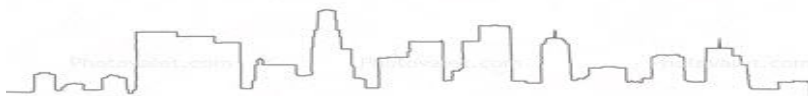
9



PLANNING: ENERGY AUDIT



- Energy Audit identifies the types and costs of PHA energy use for “use analysis” and identification of cost reduction alternatives.
 - Currently required by 24 CFR Part 965, all PHAs must conduct an energy audit every 5 years.



10

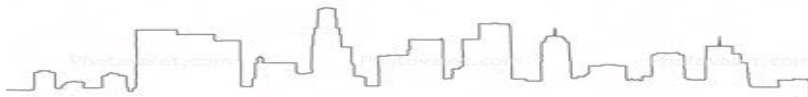


PLANNING: ENERGY AUDIT, CONTINUED



Proposed Rule - Public Housing Energy Audits **Proposed Rule, 76 Federal Register 71287 (Nov. 17, 2011)**

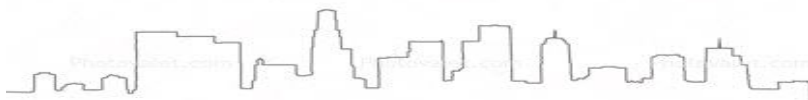
- Requires PHAs to complete an Energy Audit at least once every 5 years for each PHA-owned project.
- Proposes Energy Conservation Measures (ECMs) PHAs must consider, at a minimum, when performing an energy audit.



11



QUESTIONS





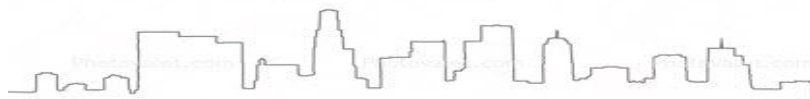
PLANNING: PUBLIC HEARING



- Hold a public hearing regarding the proposed Capital Fund Submission.
- Meet and consult with RAB.
- Capital Fund Submission must include copy of RAB recommendations and how PHA addressed them.



PHA may not fund work items not approved by this process.



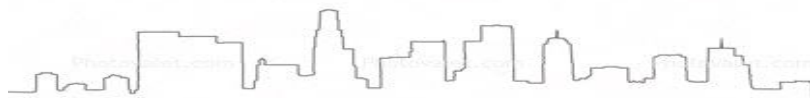
13



PLANNING: BOARD RESOLUTION



- PHA must have a copy of a Board Resolution on file approving its 5-Year Action Plan.
 - **May** use the public hearing and board resolution from its most recent 5-Year Action Plan if no current Board meeting held.
 - PHA may **not access** reserved Capital Funds until board resolution provided to HUD and HUD approval provided.



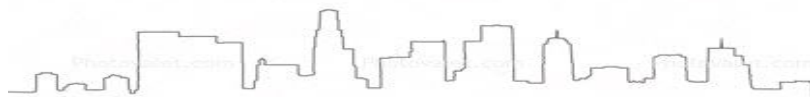
14



PLANNING: IMS/PIC DATA CERTIFICATION



- Each year, PHA must certify data accuracy in the Inventory Management System/Public Housing Information Center (IMS/PIC).
- The Capital Fund formula is based on unit information in IMS/PIC .
- HUD may suspend access to all Capital Fund LOCCS accounts for that year until IMS/PIC certification complete.



15

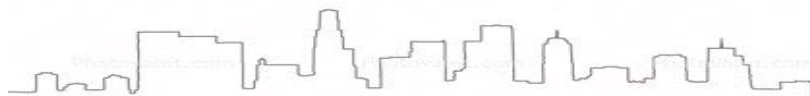


PLANNING: IMS/PIC DATA CERTIFICATION



- HUD will run the formula based on uncertified data
 - issue an ACC Amendment
 - suspend grant until certification complete
- HUD will not increase funding amount after calculation based on uncertified data

Incorrect or Untimely Data = Incorrect/Less Capital Funding



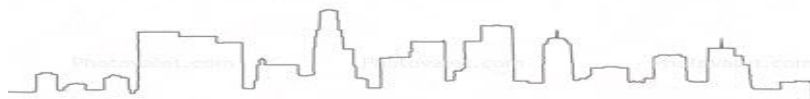
16



PLANNING: DUNS NUMBER AND CURRENT SAM REGISTRATION



- SAM, formerly Central Contractor Registration or CCR:
 - PHAs must update SAM annually.
 - HUD will suspend access to Capital Funds without current SAM registration.



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REJECTION OF CAPITAL FUND GRANTS



- To reject a Capital Fund Grant (including RHF) a PHA must:
 - Submit a written statement from the Executive Director to the FO – grant # and dollar amount.
 - Hold Board Resolution for the Capital Fund rejection on file.
- FO will hold grant in reserve for 90 days after Capital Fund Submission date, then the grant will no longer be available to the PHA.



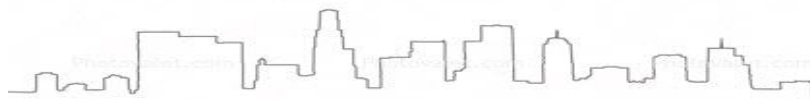
18



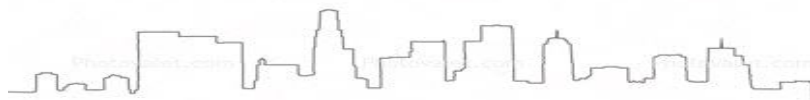
CAPITAL FUND PLANNING CHECKLIST



Planning Action	Yes	N/A
Physical Needs Assessment (PNA)		
Energy Audit (complete within 5 years)		
Public Hearing (45 day notice)		
RAB Consultation		
Certification of IMS/PIC Data		
Board Resolution Approving 5-Year Action Plan		
DUNS Number		
Current SAM Registration		



QUESTIONS

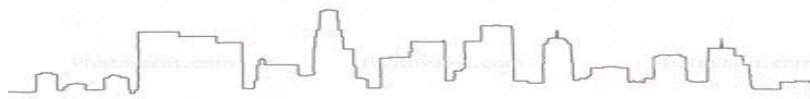




KNOWLEDGE CHECK: QUESTION #1



Are all PHAs required to conduct a physical needs assessment (PNA)?



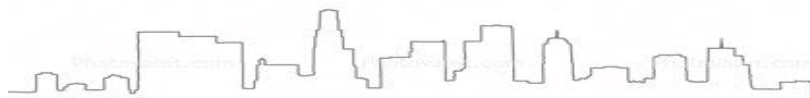
21



KNOWLEDGE CHECK: ANSWER #1



Only PHAs with 250 units or more are required to have a PNA, until further guidance is issued.



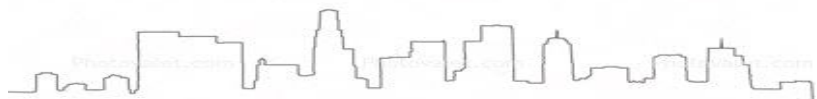
22



KNOWLEDGE CHECK: QUESTION #2



How often are PHAs required to conduct an Energy Audit?



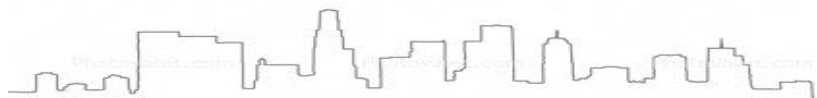
23



KNOWLEDGE CHECK: ANSWER #2



PHAs are required to conduct an Energy Audit every 5 years.



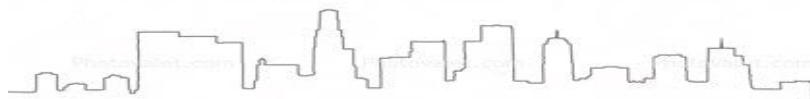
24



KNOWLEDGE CHECK: QUESTION #3



Once a PHA certifies its building and unit characteristics in IMS/PIC, is it required to recertify only when changes occur?



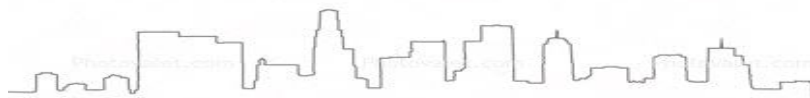
25



KNOWLEDGE CHECK: ANSWER #3



PHAs must recertify every year in accordance with the HUD schedule.



26



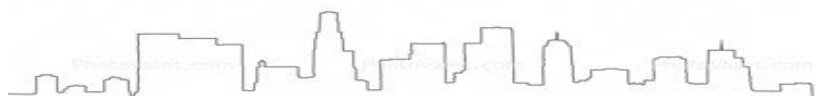
CAPITAL FUND SUBMISSION AND AMENDMENTS



CAPITAL FUND SUBMISSION



Document
ACC Amendment
5-Year Action Plan/Budget
P&E Report
Statement of Significant Amendment
Additional Certifications





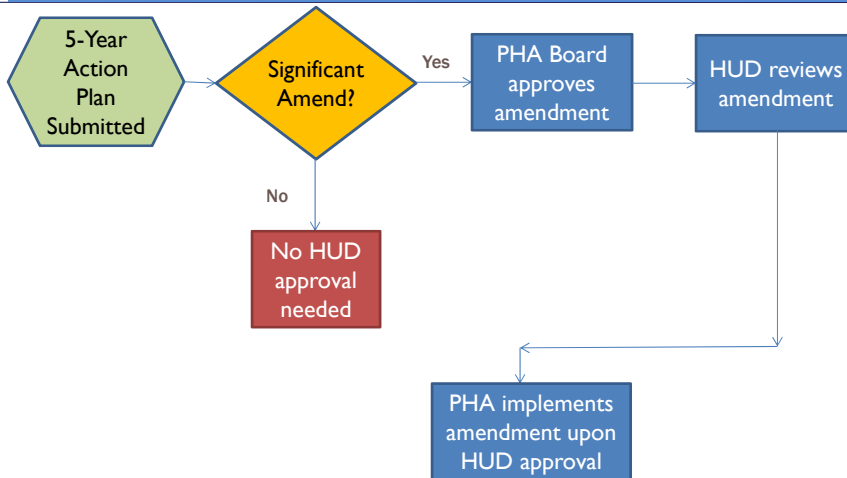
CAPITAL FUND SUBMISSION



ACC Amendments: Three originals, signed and dated	Yes	N/A
ACC Amendment for Capital Fund formula grant		
ACC Amendment for First Increment RHF Grant		
ACC Amendment for Second Increment RHF Grant		
CFP Budget and Capital Fund 5-Year Action Plan	Yes	N/A
CFP Budget (Form HUD-50075.1 (Parts I and II))		
5-Year Action Plan (fixed or rolling) (Form HUD-50075.2)		
P&E Report (Form HUD-50075.1), if troubled or not in compliance with 24 CFR §905.306		
Statement of Significant Amendment		
Certifications	Yes	N/A
Lobbying Form – SFLLL		
Certification of Compliance w/Public Hearing: (copy of one of the following) Non-Qualified PHAs - Form HUD-50077 (1) Qualified PHAs - A statement certifying that the PHA conducted a public hearing in compliance with 24 CFR Part 905, signed and dated by the executive director.		
Certification of Payments to Influence Federal Transactions (Form HUD-50071)		
Civil Rights Certification (copy of one of the following) (1) Non-Qualified PHAs - Form HUD-50077 (2) Qualified PHAs - Form HUD-50077-CR		
Other	Yes	N/A
Recommendations made by the RAB(s) and a description of how the PHA will address the recommendations (if applicable)		
Board Resolution approving 5-Year Action Plan (if PHA is troubled)		
Environmental Review		
Not submitted, but on file at the PHA	Yes	N/A
Evidence of Completion of Environmental Review for proposed activities		
Physical Needs Assessment (PNA)		
Energy Audit (every 5 years)		



AMENDING 5-YEAR ACTION PLAN

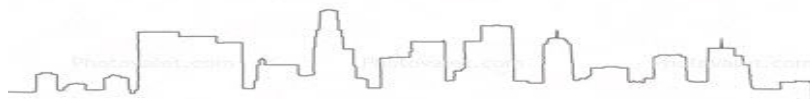




SIGNIFICANT AMENDMENTS



- After "the approval process" is complete, the PHA may amend the CF 5-Year Action Plan at any time.
- It must go through "the approval process" again if it constitutes a **significant amendment**
- The minimum definition of significant amendment does not include addition of new work items.
- **Remember:** A PHA **can not** add new work items without RAB comments and a public hearing.



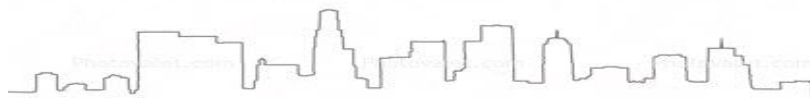
31



DECOUPLING CAPITAL FUND SUBMISSION AND PHA PLAN



- PHAs that submit Annual Plans must include "statement of capital improvements needed" in Annual Plan not copy of 5-Year Plan.
- Must reference most recently approved 5-Year Action Plan in Annual PHA Plan
- Approved 5-Year Action Plan included in public hearing materials.
- FO does not review 5-Year Action Plan in Annual Plan review.



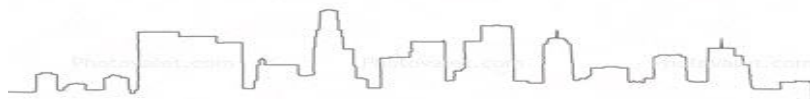
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DECOUPLING CAPITAL FUND SUBMISSION AND PHA PLAN



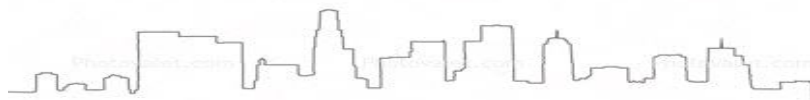
- While “decoupled from the actual PHA Plan,” the Capital Fund still plays a pivotal role in financing activities to achieve the PHA’s mission and goals
- The PHA should examine the PNA and EA in conjunction with its overall Capital planning and determine priorities and future Capital Activity (demo/dispo, redevelopment with tax credits, RAD, maintain inventory-modernize)



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QUESTIONS

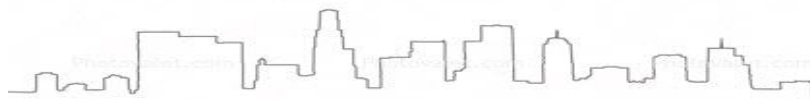




KNOWLEDGE CHECK: QUESTION #4



When should a Significant Amendment be used?



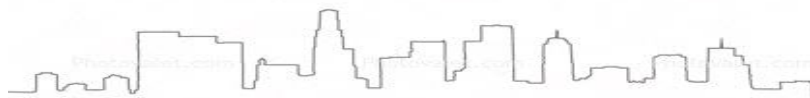
35



KNOWLEDGE CHECK: ANSWER #4



A significant amendment should be made when, at a minimum, a demolition, disposition, homeownership, CFFP, development, RAD or a mixed finance transaction has occurred that was not previously approved in the 5 Year Action Plan.



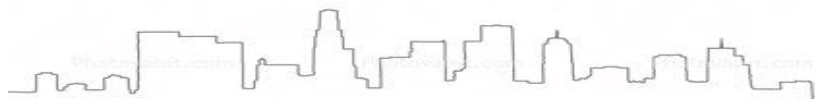
36



KNOWLEDGE CHECK: QUESTION #5



Are all PHAs required to submit a Performance and Evaluation Report (P/E) with its Capital Fund annual submission?



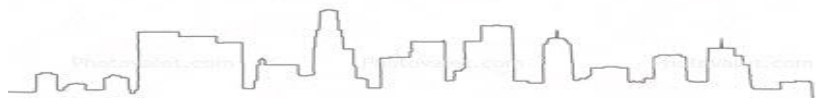
37



KNOWLEDGE CHECK: ANSWER #5



Only troubled PHAs must submit the P/E with the annual submission. Non-troubled PHAs prepare the P/E but maintain in its files unless requested by HUD



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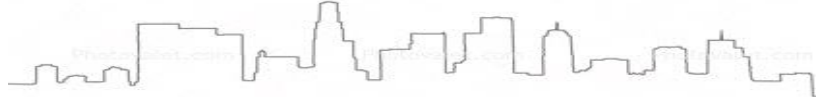
FUND DISBURSEMENT



LOCCS INITIAL BUDGET



LOCCS Initial Budget			
BLI 0100-Reserved Budget	72% of the grant authorized amount	Not disburseable	Contact Field Office
BLI 1408-Management Improvements	2014 – 18%	Disburseable	Auto-review if greater than the percentage permitted for the fiscal year.
	2015 – 16%		
	2016 – 14%		
	2017 – 12%		
	2018 and later – 10%		
BLI 1410-Administrative Costs	10% of grant authorized amount	Disburseable	Auto-review if greater than 10%

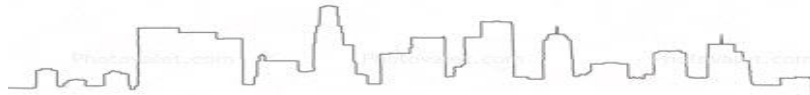




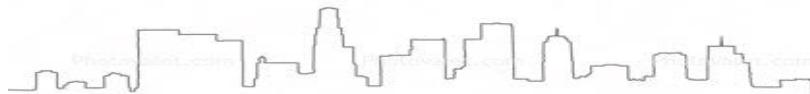
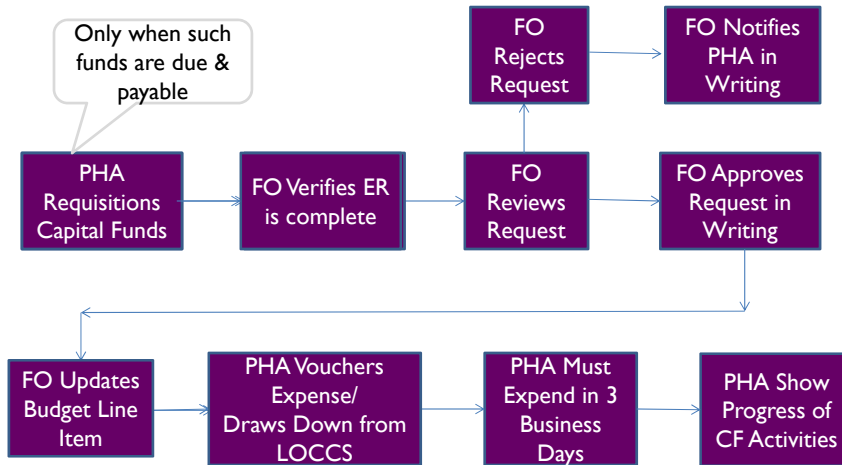
LOCCS INITIAL BUDGET & ENVIRONMENTAL REVIEW



- Must complete Environmental Review (ER) prior to PHA obligation/expenditure of funds.
- Site-Specific Planning Activities can be funded prior to completion of a full ER.
- Field Office can review request for current year Capital Funds for activities and work items in 5-Year Plan and part of a completed ER.
- Other Activities - PHA must complete all necessary ERs before submitting draw request documentation to Field Office.



DISBURSEMENT OF CAPITAL FUNDS





MTW PHAs

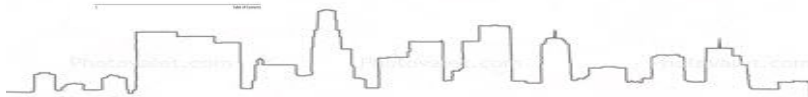


- Standard MTW Agreement establishes planning, annual submission, and distribution of funds requirements.
- Submit Annual MTW Plan and Annual MTW Report.
 - Timing and contents established by MTW Agreement.

Moving to Work (MTW) 2015 Annual Plan

for the Housing Authorities of the
County of Santa Clara and
the City of San José

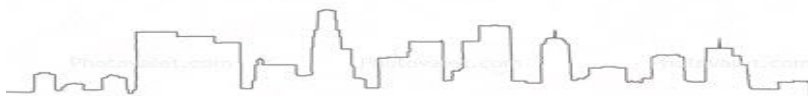
April 15, 2014
Revised September 5, 2014



KNOWLEDGE CHECK: QUESTION #6



**Can a PHA drawdown funds without completing an
Environmental Review?**

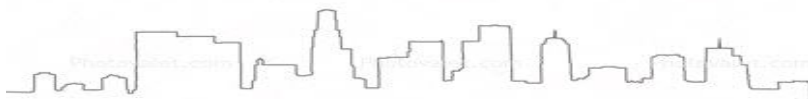




KNOWLEDGE CHECK: ANSWER #6



A PHA may only drawdown Administrative Costs (BLI1410) and /or Management Improvements (BLI1408).



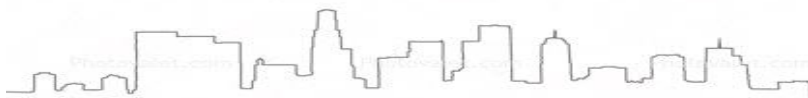
45



KNOWLEDGE CHECK: QUESTION #7



Is the entire budget spread by HUD in LOCCS when annual Capital Funds are awarded?



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KNOWLEDGE CHECK: ANSWER #7



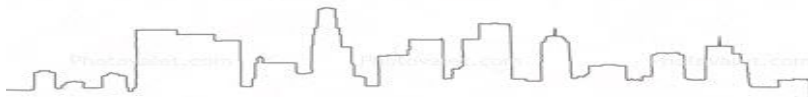
No, the annual Capital Fund grant is initially spread as follows:

BLI 1408 – 14% in 2016

BLI 0100 – 76% of the grant

BLI 1410 – 10% of the grant

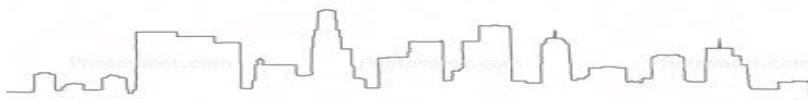
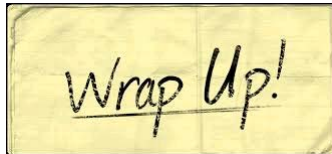
BLI 1408 decreases by 2% each year in 2017 and 2018, and BLI 0100 increases by 2% each year in 2017 and 2018.



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

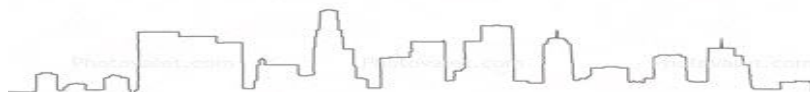
CAPITAL FUND FORMULA CALCULATION (CHAPTER 4)



CHAPTER 4: TOPICS



- General Capital Fund Formula Overview
- How Can PHAs Ensure Capital Fund Grant Accuracy?
 - PIC/IMS Certification
 - Review Faircloth Limits
 - Review High Performer List
- What should PHAs do after Capital Fund grant announcements?





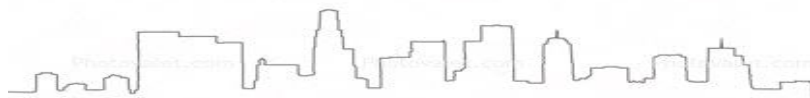
GENERAL CAPITAL FUND FORMULA OVERVIEW



FORMULA OVERVIEW



- The Capital Fund Formula calculates annual Capital Fund grant awards including formula grants, Demolition Disposition Transitional Funding (DDTF), and Replacement Housing Factor (RHF).
- The formula allocates to each PHA a share of the fund.
- Shares are calculated with mathematical formulas described in 24 CFR 905.400.



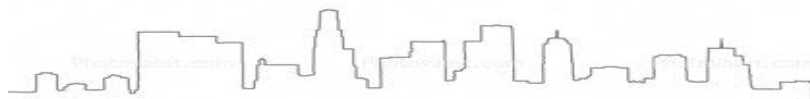


FORMULA OVERVIEW, CONTINUED



- Grant calculations rely on development and unit inventory information from IMS/PIC.
 - PHAs are responsible for submitting accurate information in the IMS/PIC system and certifying annually.
- Grant calculations also rely on additional data sources.

Data drives the formula, so data accuracy is key!



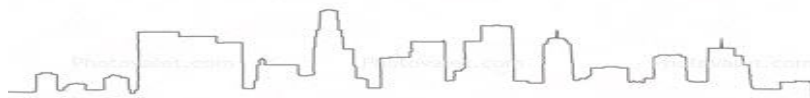
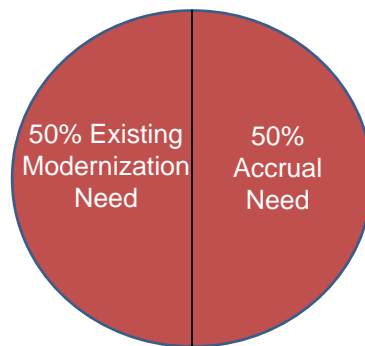
5



HOW ARE CAPITAL FUND GRANTS CALCULATED?



- HUD calculates each PHA's share of capital funds using the mathematical formulas described in 24 CFR Part 905.400.



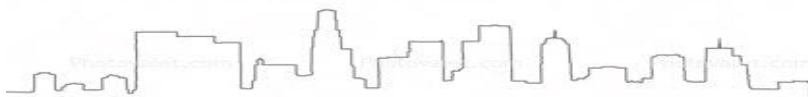
6



CALCULATION OF EXISTING MODERNIZATION NEED



- 24 CFR 905.400(c) outlines the calculation of existing modernization need.
- However, 905.400(d)(6) freezes the calculation at FFY 2008 levels, adjusted for changes in inventory and for the cost index of rehabilitating property in the area.
- Units with a Date of Full Availability (DOFA) date of October 1, 1991, or after are considered to have no existing modernization need.



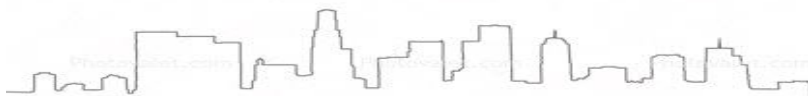
7



CALCULATION OF ACCRUAL NEED



- 24 CFR 905.400(e) outlines calculation of accrual need.
- The regulation details 3 different calculations:
 - The per-unit accrual need for New York City Housing Authority and Chicago Housing Authority is set in regulation.
 - Calculation for PHAs with less than 250 units ("Small PHAs").
 - Calculation for PHAs with 250 or more units ("Large PHAs").



* Only used for PHAs greater than 250 units.

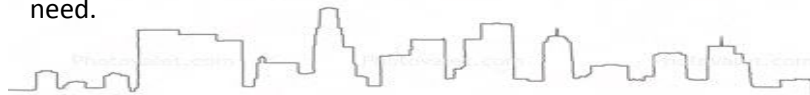
8



CALCULATION OF ACCRUAL NEED, CONTINUED



- These variables are used for small and large PHAs:
 - A. Average number of bedrooms in the units in a development.
 - B. The extent to which the buildings in a development have fewer than 5 units.
 - C. The age of the development as determined by the DOFA Date.
 - D. Whether the development is a family development.
 - E. The cost index of rehabilitating property in the area.
 - F. The extent to which the units of a development were in a non-metropolitan area during FFY 1996.
 - G. PHA size of 6,600 units or more in FFY 1999.*
 - H. The PHA is located in the Southern or Western or Midwest census regions.
- The Per-Unit Accrual Need is adjusted by the cost index for New York City and Chicago Housing Authorities and Small PHAs.
- Large PHAs do not receive a cost index adjustment of accrual need.



* Only used for PHAs greater than 250 units.

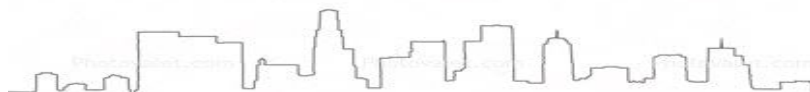
9



KNOWLEDGE CHECK #1: QUESTION



Sunnytown HA has 1,200 units. Would Sunnytown's Per Unit Accrual Need be adjusted for the cost index of rehabilitating property in the area?



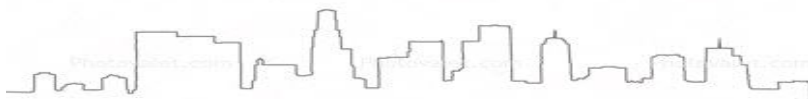
10



KNOWLEDGE CHECK #1: ANSWER



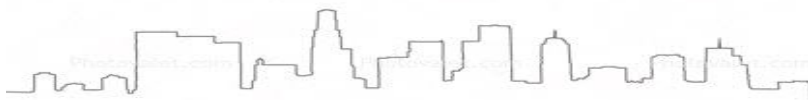
No. Sunnyside HA is a Large PHA. The cost index adjustment is not applied to accrual need for Large PHAs.



11



QUESTIONS





FORMULA SHARE

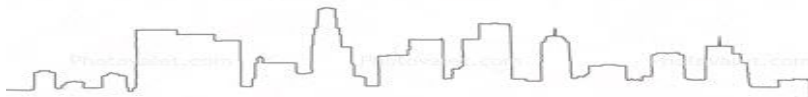


- Development shares for each need type are calculated.

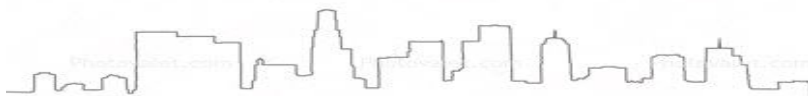
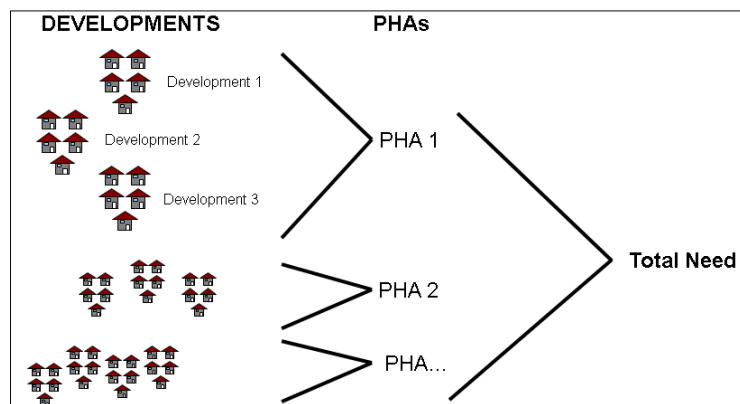
$$\text{Development Modernization Need Share} = \frac{\text{Development Modernization Need}}{\text{Total Modernization Need of All Developments Nationally}}$$

$$\text{Development Accrual Need Share} = \frac{\text{Development Accrual Need}}{\text{Total Accrual Need of All Developments Nationally}}$$

- Development share = 50% * Modernization Share + 50% * Accrual Share



FORMULA SHARE

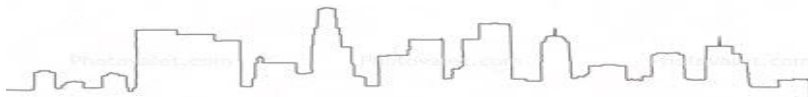
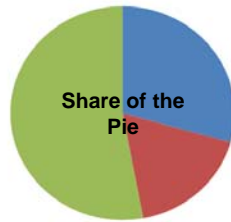




FORMULA SHARE



- The Formula Share for each PHA is based on its modernization and accrual needs relative to those of all other PHAs.
- In dividing up the “pie” of funds, PHAs are impacted by changes in other PHAs as well as their own.



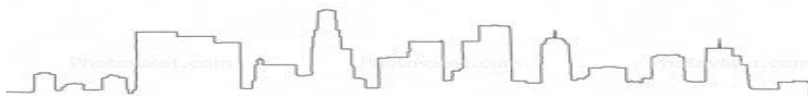
15



CAPPING AND HIGH PERFORMER BONUSES



- The shares initially assigned to each PHA are then adjusted to factor in High Performer Bonus and to implement the “Capping” requirement.
- 24 CFR 905.400(h) describes “capping.”
- Under 24 CFR 905.400(l), High Performing PHAs under the PHAS system are awarded a “bonus” of up to 5%.



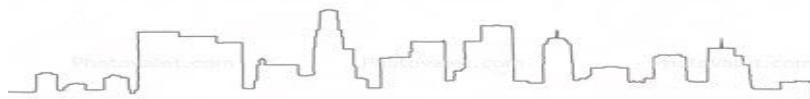
16



FORMULA SUMMARY



- The Capital Fund Formula is data driven, so data accuracy is key!
- The Formula Share for each PHA is based on its modernization and accrual needs relative to those of all other PHAs. In dividing up the “pie” of funds, PHAs are impacted by changes in other PHAs as well as their own.
- The application of Capping and High Performer bonuses transform the initial share calculations.
- PIC data is key—therefore, accurately certifying to PIC data annually is essentially.



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HOW CAN PHAs ENSURE CAPITAL FUND GRANT ACCURACY?



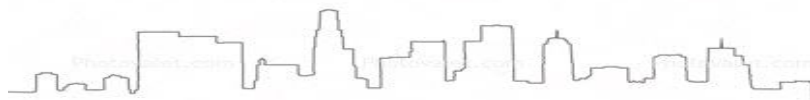
HOW CAN PHAS ENSURE CAPITAL FUND GRANT ACCURACY?



✓	Action	Timing
✓	Maintain accurate PIC data	On-going
✓	PIC Certification	July/August
✓	Check Faircloth List	Notification from HUD and web posting
✓	Check High Performer List	Notification from HUD and web posting



MOVEMENT BREAK





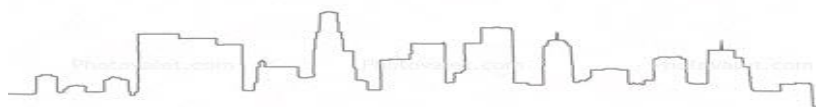
IMS/PIC CERTIFICATION



PIC CERTIFICATION



- PHAs should maintain accurate information in IMS/PIC.
- Annual PIC Certification process is when PHA Executive Directors certify to the information inventory information in IMS/PIC
- PIC Certification is necessary to ensure:
 - Accurate calculations of Capital Fund grant awards.
 - Funds are awarded timely.
 - Grants will be suspended for PHAs that fail to certify.





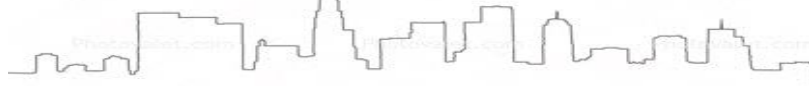
CERTIFICATION DATES AND RESOURCES



- The annual PIC Certification generally runs from early July - mid-August.

Reporting Date: 6/30/2015
 Certification Open: 7/1/2015
 Certification Deadline: 8/15/2015

- For the past several years, the reporting date has been June 30th. PHAs certify to the accuracy of their data as of the reporting date.
- PIC Certification information is posted on the Office of Capital Improvements Web page annually.



PHAS CERTIFY THAT...



- The information on the Development List screen includes all developments that reached DOFA prior to the reporting date and have standing units or had units removed within the last 11 years.

Development Number	Development Status	DOFA	PIC Ticket No.	Certification Status
	Management	12/11/1966		Certified
	Management	07/31/1969		Certified
	Management	01/31/1970		Certified



PHAS CERTIFY THAT..., CONTINUED



- The count of Standing Units displayed for each development accurately reflects all ACC, Capital Fund eligible units that had not been removed as of the reporting date.
- The count of Removed Units displayed for each development accurately reflects all ACC units with a HUD-approved removal date on or before the reporting date and within the last 11 years.

The screenshot shows the PIC system interface with a navigation menu on the left and a main content area. The main content area displays 'Development Details (2015)' with a table of unit counts.

Development Details (2015)					
Unit Count				Standing Unit Bedroom Count	Removed Unit Bedroom Count
Standing Units	Removed Units	Non ACC Units	Non Dwelling Units		
20	0	0	0	48	0

Below the table, there is a red text overlay: **Make sure that all units removed from inventory prior to the reporting date are properly recorded in PIC**

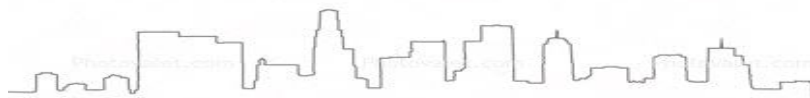
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UNDERSTANDING STANDING AND REMOVED UNIT COUNTS



- Units in approved inventory removal applications for which actual removal dates have been entered by the PHA and have yet to be approved by HUD are counted as standing units; these units will not be counted as Removed until the removal dates have been approved by HUD.
- PHAs with units that have been demolished or disposed of prior to the reporting date and are awaiting HUD approval of the removal date should work closely with Field Office staff.



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PHAS CERTIFY THAT..., CONTINUED



- The Standing Unit Bedroom Count displayed for each development accurately sums the total bedroom counts of the Standing Units.
- The Removed Units Bedroom Count displayed for each development accurately sums the total bedroom counts of the Removed Units.

The screenshot shows the PHAS system interface with the following data:

Development Details (2015)					
Standing Units	Removed Units	Unit Count		Standing Unit Bedroom Count	Removed Unit Bedroom Count
		Non-ACC Units	Non-Dwelling Units		
20	0	0	0	48	0

Additional fields shown include: HQ Office: Public and Indian Housing, HQ Division: PO Field Operations, Hub: [Redacted], Field Office: [Redacted], Field Office HA: [Redacted], Physical Development: [Redacted].

At the bottom, there are input fields for "PIC Help Ticket No.:" and "Comments:" with a note: "A PHA is required to enter a valid PICHelp Ticket Number if it is rejecting certification for a development. Use commas to separate multiple PIC Tickets."

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PHAS CERTIFY THAT..., CONTINUED



- The Removal Dates for removed units are accurate. Accurate removal dates are necessary to ensure that formula funding as standing units ceases at the appropriate time and to ensure units receive correct RHF/DDTF funding.

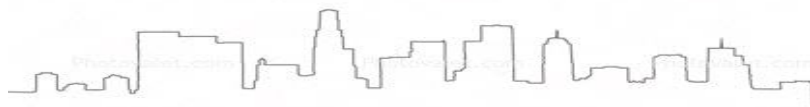
The screenshot shows the PHAS system interface with the following data:

RMI Units (2015)					
	Application Number	Application Type	Application Status	Action Dates	RMI Unit Count
<input checked="" type="checkbox"/>		Section 5(h)	HQ Approved	05/21/2004 - 03/08/2013	43
				05/21/2004	2
				08/18/2004	1
				11/02/2004	2
				11/18/2004	1
				11/18/2004	1
				04/06/2005	1
				05/10/2005	2

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QUESTIONS

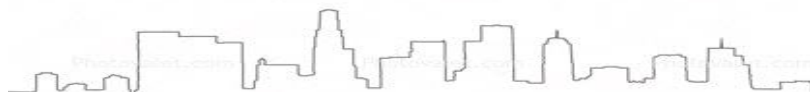


GETTING READY TO ACCURATELY CERTIFY



1. Submit Building & Unit Data for approval prior to starting the PIC Certification process. Collaborate with HUD Field Office staff on timely approval or rejection of these submissions.

- Most changes entered into PIC will not be incorporated on PIC Certification screens **until Building and Unit Data has been submitted for HUD approval and approved.**
- PIC Certification screens will only update to reflect new Building and Unit approvals for certifications in Draft status—so get all changes approved prior to starting the certification.
- Once the building and unit data has been approved, an overnight process must run before the changes are incorporated—so don't wait until the last day.





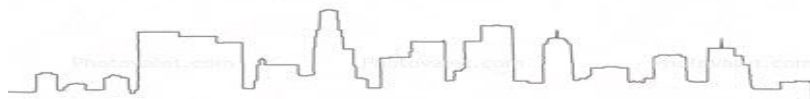
GETTING READY TO ACCURATELY CERTIFY, CONT.



2. Work with HUD to correct data problems in advance of the certification deadline whenever possible.

- Some changes can be made at the PHA level and some by HUD Field Office staff.
- Some changes can only be made by HUD Field Office and HQ staff with special PIC access; the PIC Coach in your local Field Office can route these changes to the appropriate contacts.

Remember: changes should be made before beginning the certification process, and changes should be followed by a Building & Unit submission and approval.



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GETTING READY TO ACCURATELY CERTIFY, CONT.

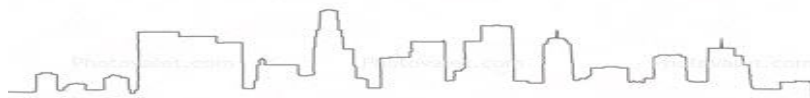


3. Work with HUD Field Office staff on entry of information on new developments.

- New developments will not appear on PIC certification screens or receive Capital Funds until an Actual DOFA Date has been entered in PIC.

4. Work with HUD staff to ensure inventory removals are properly recorded in PIC.

- Enter inventory removal applications timely.
- Enter removal dates timely. Information on requirements for removal dates can be found at [24 CFR 970.35](#).
- Collaborate with HUD staff on review of removal dates.



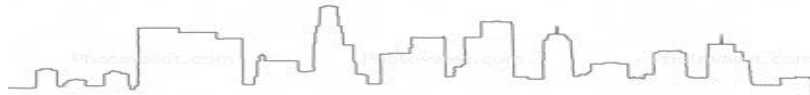
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REJECTING CERTIFICATION DATA



- Rejections are required when the certification information cannot be corrected by the certification deadline.
- A PIC Ticket is required for rejecting certification data. PHAs should enter the PIC Ticket Number in the comments section for the development.
- PHAs should also provide as many specifics as possible/feasible in the comments section. For example, “Unit A in Building B is listed in PIC with a bedroom count of 1 but it should be 5. The total Standing Unit Bedroom Count is listed as 48 but should be 52.”



SUBMITTING PIC CERTIFICATION



- To complete the process, PHA Executive Directors will mark each development as either certified or rejected. Then, they will select the “Submit” button.
- The PIC Certification Development List screen will display the certification status of each development and the overall PHA certification status.

The screenshot shows the PIC Certification Development List screen. It includes search filters for Capital Fund Certification Fiscal Year (2015) and Development Number. The Status section shows a Due Date of 08/14/2014 and a Certification Status of Submitted. Below is a table with the following data:

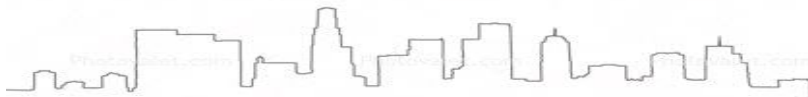
Development Number	Development Status	DOFA	PIC Ticket No.	Certification Status
	Management	12/11/1966		Certified
	Management	07/11/1969		Certified
	Management	01/31/1970		Certified



KNOWLEDGE CHECK #2: QUESTION



While reviewing the certification data, I noticed some DOFA dates that are different than last year's certification. Why would these dates change? Can I certify anyway?



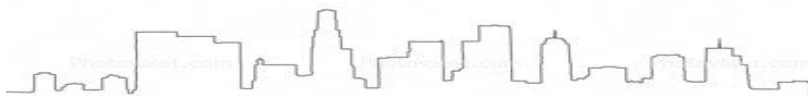
35



KNOWLEDGE CHECK #2: ANSWER



- If the Development DOFA Date is wrong for any development and cannot be corrected prior to certification, the PHA must reject the certification for the impacted development.
- Development-level Actual DOFA Dates are unit-weighted averages in cases where buildings with different DOFA Dates are grouped into a single development. So, when there are changes to unit information, the development DOFA date adjusts.



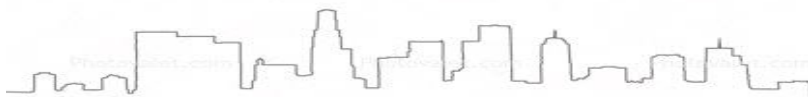
36



KNOWLEDGE CHECK #3: QUESTION



My PHA removed units and entered the actual removal dates in PIC. Why are the units counted as standing units in the certification?



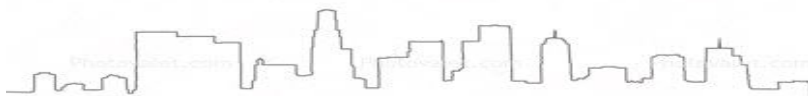
37



KNOWLEDGE CHECK #3: ANSWER



- It depends.
- Are the actual removal dates on or before the reporting date? If not, the units were standing as of the reporting date.
- Has HUD approved the actual removal dates in PIC? If not, collaborate with your local Field Office to ensure approval or rejection of the removal dates prior to certification.



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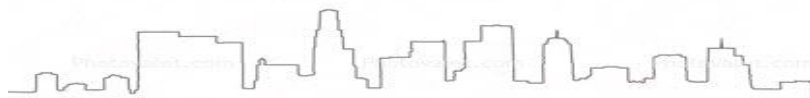
FAIRCLOTH LIMITS AND HIGH PERFORMER BONUSES



CHECK THE FAIRCLOTH LIMITS



- The Faircloth Limit identifies the maximum number of units under ACC that can be funded by the CF formula
- PHAs that exceed their Faircloth ceiling will have a reduction in funds.

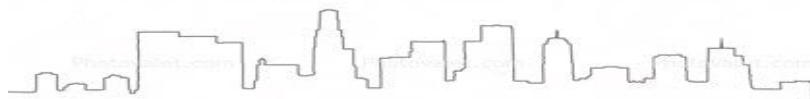




CHECK THE HIGH PERFORMER LIST



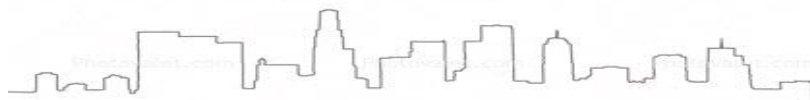
- The High Performer list identifies PHAs that are High Performers based on REAC PHAS Scores.
- Note that the determination of High Performer status may not be based on the most recent PHAS score issued to each PHA.



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QUESTIONS

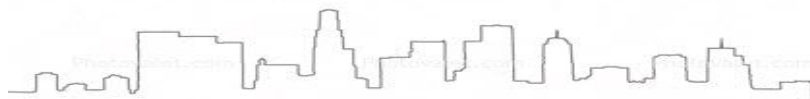




KNOWLEDGE CHECK #4: QUESTION



My PHA is a High Performer as indicated by our most recently issued PHAS score, but we didn't get a High Performer Bonus in 2015. Why not?



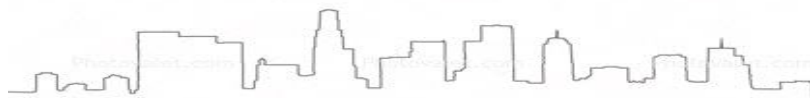
43



KNOWLEDGE CHECK #4: ANSWER



- It depends.
- For the purpose the 2015 Capital Fund Formula Calculation, the determination of High Performer Status was based on PHAS Scores issue for PHA FYEs of 12/31/2013, 3/31/2014, 6/30/2014, and 9/30/2014. Was your PHA a High Performer then?
- Did you check the High Performer List for accuracy and follow the appropriate process to request a revision?



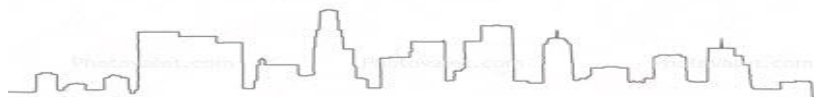
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WHAT SHOULD PHAS DO AFTER CAPITAL FUND GRANT ANNOUNCEMENTS?



- Review, sign, return ACC Amendment
- Check Development Per Unit Funding Report
- Follow up with OCI about any issues (PIHOCl@HUD.gov)
- Spread CF grant funds in LOCCS



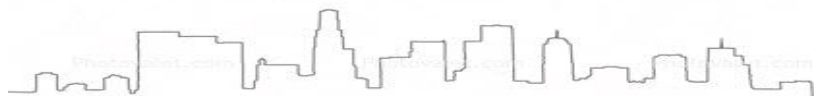
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SUMMARY



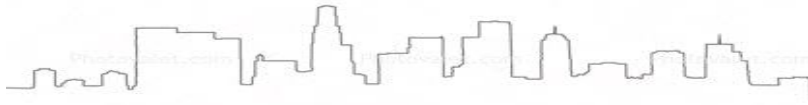
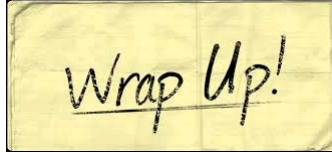
- The Capital Fund Formula is data driven, so data accuracy is key!
- PHAs can help ensure accurate calculations of Capital Fund grant awards by accurately certifying to their PIC through the annual PIC certification process, and checking the Faircloth Limits and High Performer List.
- Capital Fund grants are calculated at the development level and rolled up to the PHA grant awards. Check the Development Per Unit Funding Report posted online and email PIHOCl@HUD.gov if anything seems amiss.



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CAPITAL FUND GUIDEBOOK TRAINING

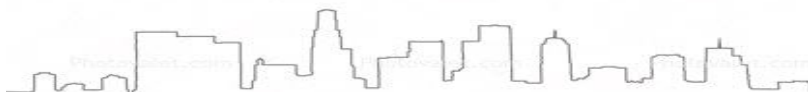
REPLACEMENT HOUSING FACTOR (RHF)/ DEMOLITION & DISPOSITION TRANSITIONAL FUNDING (DDTF) (CHAPTER 5)



CHAPTER 5: TOPICS



- Replacement Housing Factor (RHF) Specifics.
- Demolition & Disposition Transitional Funding (DDTF) Transition.





REPLACEMENT HOUSING FACTOR (RHF) SPECIFICS

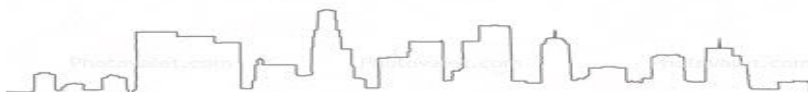


BACKGROUND



- PHAs received Replacement Housing Factor (RHF) funds for development or acquisition of ACC units to replace ACC units lost through HUD-approved demolition or disposition.
- Capital Fund Rule, effective November 2013, created Demolition and Disposition Transitional Funding (DDTF) to replace RHF gradually over a 5-year period.

This presentation will define RHF and DDTF separately and describe the transition process.

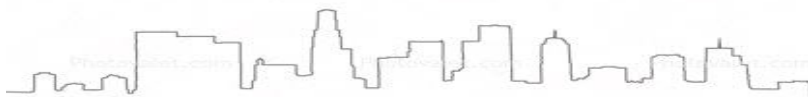




How is RHF/DDTF Eligibility Determined?



- PHAs enter the date of disposition or demolition into the IMS/PIC system.
- The date of IMS/PIC entry is used to calculate RHF/DDTF eligibility:
 - Demolition – date of final payment to demolition contractor.
 - Disposition – date of deed or ground lease transfer of property ownership.
- June 30 - Reporting Date deadline.



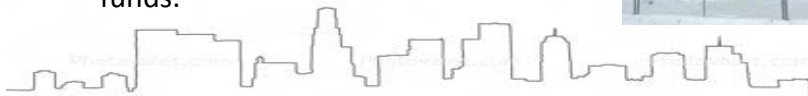
5



RHF



- Prior to July 1, 2012, PHAs were eligible for up to 10 years of RHF funding if they removed ACC units from their inventory.
 - First Increment Grants – first five years of RHF grants
 - Reduced units count through HUD approved demo/dispo.
 - Second Increment Grants – next 6-10 years of RHF, if eligible:
 - Obligate Capital Funds on time.
 - PHA Plan approved on time.
 - Leverage additional non-Capital Fund funds.



6



ELIGIBILITY FOR 1ST AND 2ND INCREMENTS

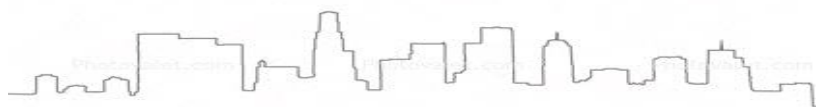


1 st Increment RHF Eligibility	2 nd Increment RHF Eligibility
<p>PHA was automatically eligible for a First Increment RHF grant if it met the following requirements:</p>	<p>PHA was eligible to receive Second Increment RHF if continued to meet 1st Increment Eligibility requirements and the following requirements:</p>
<ul style="list-style-type: none"> • PHA reported in IMS/PIC the removal of units from inventory due to HUD approved demolition or disposition. • The PHA has not received funding for public housing units that will replace the lost units from Disposition Proceeds, or under Public Housing Development, HOPE VI, Choice Neighborhoods Initiative, or programs that otherwise provide for replacement with public housing units. 	<ul style="list-style-type: none"> • A commitment of funds (other than public housing funds), for replacement housing • Project-by-Project basis. For example, the PHA cannot count leverage requirement at Development A towards the leverage requirement at Development B.
<ul style="list-style-type: none"> • The PHA is not troubled. 	<ul style="list-style-type: none"> • Leverage generated for a First Increment RHF grant counts only if such funds are used in the same development as the Second Increment RHF grant.

7



QUESTIONS

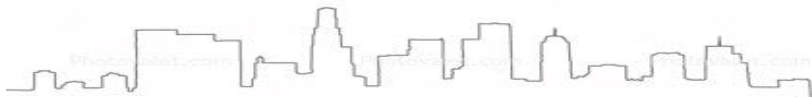




ELIGIBLE USES FOR RHF GRANTS



- Development of new public housing units (under ACC) including:
 - **Acquisition of additional units** from the private market
 - Units may or may not meet Uniform Physical Condition Standards (UPCS);
 - Can be rehabilitated to meet UPCS;
 - **Construction of new ACC units:**
 - Conventional public housing new construction
 - Mixed finance public housing new construction;
 - **On-site and off-site infrastructure** related to the above activities; and,
 - **Administrative costs** up to 3 percent of the total of Capital Funds in a development project budget can be in BLI 1410-Administration.



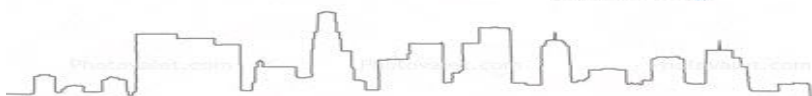
9



OFF AND ON-SITE INFRASTRUCTURE



- On-site and off-site infrastructure refers to work related to the above activities, e.g. sanitary sewers, storm sewers, water, electric, and gas distribution systems.
- PHAs can use RHF funds for connections from the street to the dwelling structure.
- PHAs cannot use RHF funds for connections and systems that will benefit non-public housing units.



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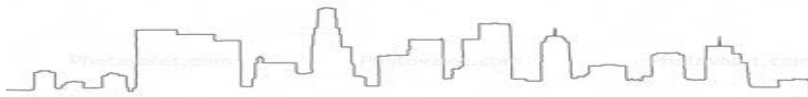


ELIGIBLE USES FOR RHF GRANTS, CONTINUED



- PHAs participating in Rental Assistance Demonstration (RAD) program may use RHF funds for eligible activities as described in RAD notice.

http://portal.hud.gov/hudportal/documents/huddoc?id=PIHNotice_2012-32_062015.pdf



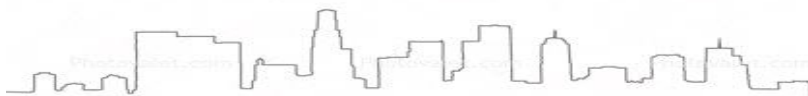
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INELIGIBLE USES FOR RHF GRANTS INCLUDE:



- **Modernization** of ACC units;
- **Demolition of ACC units** - unless the PHA will build new ACC units on the same site;
- **Development of homeownership units;** and
- **Uses that are eligible under BLI 1406-Operations and BLI 1408-Management Improvements.**
- **CFFP financing to carry out non-development activities.**



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OBLIGATION AND EXPENDITURE OF RHF FUNDS

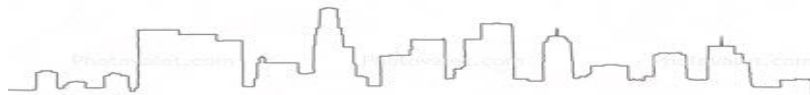


- RHF grants ordinarily operate under the same rules as formula grants:
 - 24 months from Obligation Start Date (OSD) to obligate 90% of grant.
 - 48 months from OSD to expend 100% of grant.

BUT...

- PHAs can “accumulate” a series of first increment or second increment grants, by submitting an RHF plan.
 - Obligation and expenditure end dates for all grants in the accumulation are those of the most recent grant.

(See for PIH Notice 2012-41, <http://portal.hud.gov/hudportal/documents/huddoc?id=pih2012-41.pdf>)

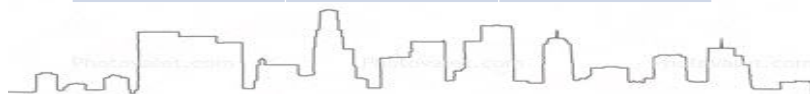


RHF ACCUMULATION - EXAMPLE



- The Anytown Housing Authority has 5 years of a 1st increment of RHF grants.
- The Obligation and Disbursement End Dates **prior to accumulation** of the grants are as follows:

Grant	Obligation End Date	Disbursement End Date
AT36R00150112	3/11/2014	10/29/2016
AT36R00150113	9/8/2015	9/8/2017
AT36R00150114	5/12/2016	5/12/2018
AT36R00150115	4/12/2017	4/12/2019
AT36R00150116	4/1/2018	4/1/2020

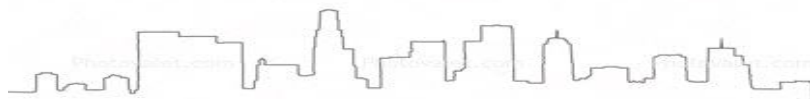




RHF ACCUMULATION - EXAMPLE

- The AHA submits an RHF Plan to the HUD Field Office requesting accumulated obligation deadlines as follows:

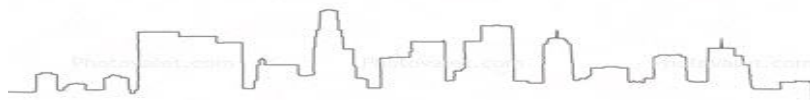
Grant	Obligation End Date	Disbursement End Date
AT36R00150112	10/29/18	10/29/2020
AT36R00150113	10/29/18	10/29/2020
AT36R00150114	10/29/18	10/29/2020
AT36R00150115	10/29/18	10/29/2020
AT36R00150116	10/29/18	10/29/2020



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QUESTIONS

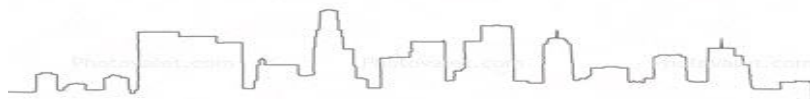




KNOWLEDGE CHECK: QUESTION #1



What are the differences between the first and second increments of RHF?



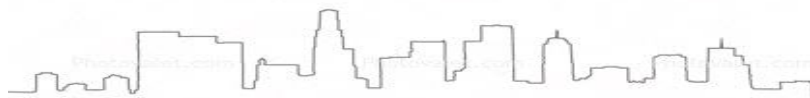
17



KNOWLEDGE CHECK: ANSWER #1



First Increment Grants are for PHAs that reduced their unit counts through HUD approved demo/dispo and put in an application for RHF grants. These were the first five years of RHF grants. Second Increment grants were only for those PHAs that were obligating on time, had their PHA Plan approved on time, and leveraged significant additional non-CF funds in their development activity. If they met all those qualifications they could submit an RHF application for 5 additional years of funding.



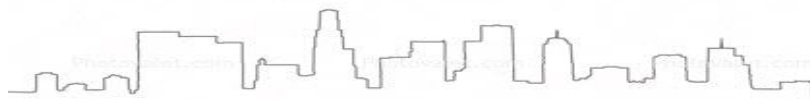
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KNOWLEDGE CHECK: QUESTION #2



What are eligible activities under RHF?



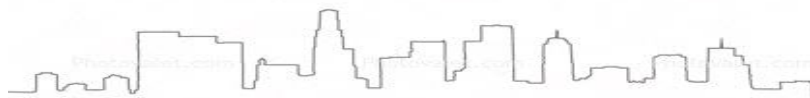
19



KNOWLEDGE CHECK: ANSWER #2



**Acquisition of additional units from the private market;
Construction of new ACC units, conventional or mixed
finance; On-site and off-site infrastructure related to the
acquisition or construction of new units activities; and
administrative costs up to 3 percent of the total of
Capital Funds in a development project budget**



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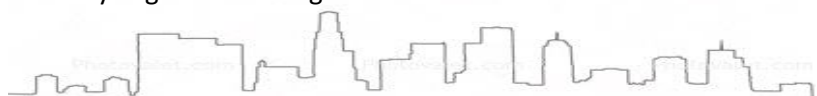
DEMOLITION & DISPOSITION TRANSITIONAL FUNDING (DDTF)



DEMOLITION AND DISPOSITION TRANSITIONAL FUNDING (DDTF)



- PHAs that removed ACC units from inventory on or after July 1, 2012, are eligible for 5 years of DDTF, but not for RHF grants.
 - Based on Capital Fund Rule, effective in November 2013.
- DDTF funds are added to the regular Capital Fund formula grants and considered one grant, not separate grants.
- DDTF fund rules are same as formula grants.
- Eligible uses include:
 - Modernization of existing ACC units;
 - Development of new ACC units; and
 - Any eligible formula grant activities.

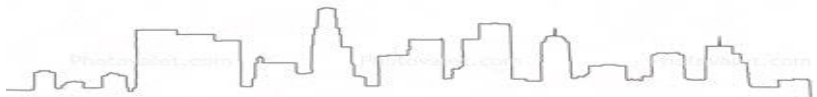




DDTF, CONTINUED



- A PHA is first eligible to receive DDTF funds in the FFY after it reports in PIC its removal of units. June 30 remains the cut-off date.
- A PHA will not receive DDTF funds merely upon SAC approval of a Demo/Dispo application; PHA must complete the physical demolition of the units and then report in PIC the removal of its units before DDTF funds are awarded.
- There is no device to indicate the portion of DDTF that is part of the Capital Fund formula grant.



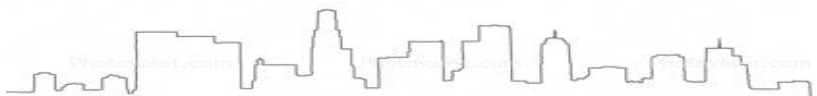
23



DDTF, CONTINUED



- No separate planning requirement for DDTF.
- The PHA must include any activities to be funded with DDTF in its 5-Year Action Plan.



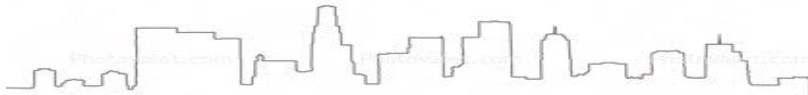
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RHF AND DDTF COMPARISON



Comparison of RHF to DDTF		
	RHF	DDTF
Accumulation	Yes.	No. Same obligation and expenditure requirements as the Capital Fund formula grant.
Eligible Activities	Development of replacement public housing units.	Any Capital Fund eligible activity.
Funding Delivery	Stand-alone RHF grant each year; separate ACC Amendments.	Included in the PHA's annual Capital Fund formula grant.
Years of Funding	5 or 10	5

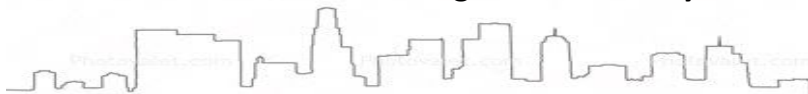


RHF/DDTF TRANSITION, CONTINUED



Summary of RHF to DDTF Transition		
Status	Applicable RHF Funds.	Applicable DDTF Funds.
PHAs that removed units on or after July 1, 2012	None.	5 Years.
PHAs that received Years 1-4 of First Increment RHF funding in FFY 2013	For the remaining years of the First Increment RHF grants (through Year 5).	5 Years (if eligible for Second Increment RHF grants), for Years 6-10.
PHAs that received Years 6-9 of Second Increment RHF funding in FFY 2013	For the remaining years of the Second Increment RHF grants.	None.

All the rules regarding eligible and ineligible uses of RHF funds remain in effect during the transition years.





RHF/DDTF IMPLEMENTATION SUMMARY



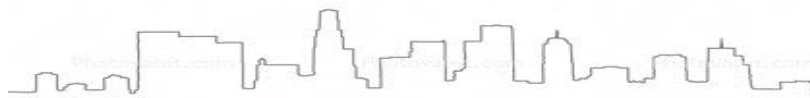
		RHF to DDTF Transition by FY								
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
In FY 2014 what year (out of 10 years) is the PHA receiving?	Year 1	Year 1 of DDTF	Year 2 of DDTF	Year 3 of DDTF	Year 4 of DDTF	Year 5 of DDTF				
	Year 2	Year 2 of 1st Incr RHF	Year 3 of 1st Incr RHF	Year 4 of 1st Incr RHF	Year 5 of 1st Incr RHF	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace Year 5 of 2nd Incr RHF)
	Year 3	Year 3 of 1st Incr RHF	Year 4 of 1st Incr RHF	Year 5 of 1st Incr RHF	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace Year 5 of 2nd Incr RHF)	
	Year 4	Year 4 of 1st Incr RHF	Year 5 of 1st Incr RHF	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace Year 5 of 2nd Incr RHF)		
	Year 5	Year 5 of 1st Incr RHF	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace year 5 of 2nd Incr RHF)			
	Year 6	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace Year 5 of 2nd Incr RHF)				
	Year 7	Year 2 of 2nd Incr RHF	Year 3 of 2nd Incr RHF	Year 4 of 2nd Incr RHF	Year 5 of 2nd Incr RHF					
	Year 8	Year 3 of 2nd Incr RHF	Year 4 of 2nd Incr RHF	Year 5 of 2nd Incr RHF						
	Year 9	Year 4 of 2nd Incr RHF	Year 5 of 2nd Incr RHF							
	Year 10	Year 5 of 2nd Incr RHF								



KNOWLEDGE CHECK: QUESTION #3



In what ways is DDTF different than RHF?

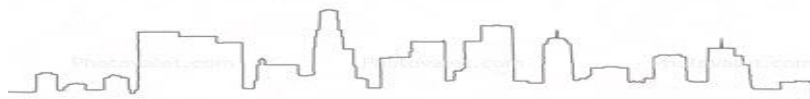




KNOWLEDGE CHECK: ANSWER #3



Several, 1) it is not given as a separate grant; 2) there is no accumulation; 3) it can be used for any eligible Capital Fund activities; and, 4) there is only up to 5 Years of funding instead of 10 years.



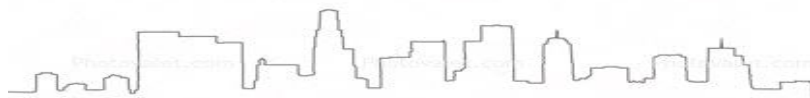
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KNOWLEDGE CHECK: QUESTION #4



Are transition PHAs who are currently receiving RHF grants, but will receive DDTF in the future to replace their 2nd increment RHF grants, allowed to use their RHF grants for any eligible Capital Fund activities or are they still required to follow the use restrictions of RHF grants?



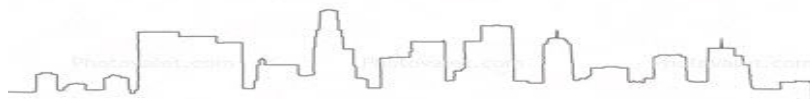
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KNOWLEDGE CHECK: ANSWER #4



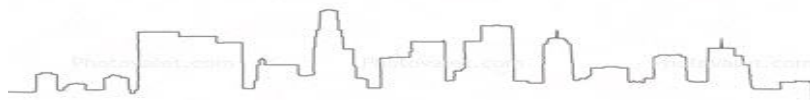
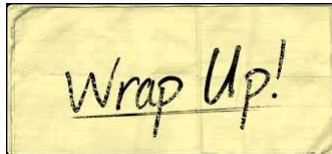
No. All RHF grants have limited eligible activities. Any PHA with an RHF grant must adhere to the use restrictions on RHF grants.



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

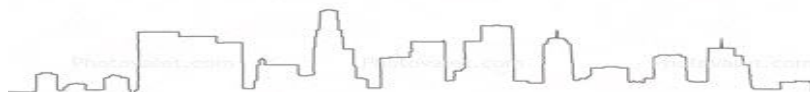
GENERAL PROGRAM REQUIREMENTS AND IMPLEMENTATION (CHAPTER 6)



CHAPTER 6: TOPICS



- Overview
- Real Property Acquisition and Relocation
- Wage Rates
- Procurement, Contract Administration
- Force Account Labor
- Administrative Requirements and Other Compliance

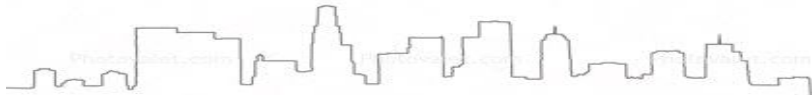




OVERVIEW



- PHAs **were** required to comply with 24 CFR Part 85, Uniform Administrative Requirements for Grants to State and Local Governments.
- Replaced with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* found at 2 CFR Part 200:
 - December 26, 2014, HUD published a rule which consolidates OMB Circulars A-102, A-87, and A-133.
 - Changes to grant administration, procurement, contracting requirements.
 - Repealed Part 84 and Part 85, with some exceptions for Capital Fund and mixed finance development.



REAL PROPERTY ACQUISITION AND RELOCATION

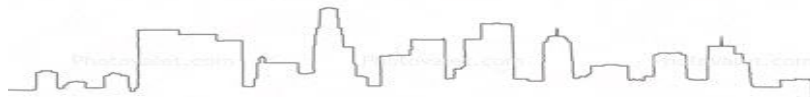


REAL PROPERTY ACQUISITION AND RELOCATION



➤ Uniform Relocation Assistance:

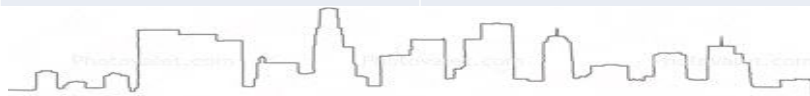
- Federal law that establishes minimum standards with respect to acquisitions of real property and relocation of persons resulting from the acquisition, rehabilitation, or demolition of real property for a federally-funded program or project.
- All acquisition or rehabilitation funded by the Capital Fund must comply with URA.
- PHAs should include URA compliance when planning any activity involving land acquisition or tenant relocation.



REAL PROPERTY ACQUISITION AND RELOCATION



URA/Relocating Residents	URA/Acquisition
Anytown PHA is modernizing Happy Homes	Anytown has RHF grants to develop a new project
Modernization in 3 phases	Identified a 5 unit property to acquire and rehabilitate
Units in Phase 3 will remain vacant	Asking price \$510,000. PHA negotiated price of \$500,000
Residents of Phases 1&2 will be housed in Phase 3 units during modernization	Independent appraisal established fair market value at \$475,000
As each Phase is completed residents will return to their modernized units	PHA and owner renegotiated price to appraisal value of \$475,000
All moving and relocation costs are eligible	



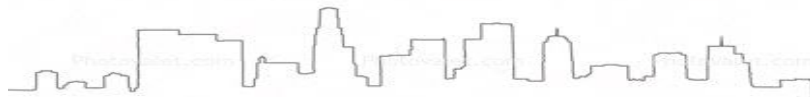


REAL PROPERTY ACQUISITION AND RELOCATION, CONT.



➤ **Section 104 (d) of the Housing and Community Development Act of 1974:**

- Federal law that applies to PHAs when using CDBG, HOME, and UDAG programs in conjunction with public housing development or demolition.
- Section 104(d) relocation and one-for-one replacement may apply when CDBG or HOME funds are used in connection with the demolition or conversion of lower-income units.
- 24 CFR Part 42 Subpart C are the regulations that implement Section 104(d).



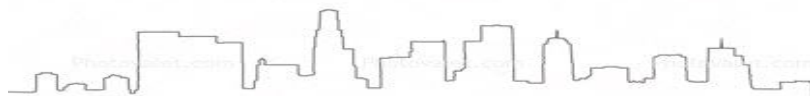
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REAL PROPERTY ACQUISITION AND RELOCATION RESOURCES



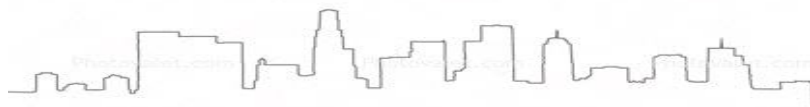
- HUD Handbook 1378, *Real Estate Acquisition and Relocation Policy and Guidance*.
- 24 CFR Part 42 Subpart C – Section 104(d).
- HUD's Real Estate Acquisition and Relocation website: www.hud.gov/relocation



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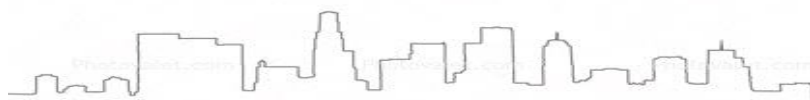
QUESTIONS



KNOWLEDGE CHECK: QUESTION #1



Are all acquisition and rehabilitation activities funded by the Capital Fund required to comply with URA?

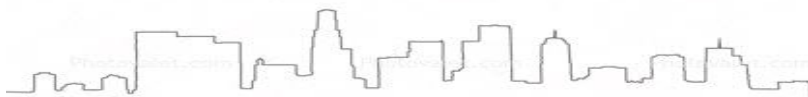




KNOWLEDGE CHECK: ANSWER #1



Yes, including tenant relocation activities and costs.



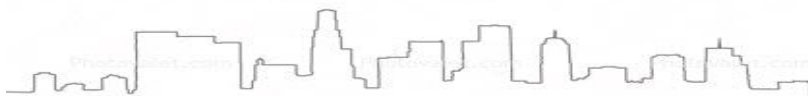
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KNOWLEDGE CHECK: QUESTION #2



When purchasing property, can a PHA pay any price it negotiates with an owner?



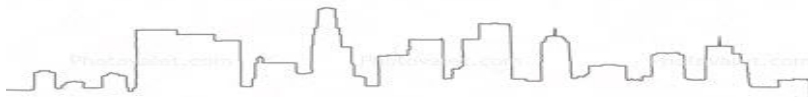
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KNOWLEDGE CHECK: ANSWER #2



No, the PHA may pay no more than the appraised fair market value of the property.



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WAGE RATES



WAGE RATES



Davis-Bacon	HUD-Determined Prevailing Wage
Davis-Bacon and Related Acts require payment of prevailing wage rates and benefits as determined by the Department of Labor (DOL) on federally-financed or assisted construction.	Contracts for <i>certain</i> professional services are <u>excluded</u> from coverage by HUD-determined prevailing wage rates, including contracts for inspections and service or maintenance of leased equipment, fixtures, or appliances.
Except for non-routine maintenance work, for all construction contracts exceeding \$2,000.	All maintenance (routine and non-routine) contracts in excess of \$2,000.
Includes both on-site and off-site work.	

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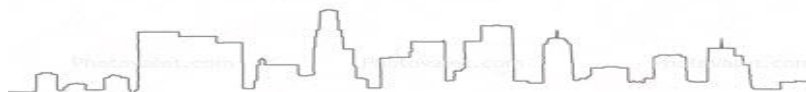


LABOR RELATIONS – PHA RESPONSIBILITIES



➤ PHA Contract Administration System:

- The PHA must maintain a contract administration system to ensure compliance with the contract terms and conditions, including payment of prevailing wages.
- The contract administration system requires the PHA to:
 1. Include applicable DOL wage decision in the bid package.
 2. Discuss payment of prevailing wages at the pre-bid conference.
 3. Require the contractor to submit weekly certified payrolls.
 4. Conduct interviews of laborers working under each contract.
 5. Initiate corrective actions when violations are found.
 6. Maintain full records of all wage rate activities.



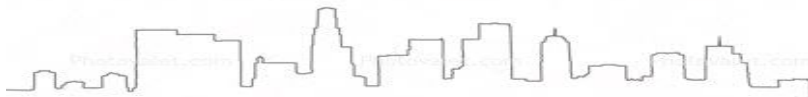
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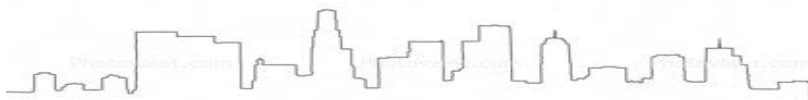
WAGE RATE RESOURCES



- Table 6.4 in Capital Fund Program Guidebook
- Labor Standards Handbook 1344.1, *Federal Labor Standard Requirements in HUD Programs*
- PHA Procurement Handbook 7460.8, *Procurement Handbook for Public Housing Agencies*
- *A Contractor's Guide to Prevailing Wage Requirements for Federally Assisted Construction Projects* (January 2012)
- *A Practical Guide for States, Indian Tribes, and Local Agencies* (September 2011)



QUESTIONS

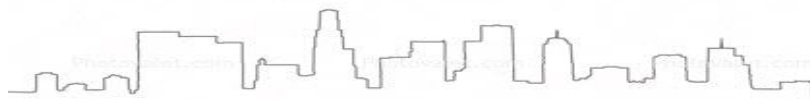




KNOWLEDGE CHECK: QUESTION #3



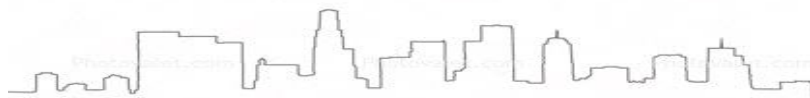
Does the requirement to pay the prevailing wage rate only apply to construction contracts?



KNOWLEDGE CHECK: ANSWER #3



No, PHAs must also pay the prevailing wage as determined by HUD for all maintenance contracts over \$2,000.

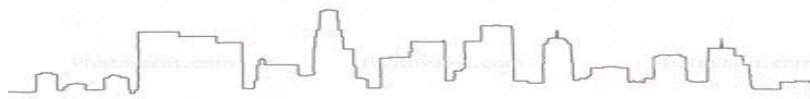




KNOWLEDGE CHECK: QUESTION #4



Is the PHA contractor totally responsible for ensuring that the prevailing wage is paid?



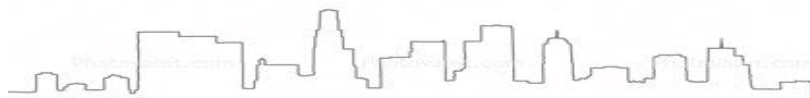
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KNOWLEDGE CHECK: ANSWER #4



No, PHAs are responsible for ensuring that the prevailing wage is paid through oversight and monitoring, which includes obtaining certified payrolls from the contractor, interviewing employees to ensure the correct wages are paid, and taking enforcement actions against the contractor when instances of non-compliance are found.



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PROCUREMENT AND CONTRACT ADMINISTRATION



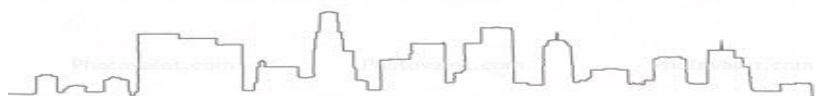
PROCUREMENT AND CONTRACT BACKGROUND – OLD SCHOOL



24 CFR 85 to implement OMB Circular A-102

HUD Issues PHA Procurement Handbook 7460.8, Rev. 1

HUD 7460.8, Rev. 2 to increase small purchase threshold and asset management guidance



PROCUREMENT AND CONTRACT BACKGROUND – NEW SCHOOL

The timeline shows three key events:

- 2014:** OMB publishes 2 CFR 200
- 2014:** HUD Amended 25 CFR 85 to comply with 2 CFR 200
- 2015:** HUD is revising the HUD PIH Procurement Handbook to synchronize with Part 200

Combines OMB Circulars:
 A-102
 A-87
 A-133

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PROCUREMENT AND CONTRACT REQUIREMENTS

➤ **Procurement with Capital Funds, PHAs must:**

- Comply with 2 CFR 200.317-200.326. (substantially the same as 24 CFR 85.36, except for thresholds for micro/small purchases).
- Must have its own Procurement Policy consistent with 2 CFR 200 and State law.
- Must have written ethics standards and sanctions.

management
 procurement
 project
 purchasing
 projects
 People
 within
 Project
 systems
 Procurement
 Arrangements
 skills
 Management

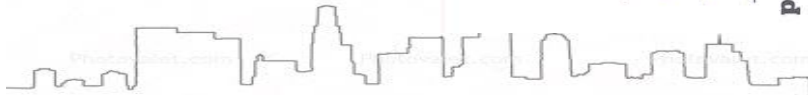
26



PROCUREMENT AND CONTRACT REQUIREMENTS

➤ Procurement with Capital Funds, PHAs must:

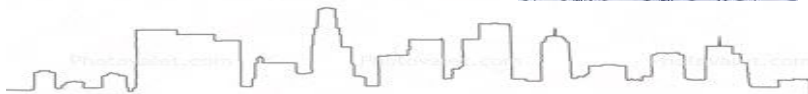
- Conduct transactions in a manner that provides, to the extent possible, full and open competition.
- Perform an independent cost estimate (ICE) for all procurements above micro purchase threshold in 2 CFR Part 200.320.
- Determine price reasonableness using either:
 - Price Analysis.
 - Cost Analysis.



PROCUREMENT AND CONTRACT REQUIREMENTS

➤ Independent Cost Estimate (ICE):

- Required for all procurements of \$3,000 or more (\$2,000 for construction contracts subject to Davis-Bacon).
- Prepared before PHA receives bids or proposals.
- PHA benchmark for evaluating the price reasonableness.
- Facilitates the selection of the method of procurement.
- Assists in determining type of contract:
 - (i) Below the small purchase threshold requires informal solicitations and contracts.
 - (ii) Above the small purchase threshold requires formal advertising.

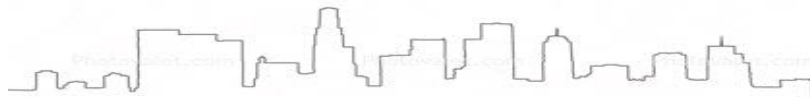




PROCUREMENT AND CONTRACT REQUIREMENTS

➤ Price Reasonableness:

- Price analysis – performed when there is adequate competition. Comparison of ICE to prices submitted by competitors.
- Cost analysis - performed when an absence of competition (e.g., sole source contracts) or where the PHA requires (e.g., competitive proposals contracts) to facilitate price negotiation.
 - (i) General and Administrative Cost.
 - (ii) Owner Overhead.
 - (iii) Profit.



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COST ANALYSIS EXAMPLE

...For Example...

Work Item: Change Order – Roofing Contract

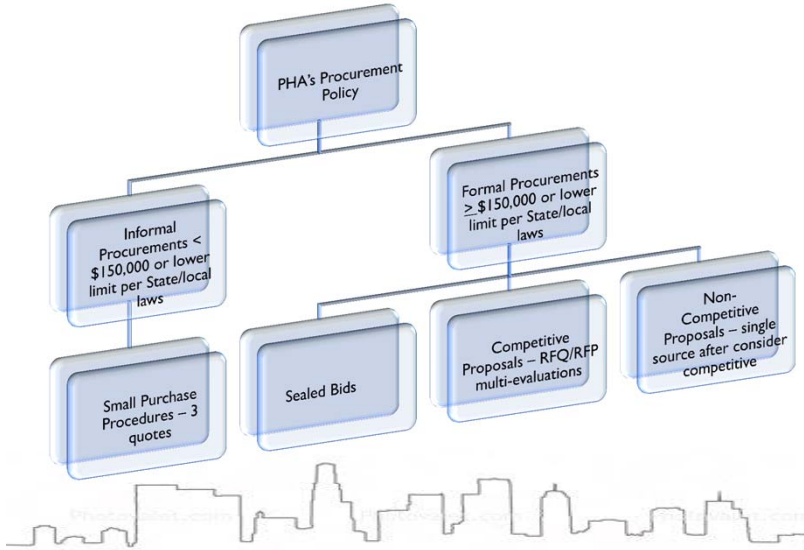
- Break down the change order price into its components of cost.
- Examine each item of cost.
 - **Materials.** Such as plywood, nails, felt, asphalt shingles.
 - **Equipment.** Such as cranes, dump truck.
 - **Labor.** Costs for the size of the job at hand, such as hauling asbestos debris out.
 - **General, Administrative and Overhead.** Contractor costs to administer contract.
 - **Profit.** Based on risk and industry standards.



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METHODS OF PROCUREMENT FLOW CHART



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SMALL PURCHASE PROCEDURES (SPP)

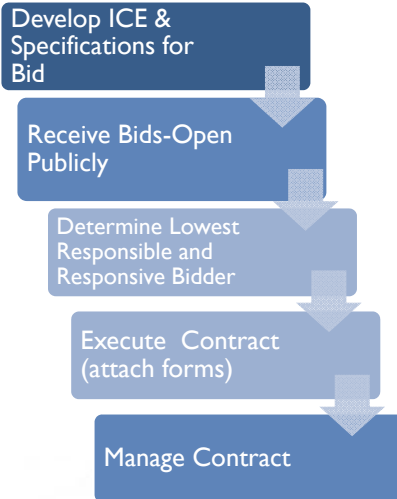


- Appropriate when the ICE is less than the \$150,000 Federal Simplified Acquisition Threshold or lower threshold as specified in the PHA's Procurement Policy.
- Less formal than the other types of procurement procedures.
- At least an adequate number (3 or more) of oral or written quotes via phone, fax or email should be obtained.
- PHAs may obtain equipment or supplies, or seek professional services typically obtained via the formal solicitation process.

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SEALED BIDS



- Used mostly for construction contracts and purchase of commodities (e.g., equipment and supplies).
- Used when the cost estimate is *more than* the \$150,000 Federal Simplified Acquisition Threshold or lower threshold specified in the PHA's Procurement Policy.
- Dependent upon good specifications.
- Two or more bidders willing in the open market.
- Awarded on the basis of *price*
- Fixed-price contract.

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COMPETITIVE PROPOSALS



- Two types of Competitive Procedures:
 - Price Considered during Evaluation.
 - Price Not Considered during Evaluation (A/E and Mixed Finance Development Partners).
- Project will be based on technical merits and price.
- There are two or more qualified offerors in the market.
- Award will be made to the firm with the proposal that is most advantageous with price and other factors considered.

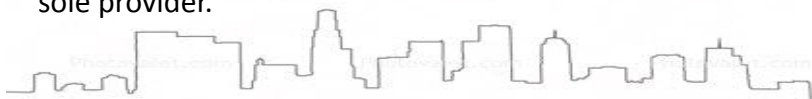
34



NON-COMPETITIVE PROPOSALS



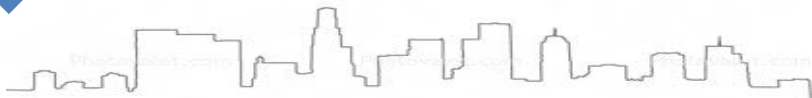
- Used when other methods are not feasible and one of the following circumstances applies:
 - Item is available only from a single source.
 - An emergency situation or public exigency exists
 - HUD authorizes.
 - After solicitation of a number of sources, competition is determined inadequate , *i.e.*, only one respondent.
- If applicable, use of this method must be justified in writing by the PHA.
- Cost Analysis must be performed in all cases.
- All technical and cost aspects may be “negotiated” with the sole provider.



10 BASIC PROCUREMENT STEPS



- 1 • Develop a Specification or Statement of Work (SOW)
- 2 • **Complete an Independent Cost Estimate (ICE)**
- 3 • Determine rationale for procurement method
- 4 • Solicit & receive quotes/bids/proposals
- 5 • Determine responsive/responsible bidder, as applicable
- 6 • **Determine price reasonableness (Cost vs. Price Analysis)**
- 7 • Award contract
- 8 • Implement contract administration system
- 9 • Close out the contract
- 10 • Maintain records for minimum of 3 years





KEYS TO PROCUREMENT

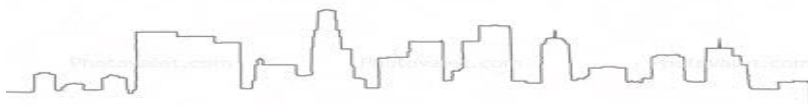


- An ICE is required for every procurement above the micro purchase threshold prior to solicitation.
- All awards must be supported by documenting price/cost reasonableness prior to award.
 - Price Analysis:
 - Simple comparison of prices when competition is adequate.
 - Cost Analysis:
 - More detailed analysis of component parts when competition inadequate.

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QUESTIONS

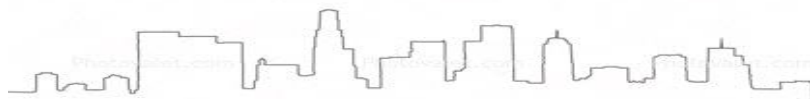




KNOWLEDGE CHECK: QUESTION #5



When is an Independent Cost Estimate (ICE) required?



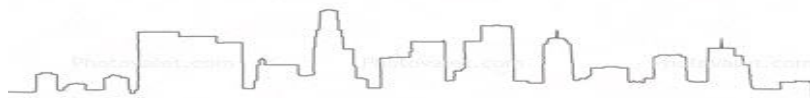
39



KNOWLEDGE CHECK: ANSWER #5



An ICE is only required for purchases above the micro purchase threshold which is \$3,000 (\$2,000 for construction contracts).



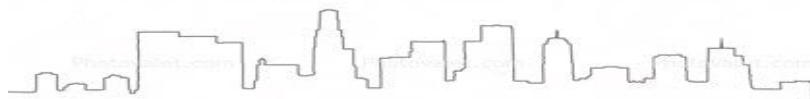
40



KNOWLEDGE CHECK: QUESTION #6



What are the four methods of procurement?



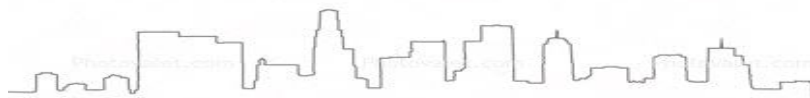
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KNOWLEDGE CHECK: ANSWER #6



The four methods of procurement are small purchases (including micro purchases), sealed bids, competitive proposals, and non-competitive proposals.



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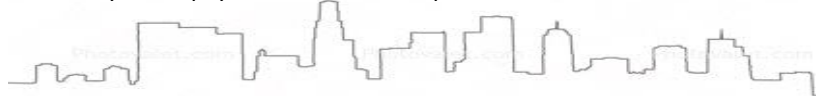


CONTRACT RELATED REQUIREMENTS

MANDATORY



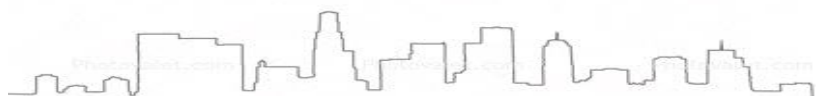
- **Mandatory Contract Clauses** - incorporate all mandatory contract clauses by attaching HUD forms and incorporating requirements/clauses into the PHA contract.
- **Assurances of Completion** - For each Capital Fund construction contract over \$150,000, contractor shall furnish assurances of completion. These can take several forms.
 - A bid guarantee from each bidder equal to 5% of the bid price.
 - At least one of the following:
 - Performance bond and payment bond for 100% of contract.
 - Performance/payment bonds, each for 50% or more of contract price.
 - A 20% cash escrow.
 - **A 10% irrevocable letter of credit with HUD acceptable terms.**
 - Any other payment method acceptable to HUD.



CONTRACT ADMINISTRATION AND ACCEPTANCE OF WORK



- **Inspection and Acceptance:**
 - Inspect work in progress and goods delivered for compliance.
 - If complete accept the work and only pay for acceptable work.
- **Guarantees and Warranties:**
 - Specify the guaranty period, amounts withheld and warranties.
 - Inspect 3 months after the project guaranty period begins, 3 months before expiration, and as needed.
 - PHAs require repair or replacement of all defective items prior to the expiration of the guaranty or warranty.
- **Notification of Completion**
 - Require all contractors and developers to notify PHA in writing when contract work will be completed and ready for inspection.





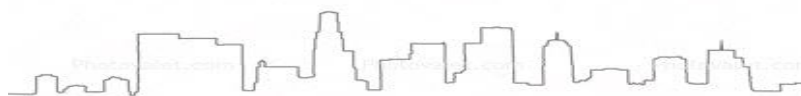
FORCE ACCOUNT LABOR



FORCE ACCOUNT LABOR



- Labor employed directly by PHA (permanent or temporary) to do physical work funded by the Capital Fund.
- PHA uses employees, pursuant to its personnel policy, instead of a contractor.
- PHA may use force account labor -- **IF** included in the Field Office approved PHA 5-Year Action Plan and if it is cost effective and suitable for the PHA.
- High-performing PHAs do not need prior FO approval when using force account labor.





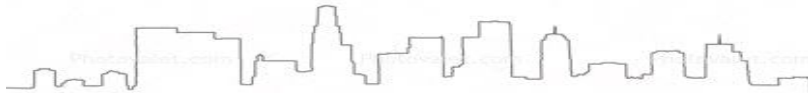
FORCE ACCOUNT LABOR PERSONNEL ISSUES



➤ **Current PHA employees may become force account workers provided that:**

- Their regular duties are either suspended or reassigned.
- Maintenance of the properties is not compromised.
- Employees' regular work assignments are not adversely affected.

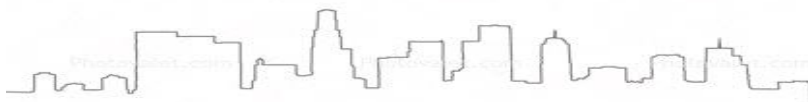
Remember: No hiring may violate the conflict of interest policies under the PHA's procurement policy



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QUESTIONS

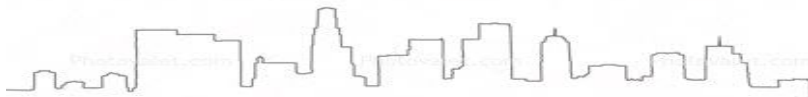




KNOWLEDGE CHECK: QUESTION #7



When can PHAs use force account labor?



49

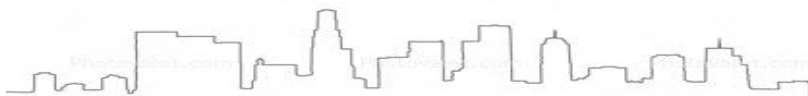


KNOWLEDGE CHECK: ANSWER #7



PHA may use force account labor if its included in the approved PHA 5-Year Action Plan, its cost effective and suitable for the PHA.

And high performing PHAs are not required to obtain HUD approval



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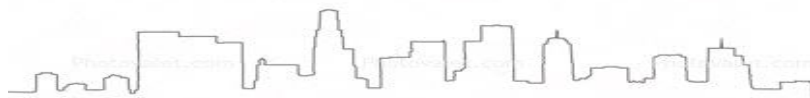
ADMINISTRATIVE REQUIREMENTS AND OTHER COMPLIANCE



PHA ADMINISTRATIVE REQUIREMENTS



- **Administrative (See Table in Section 6.8 of Guidebook for reference)**
 - CFR compliance
 - Nondiscrimination and Equal Opportunity
 - URA
 - Section 3 (24 CFR Part 135)
 - Disposition and Relocation
- **Compliance with Physical Standards – 24 CFR 905.308 (b)(5) and 905.308(b)(6)**
 - Lead-Based Paint and Fire Safety
 - Design and Construction
- **Affordability**
 - Operation as Public Housing
 - Use Restriction Secured by Declarations
 - Restriction on Transfers

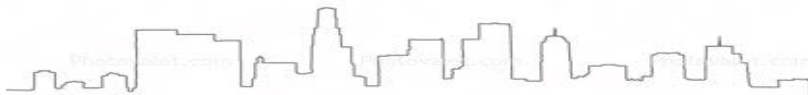




PHA ADMINISTRATIVE REQUIREMENTS, CONT.



- **Flood Insurance and Flood Plan Requirements – 24 CFR 905.308(b)(7)**
- **24 CFR 905.304 – Declaration of Trust (DOT)**
 - HUD considers PHAs to be in full compliance with DOT requirements when DOTs, with an accurate and current legal description, are recorded in first position against all of their public housing property and is effective until the latest expiration date required by the funds and/or activities at the property.
 - HUD does not require PHAs to revise and re-record DOTs based on changes to public housing unit counts or based on changes to development or AMP numbers.
 - PHAs should have a method to identify the current development numbers for the sets of land and other property against which each DOT is recorded.



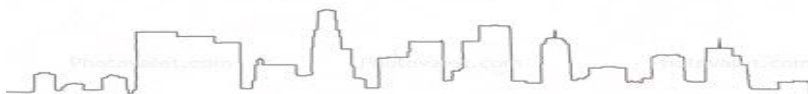
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PHA ADMINISTRATIVE REQUIREMENTS, CONT.



- **Declaration of Restrictive Covenants (DORC):**
 - A recorded document which assures HUD that the public housing units will be subject to an agreement obligating the owner entity and/or public housing authority to:
 - (1) Maintain and operate the public housing units for the period required by law in compliance with all applicable public housing requirements, and
 - (2) Not to encumber, demolish, or sell the public housing units without HUD approval.



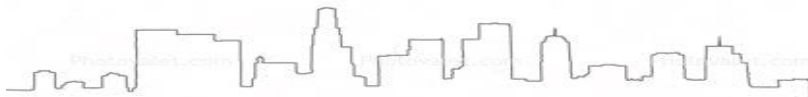
54



PHA ADMINISTRATIVE REQUIREMENTS, CONT.



- Section 18 – The demolition and disposition of public housing is authorized under Section 18 of the Housing Act of 1937, as amended. 24 CFR 970 details the administrative steps required to perform demolition/disposition activity in accordance with the Act. A revision to 24 CFR 970 was published in the Federal Register on October 24, 2006, and took effect on November 24, 2006.
- Section 30 – PIH 2011-30 provides guidance to public housing authorities on how to pursue HUD approval to place a mortgage or other encumbrance on public housing property where the subject property is owned by the PHA, typically used in CFFP transactions.



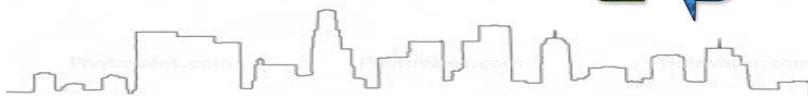
55



ENVIRONMENTAL REVIEW



- HUD is looking at ways to streamline the environmental review process for all HUD program areas.
- Updated guidance and review procedures will be provided to Field Offices and PHAs.
- Once updated, the guidance will be added to the Capital Fund Guidebook .



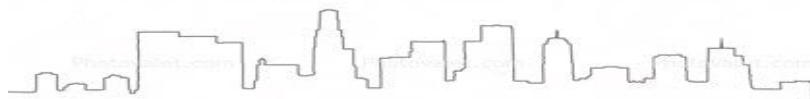
56



KNOWLEDGE CHECK: QUESTION #8



When does HUD consider a PHA to be in full compliance with DOT requirements?



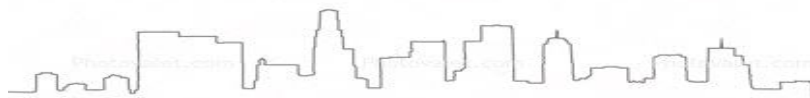
57



KNOWLEDGE CHECK: ANSWER #8



A PHA is in full compliance when DOTs, with an accurate and current legal description, are recorded in first position against all of their public housing property and is effective until the latest expiration date required by the funds and/or activities at the property.



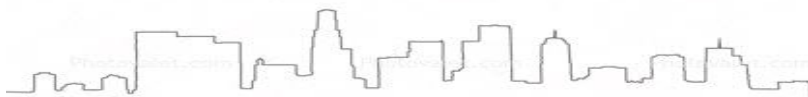
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KNOWLEDGE CHECK: QUESTION #9



Are there any restrictions on PHA property?



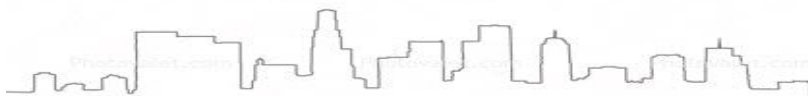
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KNOWLEDGE CHECK: ANSWER #9



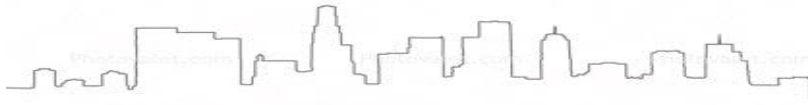
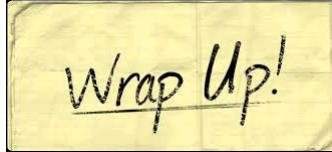
Yes, PHAs must maintain current Declaration of Trust (DOT) or a Declaration of Restrictive Covenants (DORC) for mixed finance projects for the term of the ACC.



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

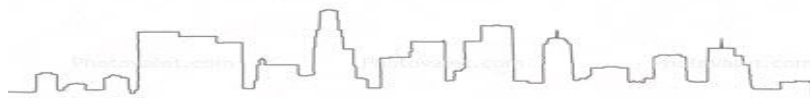
OBLIGATIONS, BUDGET REVISIONS, EXPENDITURES AND CLOSEOUT (CHAPTER 7)



CHAPTER 7: TOPICS



- Obligations
- Budget Revisions and Amendments
- Expenditures
- Closeout





OBLIGATIONS



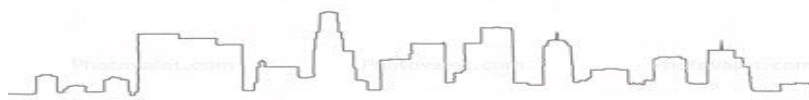
WHAT IS AN OBLIGATION?



- A binding agreement for work or financing that will result in outlays, immediately or in the future.
- Must be incorporated within the CFP 5-Year Action Plan



(Part 905.108, Capital Fund Rule published in Federal Register on October 24, 2013, at Docket No. FR-5236-F-02)

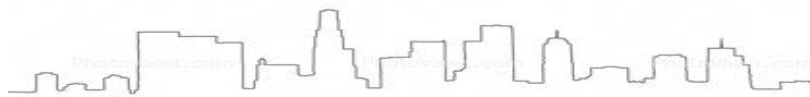




WHEN DOES OBLIGATION OCCUR?



- **Generally** - when a contract has been signed and dated by both parties.
- **Mixed Finance Development** - at financial closing
- **Conventional Development** - when the development contract is signed.



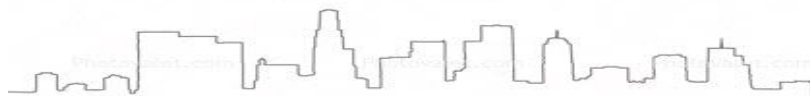
5



WHEN DOES OBLIGATION OCCUR FOR BLI 1406 OPERATIONS?



- Obligation occurs when the funds are drawn down and vouchered - the date of the voucher submission.
 - Funds budgeted in BLI 1406 and never drawn down are not obligated



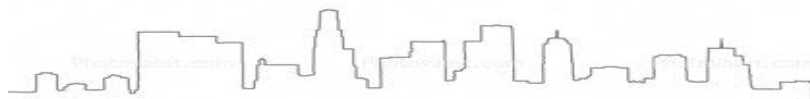
6



WHEN DOES OBLIGATION OCCUR FOR BLI 1408 MANAGEMENT IMPROVEMENTS?



- When the PHA has obligating documents, such as an executed contract, for the applicable work items
- Management Improvements expenses must meet the eligibility requirements in 905.200(b)(7).



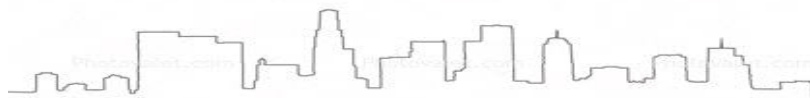
7



WHEN DOES OBLIGATION OCCUR FOR BLI 1410?



- When the PHA budgets funds in a HUD-approved 5-Year Action Plan and Annual Statement
- PHAs must adhere to the 10% cost limitation.
- PHA can voucher and draw down funds in a lump sum or over time for staff salaries/benefits.
- PHAs can draw funds up to, but not more than, 3 days in advance of a valid expense and only the amount to cover costs.



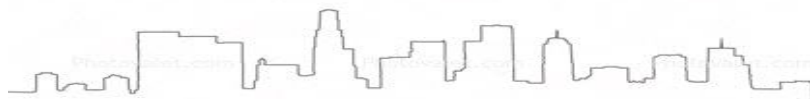
8



WHEN DOES OBLIGATION OCCUR FOR BLI 1502?



- PHA must submit a budget revision to move funds from contingency to another line item.
- Limit on contingency is 8% of Capital Fund grant.
- **Funds budgeted for contingency that remain in contingency are not considered obligated or expended.**



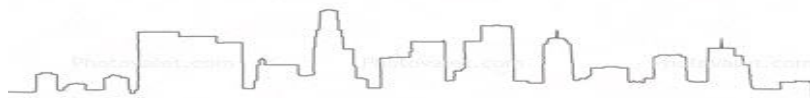
9



LETS DISCUSS: WHICH OF THE FOLLOWING ARE OBLIGATIONS?



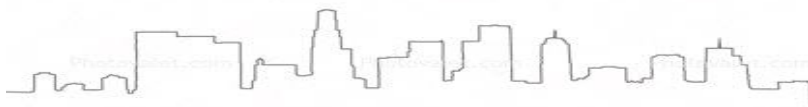
- A PHA places a purchase order for stoves.
- A developer agreement is signed.
- A PHA budgets funds to BLI 1406 Operations.
- A PHA budgets funds to BLI 1410 Administration.
- A developer contract is signed.



10



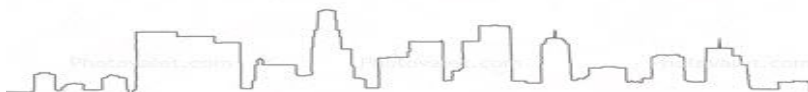
QUESTIONS



WHEN DOES OBLIGATION OCCUR UNDER THE CFFP?



- when the PHA borrows the proceeds and executes the loan or bond documents that obligate the PHA to repay these proceeds.
 - PHA should report the amount in each Capital Fund grant that is targeted for debt service as obligated in LOCCS.

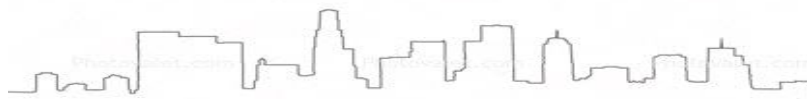




WHEN DOES OBLIGATION OCCUR FOR FORCE ACCOUNT WORK?



- Obligation means the initiation and continuation of the planned improvements in their entirety.
- Single force account work is the initiation of one work item.
- All funds for a group of sequentially-related work items are considered obligated when the first work item is started.



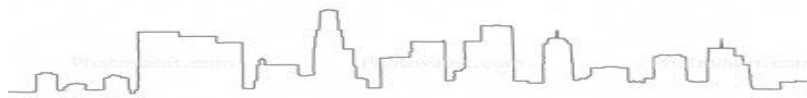
13



WHEN DOES OBLIGATION OCCUR FOR PRE-DEVELOPMENT COSTS?



- When the PHA enters into a binding contract, such as for architectural and engineering services and , demolition, abatement.
- For conventional development, up to 3 percent of Capital Funds TDC (total development cost) can be obligated for pre-development costs without HUD approval.
- For mixed finance development, Capital Funds may not be obligated for pre-development costs without HUD approval.



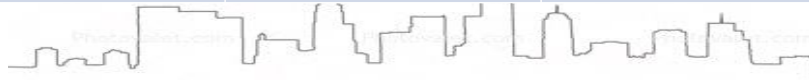
14



SUMMARY OF OBLIGATION REQUIREMENTS FOR CAPITAL FUND GRANTS



Program	Obligation Requirements	Obligation Time Frame
Capital Fund Formula (CFF) Grants	90% or more of authorized Capital Fund grant	24 months from obligation start date
Replacement Housing Factor (RHF) Grants	90% or more of authorized amount by OED for accumulation	24 months from accumulation date (up to 5 years of grants)
Emergency & Safety Security Grants	90% or more of authorized amount	12 months from the obligation start date
Disaster Grants	90% or more of authorized amount of Disaster grant	24 months from obligation start date
Demolition Disposition Transitional Funding (DDTF)	Same as Formula Grant as it is not a separate grant but part of the CFF.	Same as Formula Grant as it is not a separate grant but part of the CFF.

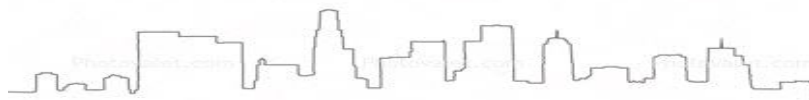


PHA REQUESTS FOR EXTENSIONS OF THE OBLIGATION END DATE (OED)



HQ will receive/review these requests and recommend for approval (by Assistant Secretary) or reject.

- Authority to extend the obligation period (**not to exceed 12 months**) is based on the following circumstances:
 - Size of PHA;
 - Complexity of capital program of the PHA;
 - Limitations on PHA ability to obligate in a timely manner as a result of State or local law; or
 - Such other factors as the Secretary determines to be relevant.

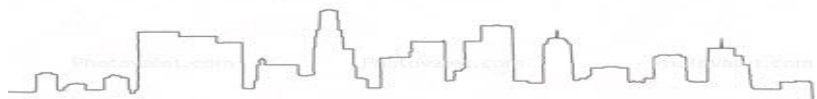




PHA REQUESTS FOR EXTENSIONS OF THE OED, CONTINUED



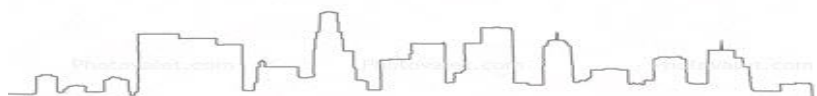
- The Act and the regulation **permit** the Secretary to **grant obligation deadline extensions in excess of 12 months** based on 9(j)(2)(A) of the Act.
- All requests for OED extensions are submitted to HQ.
- OCI sends approval/denial letter to the housing authority and a copy to FO.



PHA OBLIGATION REPORTING

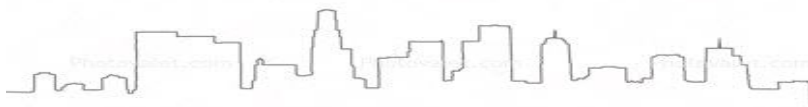


- Report monthly on the obligation and expenditure of each open Capital Fund grant in LOCCS.
- LOCCS will suspend drawdowns for all open Capital Fund grants if reporting does not occur
- PHAs must report on OED, even if at 90% Obligation or more in prior reporting period.





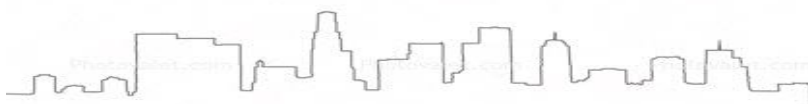
QUESTIONS



HUD MONITORING



HQ Role	FO Role
<ul style="list-style-type: none"> • Make reports available to FO at intervals of 90, 60 and 30 days prior to the OED. • Includes grants: <ul style="list-style-type: none"> • Under the 90% obligation; • Failed to report obligations in LOCCS; • Undisbursed funds in BLI 1406. 	<ul style="list-style-type: none"> • Monitoring obligation of grant funds against LOCCS deadlines. • Communicate with PHAs to confirm data is correct, to predict likelihood of meeting 90% obligation by the OED. • Work with PHAs to meet OED.



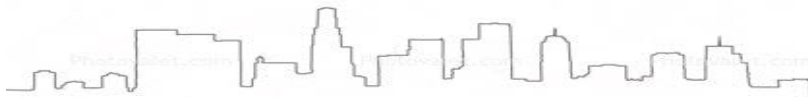


HUD MONITORING



- Determining Compliance:
 - HUD may request and/or review some or all PHA documentation supporting the obligation.
- Determining Noncompliance:
 - The 1937 Act requires that all subsequent Capital Fund grants be withheld from a PHA that is not in compliance with the deadlines described in this section.

Note: As of November 25, 2013, a PHA that fails to obligate 90% of any RHF grant – RHF funds unobligated by OED are automatically recaptured.



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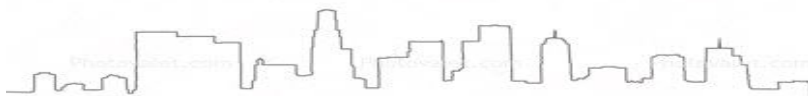


CONSEQUENCES OF NONCOMPLIANCE WITH THE OBLIGATION END DATE – PENALTIES AND SANCTIONS



- HUD will withhold a PHA's next Capital Fund grant until the PHA obligates at least 90% of its past due grant.
 - Reduction of the new Capital Fund Grant by 1/12 for every month or portion of the month that the PHA was in non-compliance with the OED requirements of the previous grant.

$CFF/12 \times \# \text{ of months of non-compliance} = \text{penalty}$
 - Penalty is not imposed on the noncompliant grant; it is applied to the suspended grant.



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EXAMPLE: PENALTY APPLICATION

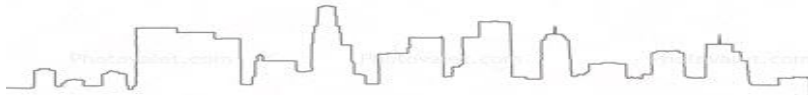


Example #1

The A PHA failed to obligate at least 90% of a FY2010 Capital Fund formula grant by the OED of July 10, 2012

What Happens?

1. Continue to obligate this noncompliant grant until it can demonstrate a 90% obligation.
2. It achieved the 90% obligation on October 12, 2012 - 3 months and 2 days after the OED.
3. HUD penalizes PHA for 4 months worth of grant on next year's (FY2013) Capital Fund formula grant.



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EXAMPLE: PENALTY APPLICATION



Penalty Calculation and Implementation

- FY2013 formula grant is \$140,000.
 $\$140,000/12 = \$11,667$
 $\$11,667 \times 4 \text{ months} = \$46,668$
 $\$140,000 - \$46,668 = \mathbf{\$93,332}$ new FY2013 grant amount
- (Authorized Amount of new grant)-[(Authorized Amount of new grant/12) *(penalty months)]=Reduced Grant amount
- HUD executes new FY 2013 ACC Amendment and recaptures \$46,668 penalty.
- HUD notifies REAC and PHA FY2013 PHAS is reduced

Maximum penalty is 12/12 or 100% of next year's Capital Fund grant.

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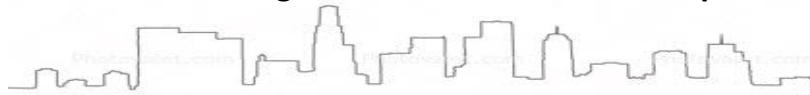


HUD MONITORING: DEOBLIGATION AND REOBLIGATION



- A PHA may deobligate and then reobligate funds if a legitimate obligation of Capital Funds must subsequently be “undone” due to a voided contract.
 - A PHA is not penalized if the OED has passed and it is no longer compliant with the 90% obligation requirement.
- If the FO accepts, the PHA reports the deobligation and the FO includes a Project Note in LOCCS.
- Obligation date is only extended if approved by HUD HQ.

NOTE: If the expenditure end date has passed, the grant cannot be reobligated and funds must be recaptured.



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DEOBLIGATION AND REOBLIGATION EXAMPLE



Anytown PHA has an obligation end date of 8/3/2012. It has obligated 80% of its grant already and signs contracts with architects and engineers to develop new units at an identified site on 7/15/2012. This contract accounts for 15% of the Capital Fund grant. As of 7/15/2012, the PHA is 95% obligated and in compliance with 9(j) requirements.

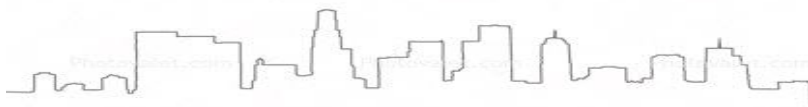
On 9/1/2012, an environmental review indicates that the site cannot be approved for development. The contract is no longer valid, and the PHA must deobligate 15% of its grant. Although the PHA was 95% obligated on the obligation end date, as of 9/1/2012, the PHA’s grant is only 80% obligated.

The PHA is not penalized because it was in compliance with the requirements on the OED.

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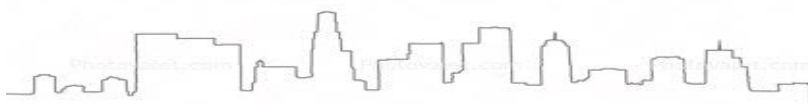
QUESTIONS



KNOWLEDGE CHECK: QUESTION #1



If two parties sign a contract for an obligation at separate times, when does the obligation occur?

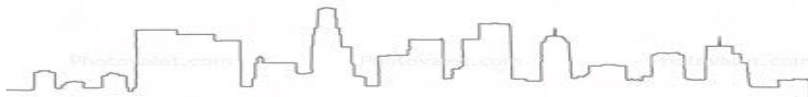




KNOWLEDGE CHECK: ANSWER #1



When the second party signs the contract.



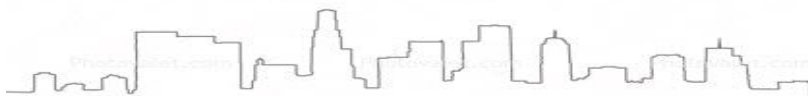
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KNOWLEDGE CHECK: QUESTION #2



When does obligation occur for Force Account work?



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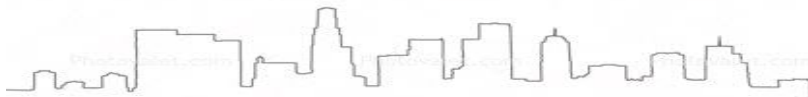


KNOWLEDGE CHECK: ANSWER #2



If it is a single scope of work, such as only a roof, the day when work on the roof begins.

If the scope of work has multiple segments, such as roofs, bathrooms and kitchens, the day when each individual segment of work begins.



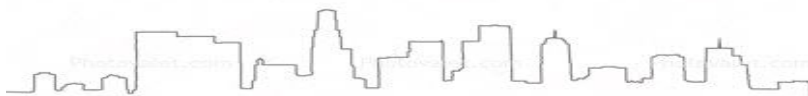
31



KNOWLEDGE CHECK: QUESTION #3



Does the PHA need to report on the OED if it reports that it has obligated 100% of the grant 4 months prior to the OED?

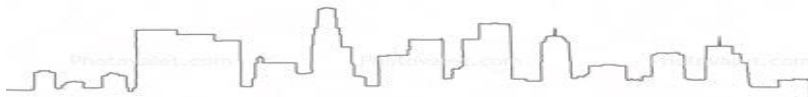


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KNOWLEDGE CHECK: ANSWER #3

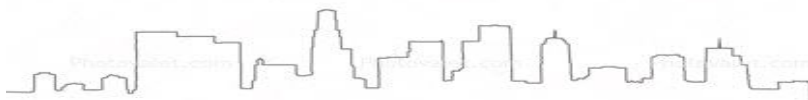
Yes.



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MOVEMENT BREAK





BUDGET REVISIONS AND AMENDMENTS

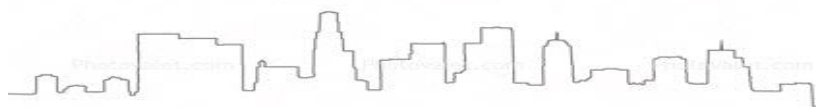


BUDGET REVISIONS



- Reasons for a budget revision include:
 - Conform to reissued CF ACC Amendment.
 - Reflect change in plans during the obligation and expenditure phases.
 - Preparation of the Performance and Evaluation Report (P&E Report).
 - At closeout.
 - Comply with HUD requirements from program assessment, official audit review, or similar review.

Activity	Original Budget	Revised Budget	Change
Maintenance	2,000,000	2,000,000	0
Electricity	1,000,000	1,000,000	0
Water	500,000	500,000	0
Gas	500,000	500,000	0
Telephone	100,000	100,000	0
Internet	100,000	100,000	0
Postage	100,000	100,000	0
Travel	100,000	100,000	0
Supplies	100,000	100,000	0
Professional Services	100,000	100,000	0
Contract Administration	100,000	100,000	0
Construction	100,000	100,000	0
Other	100,000	100,000	0
Total	5,000,000	5,000,000	0

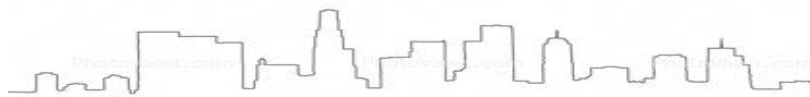




BUDGET REVISIONS, CONTINUED



- Do I have to submit all budget revisions to HUD? **YES.**
 - All Budget Revisions submitted to HUD.
 - Only significant amendment budget revisions require HUD approval.
- PHAs must amend the budget any time work items change or amounts in the existing budget change before expending funds.
- **The PHA shall provide a copy of any amended 5-Year Action Plan to the Field Office before the PHA undertakes any related contract obligations and/or expenditures.**
- Amend the budget before making the expenditure. No later than 45 days prior to the OED.



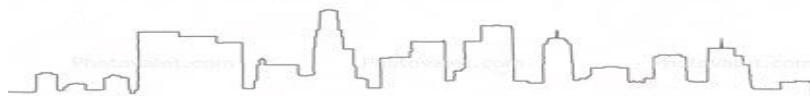
37



TYPES OF BUDGET REVISIONS



Budget Revision Type	Description
Budget Revisions Due to Revised ACC Issuance	If a Capital Fund grant needs to be amended by issuance of a revised ACC Amendment, the PHA must revise its budget to distribute any increase or decrease or to zero out previously listed work items. Amended ACCs are issued when the initial grant is reduced as a result of an audit or a penalty, where HUD determines that the PHA is not in compliance with obligation and expenditure deadlines, or for other administrative or programmatic reasons as established by HUD.
	A budget revision is not required when HUD fully recaptures a Capital Fund Grant except as part of the closeout process.



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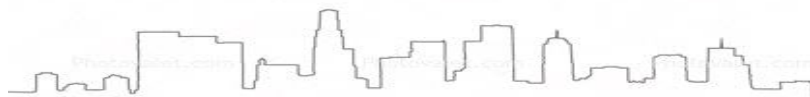
EXAMPLES OF BUDGET REVISIONS DUE TO REVISED ACC



- A PHA has a FY 2010 grant of \$500,000.
- Expenditure End Date is 9/1/2014.
- PHA disburses and expends \$450,000 by 9/1/14.

HUD will issue a revised ACC Amendment to reduce the 2010 grant to \$450,000, and recapture the unexpended \$50,000.

The PHA must submit a budget revision to reflect the new grant amount.




TYPES OF BUDGET REVISIONS, CONTINUED



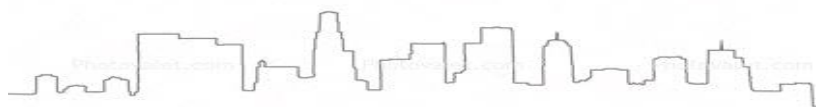
Budget Revision Type	Description
Budget Revisions Related to Obligation, Expenditure, and Closeout	In administering the Capital Fund grant, PHAs have the operational flexibility to increase, decrease or zero-out previously approved work items.
	Once eligible activities are officially contracted, a PHA can report the related obligated funds in LOCCS with disbursements and expenditures reported in LOCCS thereafter.
	PHAs must submit budget revisions to the Field Office before the obligation end date and expenditure end date established in LOCCS for each grant. Late budget revisions cannot be processed if the proposed revisions impact the total of funds obligated as of the obligation end date.
	PHAs should submit budget revisions no later than 45 days prior to the EED in order to properly expend Capital Funds in a timely manner.







TYPES OF BUDGET REVISIONS, CONTINUED

Budget Revision Type	Description
In Connection with P&E Reports	As the PHA prepares the P&E Report for closeout, it may determine that budget revisions are necessary in order to line up the budgets and expenditures.





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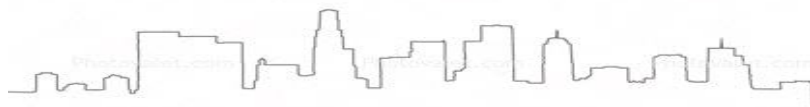
TYPES OF BUDGET REVISIONS, CONTINUED

Budget Revision Type	Description
Closeout of Capital Fund Grant	PHAs may submit budget revisions toward the end of the EED in order to properly expend Capital Funds in a timely manner. A PHA may simultaneously submit a budget revision and a final budget for closeout of a Capital Fund grant.
Other Budget Revisions	<p>The Field Office may require a PHA to amend its 5-Year Action Plan as a result of a program review or assessment, an official audit review by the OIG or other authorized entity, or other administrative reasons.</p> <p>Examples include PHAs under receivership, a CFP with a defined HUD review threshold following a management review or program audit, or other administrative directives (such as voucher approval for disbursement threshold exceeding 10% of the authorized amount in the BLIs 1410 through 1485).</p> <p>In these cases, the Field Office will advise the PHA and provide guidance regarding the needed changes to the 5-Year Action Plan.</p>


42



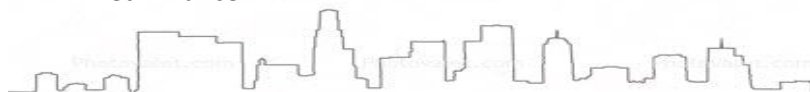
QUESTIONS



BUDGET REVISION PROCEDURES: SIGNIFICANT AMENDMENT



- Significant Amendments must be submitted as a separate written statement for HUD to review and approve.
- What is Considered a Significant Amendment?
 - Criteria established by the PHA.
 - Demolition/Disposition.
 - Homeownership.
 - Capital Fund Financing.
 - Development.
 - Mixed-Finance.





BUDGET REVISION PROCEDURES: SIGNIFICANT AMENDMENT



Significant Amendment and Substantial Deviation/Modification

As described in 24 CFR 903.21, the PHA may amend, modify or change any policy, rule, regulation or other aspect of its Annual or Five-Year Plan after submitting the plan to HUD. It further describes that if the modification or change is considered a "significant amendment" or "substantial deviation/modification" as defined by the PHA, then the PHA must comply with a number of requirements similar to those required at initial development and submission of the PHA Plan.

Although HUD has afforded PHAs local discretion in defining the terms "significant amendment" and "substantial deviation", in the Final Rule for the PHA Plan, HUD indicated that these terms should be defined at the local level as part of the public participation in the PHA Plan process. The PHA must state the basic criteria for the definitions in its annual plan, and must provide its definition of significant amendment and substantial deviation/modification in Section 18D of the PHA Plan template or as an attachment to the PHA Plan.

The Regional Housing Authority [redacted] certifies that in accordance with 24 CFR 903.21 there here have been no:

- Changes to rent or admissions policies or organization of the waiting list;
- Additions of non-emergency work items (items not included in the current Annual Statement or Five-year Action Plan) or change in the use of replacement reserve funds under the Capital Fund;
- Additions of new activities not included in the current PHDEP Plan; and
- Change with regard to demolition or disposition, designation, homeownership programs or conversion activities.

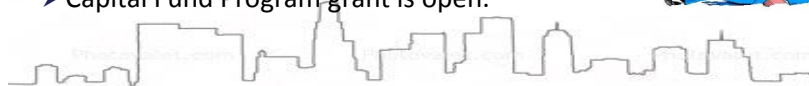


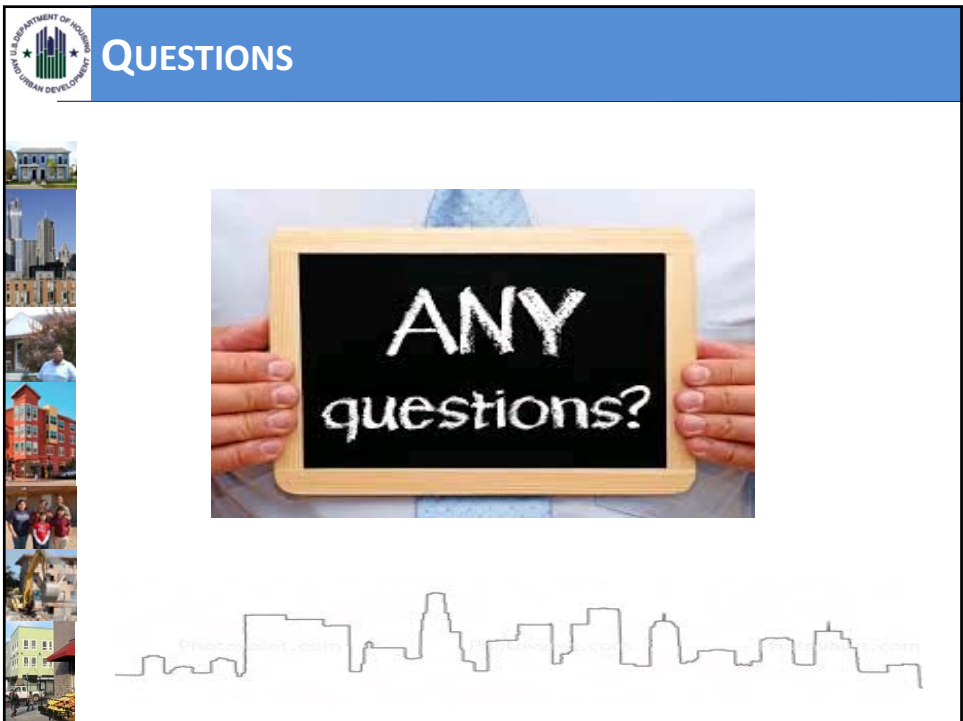
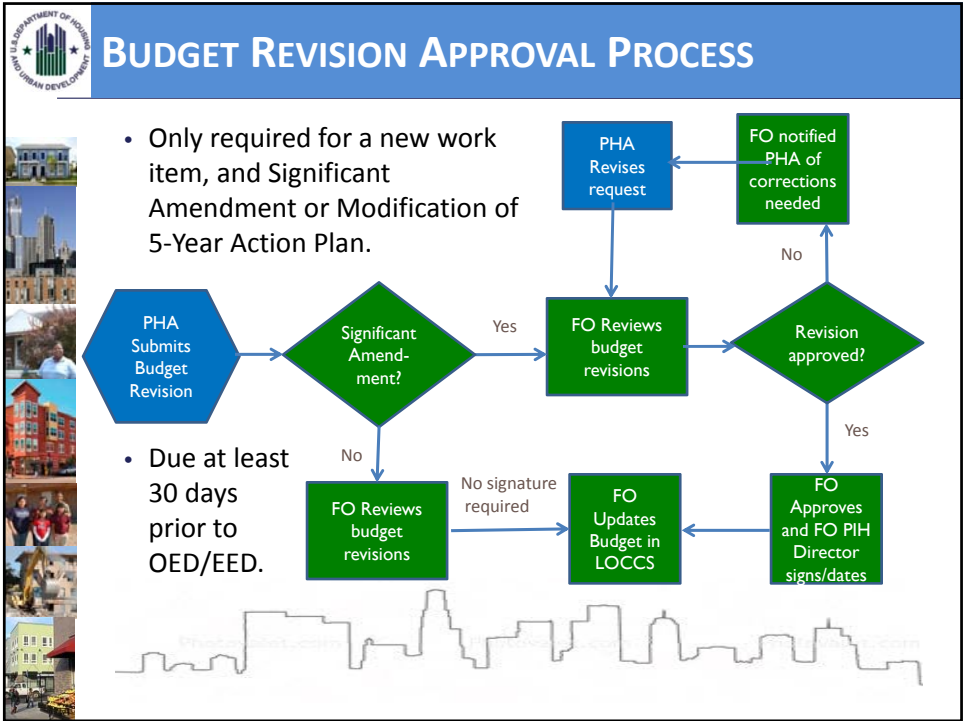
BUDGET REVISION PROCEDURES FUNGIBILITY



The PHA should submit a revised 5-Year Action Plan to reflect the items moved through fungibility.

- Fungibility of proposed work items is allowed, but the following items must be satisfied:
 - Included in the environmental review.
 - PHA prepares/submits a budget revision prior to implementation.
 - Work Item must be in a budget line item that appears in both years' 5-Year Action Plan budgets.
 - Work Items to be moved OED meets the timeframe of the grant to which they are to be moved;
 - Capital Fund Program grant is open.



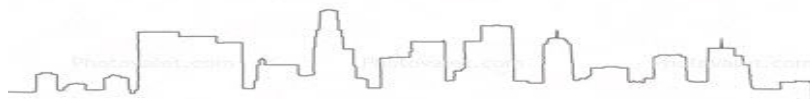




KNOWLEDGE CHECK: QUESTION #4



Must all budget revisions be approved by HUD?



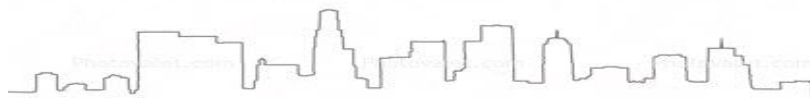
49



KNOWLEDGE CHECK: ANSWER #4



No. All budget revisions have to be submitted to HUD. Only Significant Amendments must be approved by HUD. In addition, any new work item not previously included in the CF 5 Year Action Plan, must be approved by HUD.



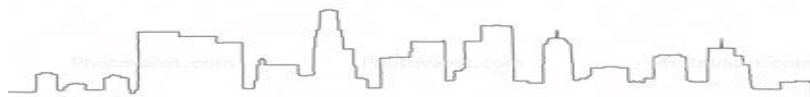
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KNOWLEDGE CHECK: QUESTION #5



HUD has no mandatory criteria for PHAs to define a Significant Amendment. True or False? Explain



51

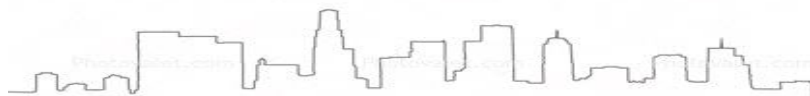


KNOWLEDGE CHECK: ANSWER #5



False, HUD provides that, at minimum, the PHA definition of Significant Amendment must included changes that involve:

- **Demolition/Disposition.**
 - **Homeownership.**
- **Capital Fund Financing.**
 - **Development.**
 - **Mixed-Finance.**



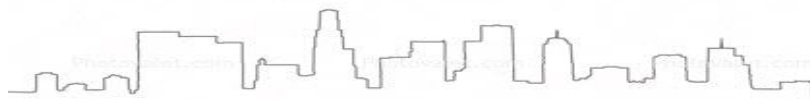
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KNOWLEDGE CHECK: QUESTION #6



HUD approval is not required for a PHA to implement "fungibility." True or False? Explain.



53

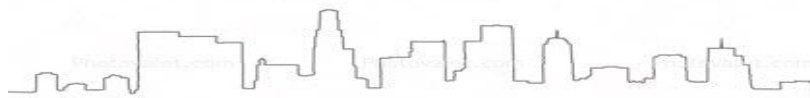


KNOWLEDGE CHECK: ANSWER #6



True, assuming:

- The "fungibility" work item was included in the environmental review.
- The PHA prepares/submits a budget revision prior to implementation.
- The work item is in a budget line item that appears in both years' 5-year Action Plan budgets.
- The work items to be moved OED meets the timeframe of the grant to which they are to be moved.
- Capital Fund Program grant is open.



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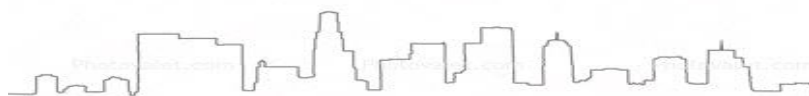


EXPENDITURES



WHAT IS AN EXPENDITURE?

- Relates to the amount of PHA bills due and payable.
- **Disbursement** - The act of distributing Capital Funds from HUD accounting (LOCCS) to the PHA's bank to pay the Toms.
- **Expenditure End Date (EED)** - The final date a PHA may expend (pay out) funds drawn from LOCCS for Capital Fund-related expenses.
- Generally statute requires 100% within 4 years of date that funds are made available, or obligation start date.

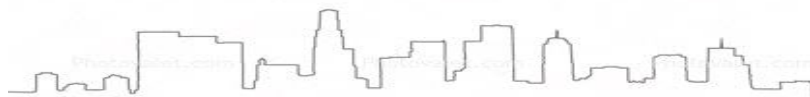




SUMMARY OF EXPENDITURE REQUIREMENTS FOR CAPITAL FUND GRANTS



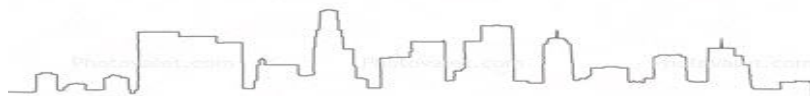
Grant	% of Expenditure	# of Months
Capital Fund Formula Grant	100%	48 months from obligation start date in LOCCS
Replacement Housing Factor Grant	100%	48 months from time PHA accumulates adequate funding (up to 5 years of grants)
Disaster Grant	100%	48 months from obligation start date in LOCCS
Emergency & Safety Security Grants	100%	24 months from obligation start date in LOCCS



EXPENDITURE REQUIREMENTS FOR REPLACEMENT HOUSING FACTOR GRANTS



- All RHF grants in HUD-approved accumulation must expend 100% by expenditure end date.
- All RHF grants in the accumulation have the same Expenditure End Date (EED).
- For non-accumulated RHF grants, EED is same as EED of formula grant for that FY.

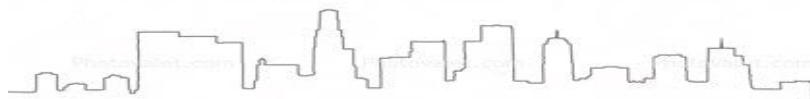




ACCOUNT CLOSING STATUTE AND RHF GRANT ACCUMULATION



- Exception to RHF Expenditure Requirements:
 - When a PHA accumulates 5 consecutive years of RHF grants
 - Disbursement End Date (DED) for the first grant in the accumulation must fall before the end of the fiscal year in which the other 4 grants have their DED.
- **For example**, if a PHA accumulates 2010-2014 grants, HUD sets July 29, 2018 as the DED for the first grant in the accumulation and October 29, 2018 as the DED for the remaining 4 grants.



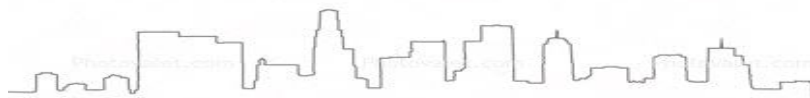
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EXPENDITURE REQUIREMENTS FOR RAD CONVERSION



- If HUD has approved extension of OED to 60 months (5 years) after effective date of applicable CF ACC Amendment, EED is extended the same.



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ARE EXPENDITURES AND DISBURSEMENTS THE SAME THING?



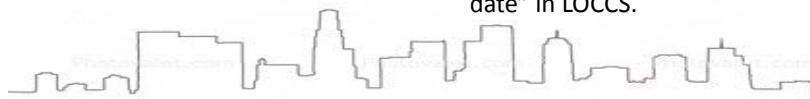
Disbursements

- Disbursements, are automatically determined by LOCCS.
- Used by HUD to track EED compliance.
- When PHAs voucher Capital Funds, these funds are considered disbursed.



Expenditures

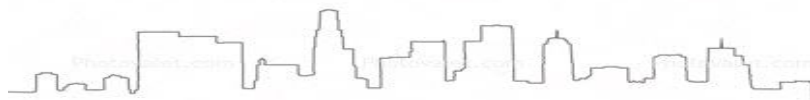
- Expenditures are PHA self-reported.
- Not used to track EED compliance.
- When a PHA pays a contractor or vendor Tom using funds withdrawn (e.g., disbursed) from LOCCS.
- PHAs required to report expenditures monthly in LOCCS, for each open Capital Fund grant until FO enters a “pre-audit date” in LOCCS.




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QUESTIONS



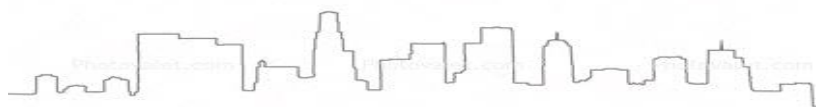


EXPENDITURES/VOUCHER REQUIREMENTS


- PHA vouchers are automatically paid unless the FO or HQ establishes a threshold or sets on auto review in LOCCS.
- Expenditures reported should not exceed LOCCS disbursements.



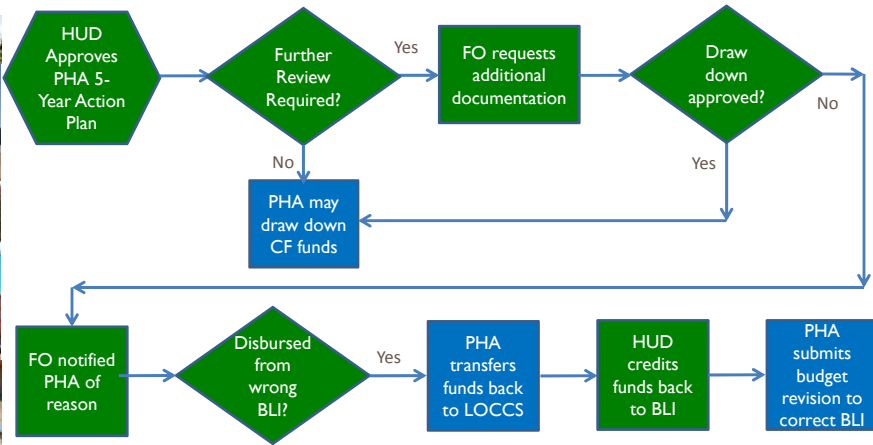
Expenditures exceeding disbursements may be a red flag.



63




DRAWDOWN PROCESS



```

graph TD
    A[HUD Approves PHA 5-Year Action Plan] --> B{Further Review Required?}
    B -- No --> C[PHA may draw down CF funds]
    B -- Yes --> D[FO requests additional documentation]
    D --> E{Draw down approved?}
    E -- No --> C
    E -- Yes --> C
    C --> F[FO notified PHA of reason]
    F --> G{Disbursed from wrong BLI?}
    G -- No --> C
    G -- Yes --> H[PHA transfers funds back to LOCCS]
    H --> I[HUD credits funds back to BLI]
    I --> J[PHA submits budget revision to correct BLI]
    J --> C
    
```



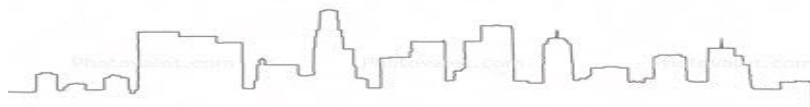
64



DRAWDOWN PROCESS



- BLI 1410- Administration:
 - PHAs can disburse funds budgeted for BLI 1410 Administration all at once or on a monthly basis.
- BLI 1406- Operations:
 - For transfers to Operations, the funds must be drawn down by LOCCs vouchers to be considered obligated.
 - Voucher date in LOCCS is the date of obligation and expenditure.
 - Funds budgeted for Operations but never drawn down are not obligated or expended.



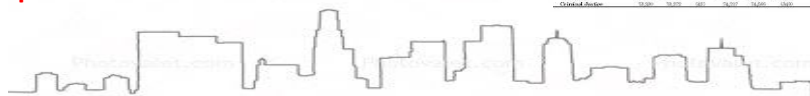
PHA EXPENDITURE REPORTING



- Report monthly obligations and expenditures of each open Capital Fund grant in LOCCS.
- Monthly obligation/expenditure reporting required until grant is in "Pre-Audit" status in LOCCS.
 - Occurs after PHA submits closeout documents.
- Failure to report results in withholding of funds.
- Ensure Capital Fund expenditures do not exceed LOCCS disbursements.

Imbalance may be indication PHA has paid Capital Fund expenses from another restricted PHA account, which is prohibited.

Program	EXPENDITURE FORECAST COMPARISON (Dollar Amounts in Millions)				
	2009-2010		2009-2010		Target
	WASH	Other	WASH	Other	
Grant of Total Spending	\$1,481.4	\$1,481.4	\$1,481.4	\$1,481.4	\$1,481.4
Multi-Use	881.3	600.1	881.3	600.1	881.3
Public Assistance	479.9	401.2	479.9	401.2	479.9
Early Assistance	88.2	38.9	88.2	38.9	88.2
Other/Net	0.0	0.0	0.0	0.0	0.0
Total	1,481.4	1,481.4	1,481.4	1,481.4	1,481.4
Capital	1,140.0	1,140.0	1,140.0	1,140.0	1,140.0
Public Assistance	381.0	381.0	381.0	381.0	381.0
Early Assistance	378.0	378.0	378.0	378.0	378.0
Other/Net	381.0	381.0	381.0	381.0	381.0
Capital Budget	1,140.0	1,140.0	1,140.0	1,140.0	1,140.0



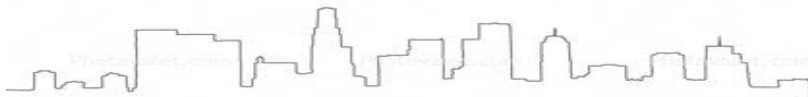


HUD EXPENDITURE MONITORING



HQ Role	FO Role
<ul style="list-style-type: none"> • Monitor LOCCS disbursements to monitor EED compliance. • Make reports available to FO at intervals of 90, 60 and 30 days prior to the EED. • Includes grants under the 100% disbursed in LOCCs or reported expended. 	<ul style="list-style-type: none"> • Monitoring expenditure of grant funds against LOCCS deadlines. • Communicate with PHAs to confirm data is correct, to predict likelihood of meeting the EED. • Work with PHAs to meet EED.

For example, a PHA may amend its 5-Year Action Plan to shift activities under a newer Capital Fund grant year to one with an approach EED. This is allowed if approved by HUD prior to EED.



67

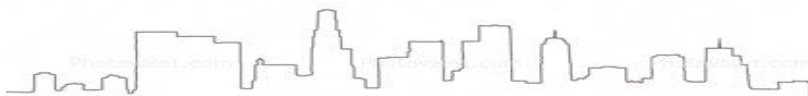


CONSEQUENCES OF NONCOMPLIANCE WITH EED – PENALTIES



- Failure to expend all funds in a Capital Fund grant from LOCCS by the EED will result in recapture of all unexpended funds by HUD.

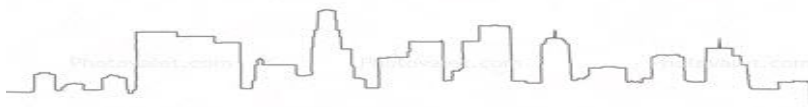
Note: Obligation of those funds is not sufficient to meet this expenditure requirement.



68



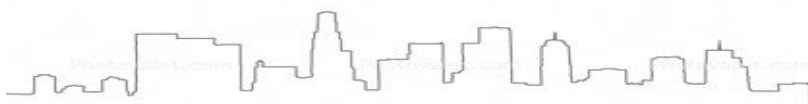
QUESTIONS



KNOWLEDGE CHECK: QUESTION #7



Can a PHA request an extension to the Expenditure End Date?



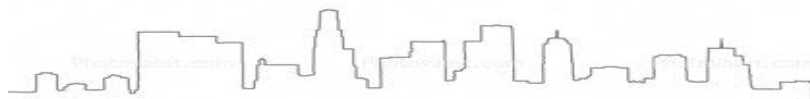


KNOWLEDGE CHECK: ANSWER #7



No.

The PHA may only receive an extension of the expenditure end date if HUD approves an extension of the obligator end date and only for the same period of time as the obligation extension.



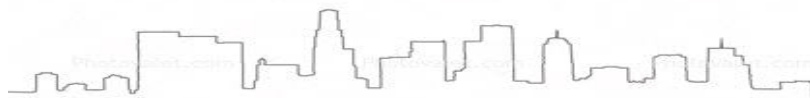
71



KNOWLEDGE CHECK: QUESTION #8



What happens if a PHA does not expend 100% of its grant by the Expenditure End Date?



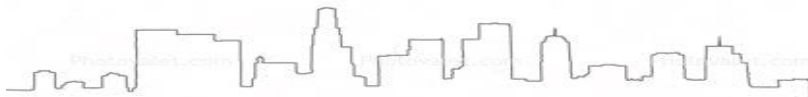
72



KNOWLEDGE CHECK: ANSWER #8



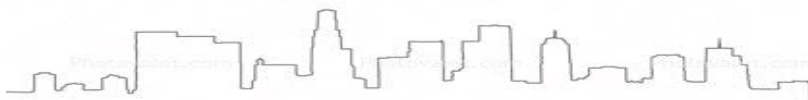
HUD will recapture the unexpended bDavidce from the PHA.



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MOVEMENT BREAK





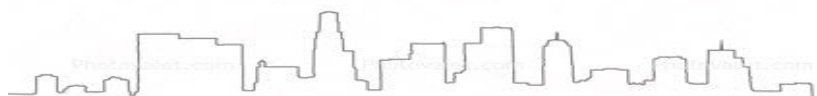
CLOSEOUT



FISCAL CLOSEOUT SUBMISSIONS

➤ PHA submits to Field Office:

- For modernization projects;
 - Actual Modernization Cost Certificate (AMCC) (Form HUD-53001).
 - Final Performance & Evaluation Report (Form HUD-50075.1).
- For development projects:
 - Actual Development Cost Certificate (ADCC) (Form HUD-52427).
 - Final Development Cost Budget/Cost Statement (Form HUD-52484).
 - Annual Audit, if applicable.

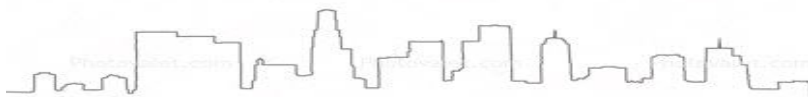




FIELD OFFICE REVIEW OF COST CERTIFICATE

- Are the new or existing deficiency items resolved?
- Amounts on final P&E Report and Cost Certificate agree?
- Cost Certificate and LOCCS agree?
 - If Yes – FO enters pre-audit date in LOCCS (cannot precede OED).
 - Grant considered closed and monthly reports no longer required.

Note: PHAs shall not pay invoices from other sources, and later reimburse that source from the Capital Fund.

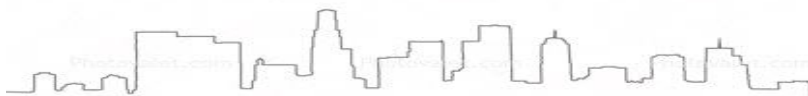


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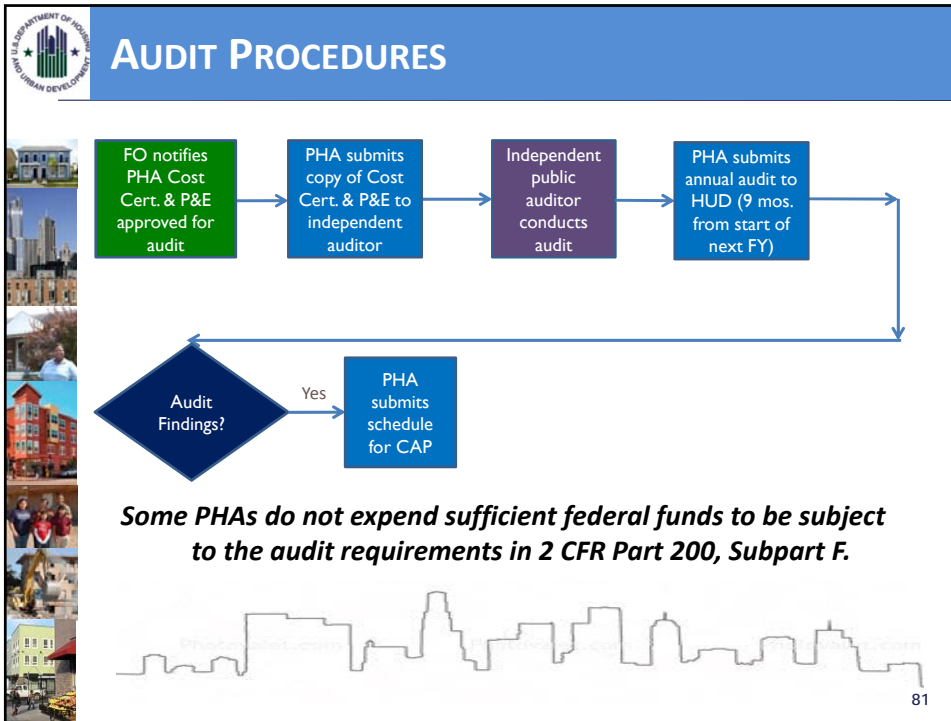


PENALTY FOR FAILURE TO SUBMIT COST CERTIFICATE AND P&E REPORT

- If the PHA does not submit Cost Certificate and final P&E Report timely, HUD may impose restrictions on open Capital Fund Grants until submitted such as:
 - Establish review thresholds;
 - Set grant to “auto-review” (Field Office full review of all voucher requests);
 - Suspend grants.
- HUD will notify PHA prior to imposing restrictions.



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REVIEW & APPROVAL OF COST CERTIFICATE AND AUDIT

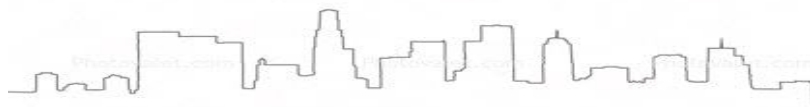
- PHAs not subject to annual audit:
 - HUD will review and approve the Cost Certificate.
- PHAs subject to audit:
 - HUD will review audit to verify costs agree with Cost Certificate.
- Ft. Worth CFO enters post-audit end date in LOCCS – grant closed.

CLOSEOUT

82



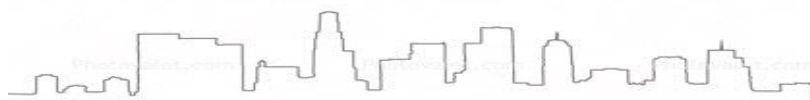
QUESTIONS



FIELD OFFICE DOCUMENT RETENTION



- ACC Amendment form;
- Environmental Assessment (currently Form HUD-4128, Form-7015.16 or equivalent);
- Final Signed AMCC (currently Form HUD-53001) or ADCC (currently Form HUD-52426);
- Closeout Letter;
- 5-Year Action Plan Budget from that FY (currently Form HUD-50075.1 – Annual Statement/Performance and Evaluation Report-the Final P/E), pages 1 and 2; and
- Any other significant documentation such as that related to recapture or detailing issues with grant misuse.

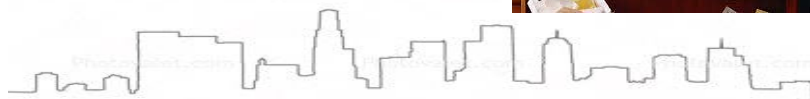




FIELD OFFICE DOCUMENT RETENTION, CONT.



- File in PHA Capital Fund grant closeout folder per:
 - 2 CFR Part 200 (see e.g., 200.333 - .337).
 - Field Office's record management plan.
 - HUD Handbook 2225.6.
 - Records Disposition Schedules.
 - HUD Handbook 2228.2, General Records Schedules.
- LOCCS forms and banking forms are secured and kept according to 2 CFR Part 200.



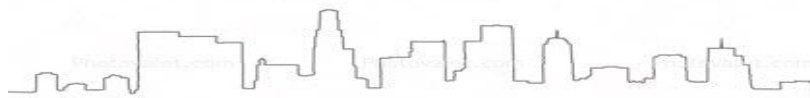
85



KNOWLEDGE CHECK: QUESTION #9



When a PHA expends 100% of a Capital Fund grant, it has no other submission requirements. True or False? Explain.



86

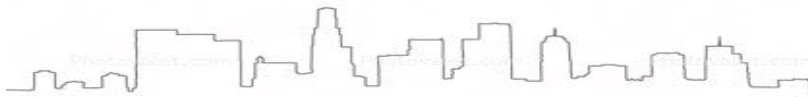


KNOWLEDGE CHECK: ANSWER #9



False. The PHA must closeout the grant by submitting to HUD the following:

- **An Actual Modernization Cost Certificate (AMCC) (HUD Form 53001) – for modernization projects.**
- **Final Performance & Evaluation Report (P&E Report), with budget revision if applicable - for modernization projects.**
- **An Actual Development Cost Certificate (ADCC) (HUD Form HUD-52427) – for development projects.**
- **Audit (if applicable).**



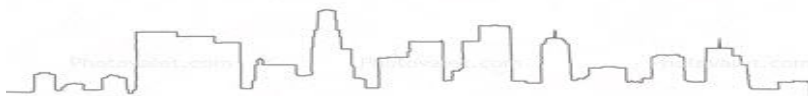
87



KNOWLEDGE CHECK: QUESTION #10



The HUD Field Office can immediately approve the AMCC when it is submitted without any further review. True or False? Explain.



88

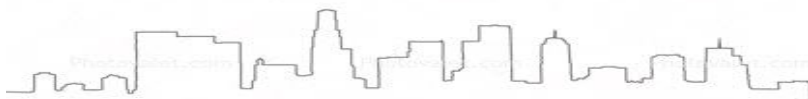


KNOWLEDGE CHECK: ANSWER #10



False. The HUD Field Office will review the closeout documents to determine if:

- Are the new or existing deficiency items resolved?
- Amounts on final P&E Report and Cost Certificate agree?
- Cost Certificate and LOCCS agree?
- If Yes -- Field Office enters pre-audit date in LOCCS (cannot precede OED).



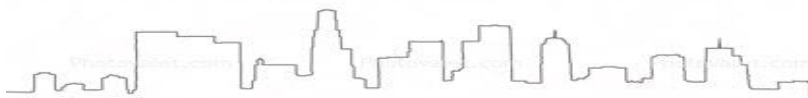
89



KNOWLEDGE CHECK: QUESTION #11



PHAs cannot pay Toms from the Operating Fund or other sources and reimburse itself later from the Capital Fund. True or False? Explain.



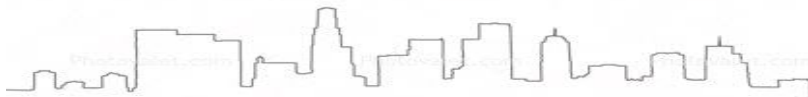
90



KNOWLEDGE CHECK: ANSWER #11



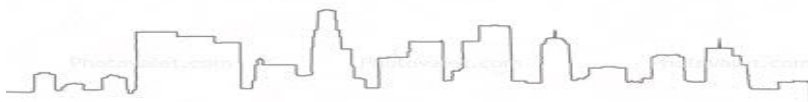
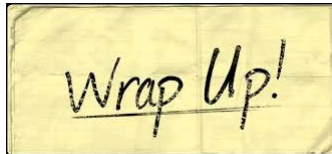
False. PHAs shall not pay invoices from other sources, and later reimburse that source from the Capital Fund.



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

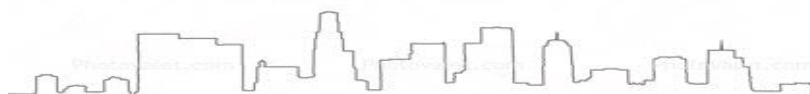
EMERGENCY, NON-PRESIDENTIALLY DECLARED NATURAL DISASTER AND SAFETY/SECURITY GRANTS (CHAPTER 8)



CHAPTER 8: TOPICS



- Emergency, Non-Presidentially Declared Natural Disaster Grants
- Emergency Safety/Security Grants





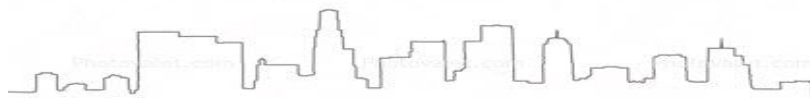
EMERGENCY, NON-PRESIDENTIALLY DECLARED NATURAL DISASTER GRANTS



OVERVIEW



- Emergency and Non-Presidentially Declared Natural Disaster funds are Congressionally Mandated set aside of Capital Fund Program (CFP).
- Authorized by annual appropriation.
- Permits HUD to use a *portion* of the set-aside for safety and security funding.

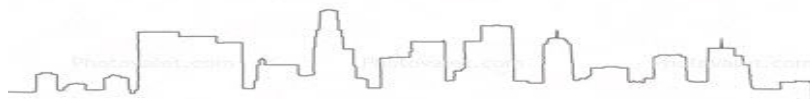




OVERVIEW, CONTINUED



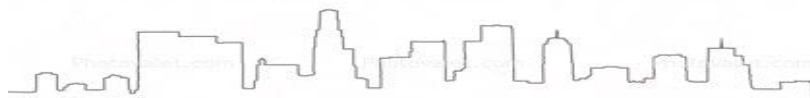
- Grants cover capital needs arising from emergencies and non-presidentially declared natural disasters within current fiscal year (FY) of request.
- First-come, first-serve.
- Insurance coverage, which is required by the ACC, should be a PHA's primary source of funding for repair or replacement costs associated with Emergencies and Non-Presidentially Declared Natural Disasters.



WHAT IS AN EMERGENCY?



- An unforeseen or unpreventable event or occurrence that poses an immediate threat to the health and safety of the residents.
- Must be corrected within one year of funding.
- Examples are sewer and plumbing line failures, boiler and chiller system failures, severe electrical problems, foundation shifting, elevator failures.

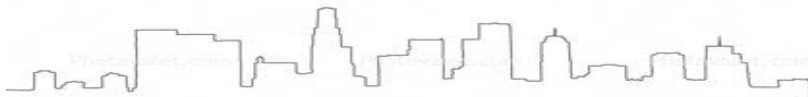




WHAT IS A DISASTER?



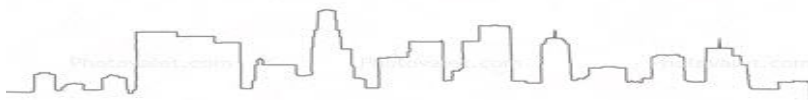
- An extraordinary event, such as an earthquake or hurricane, affecting public housing property owned and managed by a PHA.
- Excludes areas covered by a Presidentially-Declared Natural Disaster (i.e. Hurricane Sandy).
- PHAs are eligible for permanent reconstruction assistance through the Federal Emergency Management Agency (FEMA) for Presidentially-Declared Natural Disasters.
 - If the PHA or Field Office is unsure whether the affected Public Housing Property is located in a Presidentially-Declared disaster area, it should contact Headquarters for a determination.



7



QUESTIONS

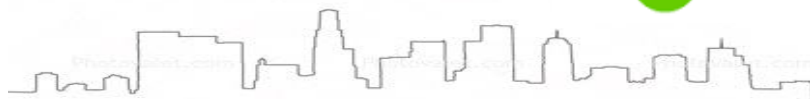




EMERGENCY AND NATURAL DISASTER GRANTS – ELIGIBLE USES



- Costs associated with the repair or replacement of a public housing project - only damaged within the same FY as the request and as result of an Emergency or Natural Disaster in a non-presidentially declared disaster area.
- Relocation and the cost to provide temporary housing to public housing residents (i.e. hotel, moving van rental, temporary storage, boxes.) until public housing units can be repaired.



9



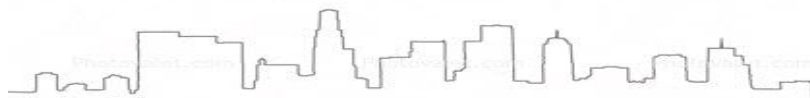
EMERGENCY AND NATURAL DISASTER GRANTS – INELIGIBLE USES



- Cost of routine and preventative maintenance, such as routine unit turnaround, janitorial services, elevator service, extermination of rodents and pests, etc.
 - Emergency cannot result from lack of routine maintenance.
- Transfers to Operations:
 - Operations costs are not capital needs!



If a PHA routinely transfers the maximum amount of Capital Funds to operations and finds itself in need of emergency funds – alter policies to convert a lower percentage of Capital Funds to operations.



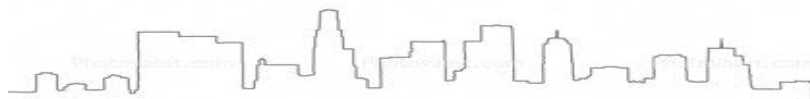
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EMERGENCY AND NATURAL DISASTER GRANTS – INELIGIBLE USES, CONT.



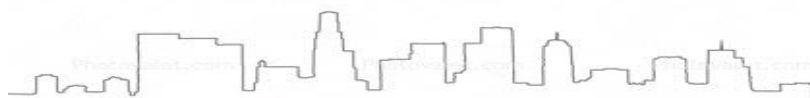
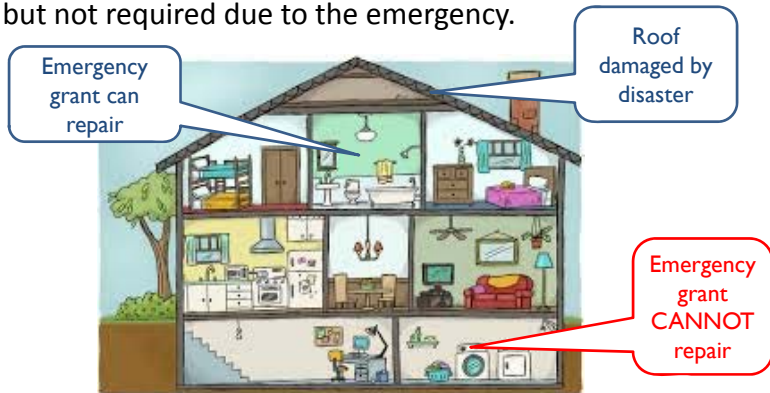
- Management Improvements (BLI 1408):
 - Upgrades to PHA computer systems, adding security guards, purchase new software, etc.
- Cost for repairs of a public housing project that were not due to damage from an Emergency or Natural Disaster.



EMERGENCY AND NATURAL DISASTER GRANTS – INELIGIBLE USES, CONT.



- Items normally replaced as part of a modernization effort, but not required due to the emergency.





EMERGENCY AND DISASTER GRANTS APPLICATION REQUIREMENTS



Sections	Description
Transmittal Letter	<ul style="list-style-type: none"> From PHA submitting application
Narrative	<ul style="list-style-type: none"> Public housing projects(s) affected by the natural disaster or emergency, Date of the natural disaster or emergency, Detailed description of the damages caused by the natural disaster or emergency Activities to correct emergency/disaster caused conditions Sources of available funds Demonstration that PHA does not otherwise have the funds to correct.
Cost Estimate	Independent Third Party Damage/Cost Estimate
Certifications	<ul style="list-style-type: none"> Certification for Contracts, Grants, Loans and Cooperative Agreements (Form HUD-50071) PHA Certifications of Compliance with the PHA Plans and Related Regulations (Form HUD-50077) for “non-qualified” PHAs Civil Rights Certification (Form HUD-50077-CR) for “Qualified” PHAs



EMERGENCY AND DISASTER GRANTS APPLICATION REQUIREMENTS



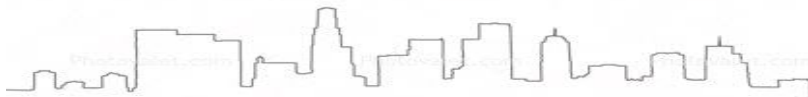
Sections	Description
Annual Statement	Annual Statement for Emergency/Disaster Grant (Form HUD-50075.1, Sections I and II)
Standard Forms	Standard Form (SF-LLL), Disclosure of Lobbying Activities
Budget	Identify all sources of available funds (e.g., insurance proceeds, unobligated capital funds, other Federal or State assistance, etc. in HUD required format)
Insurance Letter	Written statement or letter from the PHA’s insurance company attesting that the insurance company will not approve claims for any of the damage described in the PHA’s narrative
PHA Certification	Statement of PHA certifying that is has exhausted its Capital Funds or has committed those funds to other public housing activities or capital improvements



EMERGENCY AND NATURAL DISASTER SAMPLE APPLICATION



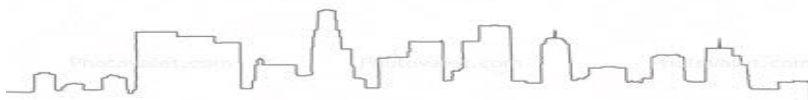
See Handout.



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QUESTIONS

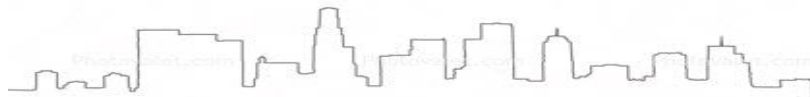




EMERGENCY AND NATURAL DISASTER ROLES - PHA



- ✓ Assess the needed work items resulting from an emergency.
- ✓ Work with the Field Office to prepare HUD-compliant application.
- ✓ Submit a complete application to Field Office.
- ✓ Complete environmental review (24 CFR Part 58) or request HUD complete an environmental review (24 CFR Part 50).



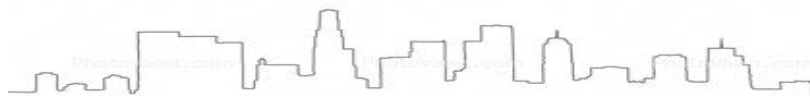
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EMERGENCY AND NATURAL DISASTER ROLES – PHA, CONTINUED



- ✓ Sign CF ACC Amendment and return the copies to the Field Office.
- ✓ Submit effective Declarations of Trust (DOTs) - (form HUD-52190).
- ✓ Obligate and expend funds within the required timelines.
- ✓ Submit grant closeout documents to the Field Office.



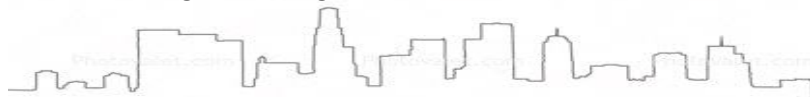
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EMERGENCY AND NATURAL DISASTER ROLES – FIELD OFFICE



- Facilitate and assist Headquarters (HQ) with receipt, review, approval, and monitoring of Emergency and Natural Disaster Grants.
- Review application for completeness, eligibility, and appropriateness of proposed costs.
- Forward memo of recommendation (approval or rejection) to the OCI Director in Headquarters.
- Coordinate between HQ OCI Director and PHA during review.
- Countersign CF ACC amendment executed by the PHA.
- Confirm PHA has current and effective DOTs on file.
- Monitor the obligation and expenditure of grant funds.
- Monitor the grant through closeout.



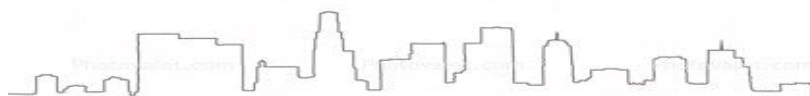
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EMERGENCY AND NATURAL DISASTER ROLES - HEADQUARTERS



- Assign, distribute, and record funds in HUD's systems.
- Oversee and monitor the submission, review, and approval of grant applications.
- Determine whether a PHA's request meets the requirements for Emergency or Natural Disaster Grant.
- Approve the request subject to availability of funds, in the order in which requests are received and deemed appropriate.
- Issue an approval letter, field office memo, and CF ACC amendment.
- Ensure funds are committed and process ACC to obligate funding.



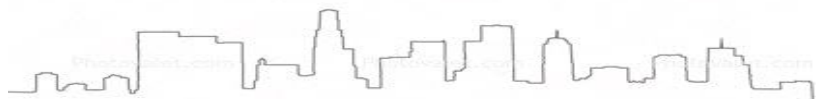
20



DISASTER APPLICATION TYPES



Preliminary Disaster Application	Final Disaster Application
Damages pose immediate threat to resident health and safety; and/or	No immediate threat to resident health and safety; and
Immediate repairs required to preserve the property; and	No immediate repairs required to preserve the property; and
No third-party cost estimate; Have initial cost estimate (not detailed); and/or	Detailed, independent third-party cost estimate; and
Other sources of funds not known (State funds, insurance proceeds, FEMA.)	Other sources of funds are known



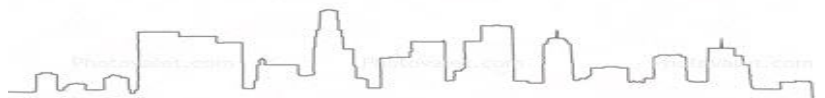
EMERGENCY AND DISASTER APPLICATION PROCESS - PRELIMINARY APPLICATION



Preliminary Disaster Application
Urgent work items are needed to ensure the safety of public housing residents or preserve public housing property
PHA has not yet compiled information for application (such as detailed third party damage assessment or insurance proceeds or state and local funds)
Request should reasonably identify damage caused by the Natural Disaster and the costs for public housing resident protection and project preservation

Urgent Work Item Examples include:

- Shoring up buildings to prevent collapse after earthquake.
- Relocating residents from uninhabitable units.
- Temporary roof covers to prevent water damage to units.



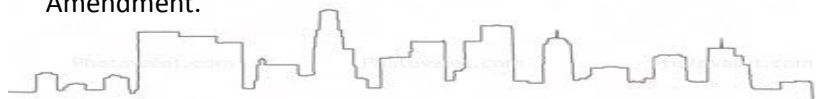


EMERGENCY AND NATURAL DISASTER GRANTS OBLIGATION, EXPENDITURE AND SANCTIONS



Emergency Grant	Non-Presidentially Declared Natural Disaster Grant
12 months to obligate 90%. HUD will recapture unobligated portion if PHA fails OED.	24 months to obligate 90%. HUD will recapture unobligated portion if PHA fails OED.
24 months to expend 100%. HUD will recapture undisbursed portion if PHA fails EED.	48 months to expend 100%. HUD will recapture undisbursed portion if PHA fails EED.
Closely monitored by the FO	

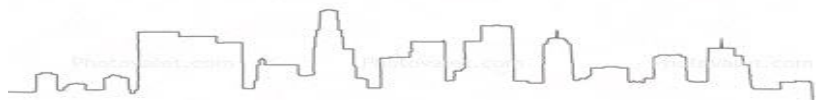
- HUD Field Office will send an ACC Amendment to recapture the unobligated/unexpended portion of the grant.
- The HUD HQ OCI will recapture the balance of unobligated/unexpended funds in LOCCS upon receipt of executed ACC Amendment.



23



QUESTIONS



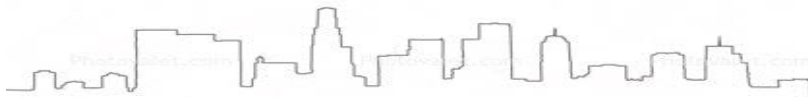


KNOWLEDGE CHECK: QUESTION #1



My PHA sustained roof damage from a severe thunderstorm. I have received my insurance proceeds which are inadequate to cover damages. I have an initial damage assessment. I do not have any immediate repair needs or to preserve the property and no relocation needs. The field office confirmed I am not in a presidentially declared disaster area.

Can I submit a Disaster application?



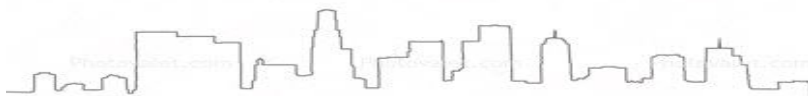
25



KNOWLEDGE CHECK: ANSWER #1



No, you do not have any immediate needs to preserve the property for an initial disaster application and do not have the detailed third party independent cost estimate to submit a final disaster application.



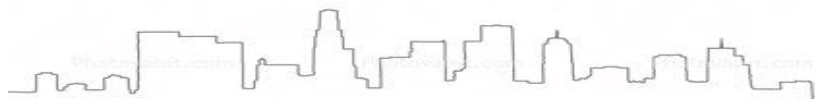
26



KNOWLEDGE CHECK: QUESTION #2



What is the difference between the preliminary application and the final?



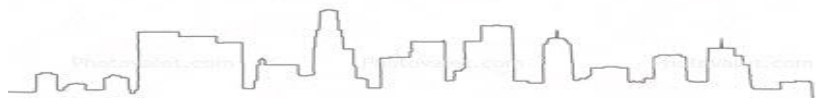
27



KNOWLEDGE CHECK: ANSWER #2



The preliminary application is when damages pose immediate threat and therefore the work must start immediately. While the Final application is when there is no immediate threat and a third cost estimate is required and other sources of funding are identified.



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EMERGENCY SAFETY AND SECURITY GRANTS

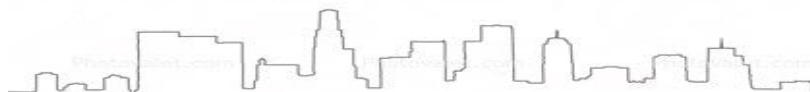



EMERGENCY SAFETY AND SECURITY GRANTS



- A subset of Emergency and Natural Disaster Grants.
- For capital improvements related to a crime emergency at PHA occurring in the FY of funding.
 - FY16 funding requirements in PIH Notice 2014-09.
- Grants limited to \$250,000 per PHA (one time funding per project).
- HUD will only accept one application per PHA, per federal fiscal year (given the limited funding).

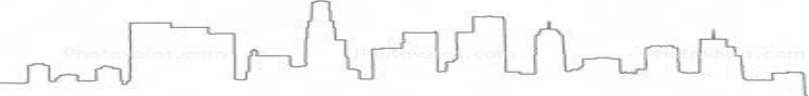
NOTE: *A long-standing problem is not a Safety and Security Emergency because it is not unforeseen and it is likely preventable.*






EMERGENCY SAFETY AND SECURITY GRANTS

Eligible Costs	Ineligible Costs
Security systems/cameras, including recorders	Salaries for PHA staff, including security staff
Fencing	Patrol Cars
Lighting Systems	Security patrol contracts or payment to local law enforcement for additional security patrols
Emergency Alarm Systems	Administrative Costs (BLI 1410)
Window Bars	Transfers to Operations (BLI 1406)
Deadbolt Locks	
Doors	




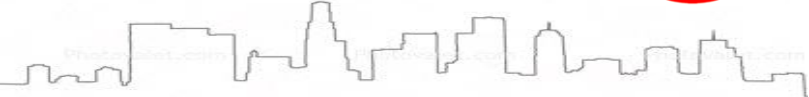
31




EMERGENCY SAFETY AND SECURITY GRANT INELIGIBILITY

➤ A PHA is ineligible to receive safety and security funding:

- If it has previously received safety and security funding for the same development(s) for which funds are requested.
- If it has any cause determinations, lawsuits, letters or findings that have not been resolved to HUD's satisfaction.





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EMERGENCY SAFETY AND SECURITY GRANTS APPLICATION

Sections	Description
Transmittal Letter	<ul style="list-style-type: none"> From PHA submitting application
Narrative	<ul style="list-style-type: none"> Describe how PHA has experienced threat to health and safety Most recent crime data (FY of grant) of PHA's locality from recognized source
External Source Narrative	<ul style="list-style-type: none"> PHA officials, Resident Advisory Board; or, Local community policing organizations; or, Local officials.
Standard Forms	Standard Form (SF-LLL), Disclosure of Lobbying Activities
Certifications	<ul style="list-style-type: none"> Certification for Contracts, Grants, Loans and Cooperative Agreements (Form HUD-50071) PHA Certifications of Compliance with the PHA Plans and Related Regulations (Form HUD-50077) Statement certifying PHA is in compliance with civil rights threshold requirements


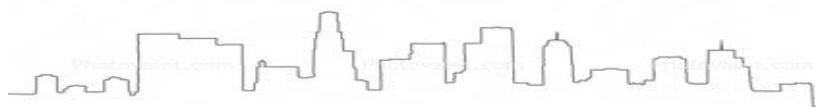


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EMERGENCY SAFETY AND SECURITY GRANTS APPLICATION, CONTINUED

Sections	Description
HUD-50075.1 Parts I and II	<ul style="list-style-type: none"> Must be specifically for the proposed Safety and Security work items Cannot submit the current FY Capital Fund grant annual statement
Finance Document	<ul style="list-style-type: none"> Documented ability to partially finance proposed project Description of activities to correct safety & security emergency and estimated cost Documentation indicating supplemental funding if needed beyond grant amount.

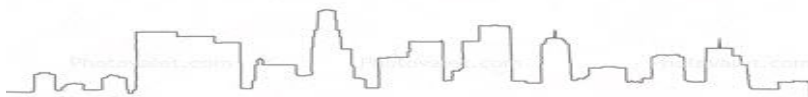
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SAFETY AND SECURITY GRANT SAMPLE APPLICATION



See Handout.



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EMERGENCY SAFETY AND SECURITY GRANTS OBLIGATIONS, EXPENDITURES AND SANCTIONS

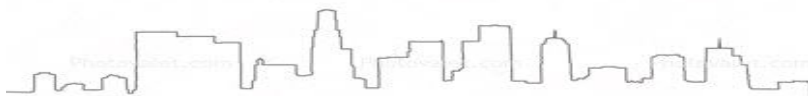


Emergency Grant

12 months to obligate 90%. **HUD will recapture unobligated portion if PHA does not meet OED requirements.**

24 months to expend 100%. **HUD will recapture undisbursed portion if PHA does not meet EED requirements.**

Closely monitored by the FO.



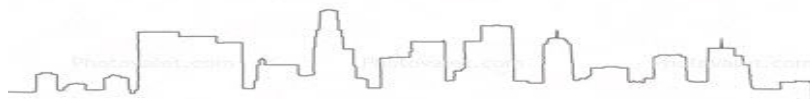
36



KNOWLEDGE CHECK: QUESTION #3



I have previously received a safety and security grant. Can I apply again?



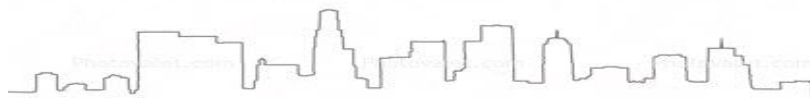
37



KNOWLEDGE CHECK: ANSWER #3



Yes, as long as the project/projects for which you are applying has/have not been previously funded.



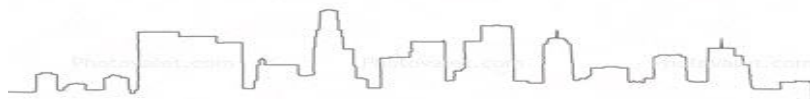
38



KNOWLEDGE CHECK: QUESTION #4



How quickly must I obligate and expend my Safety and Security grant?



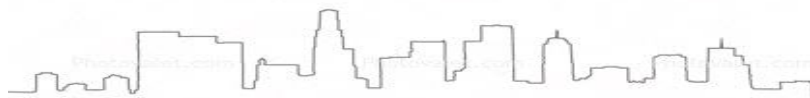
39



KNOWLEDGE CHECK: ANSWER #4



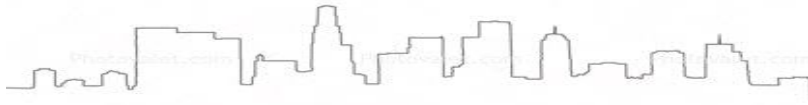
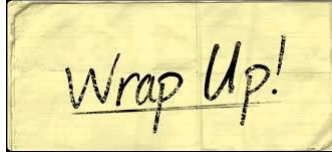
You have 12 months to obligate at least 90% of the funds and 24 months to expend 100%.



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

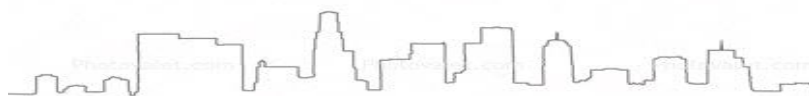
PUBLIC HOUSING DEVELOPMENT (CHAPTER 9)



CHAPTER 9: TOPICS



- PHA Development Activity – Sources/Types; Requirements; Submissions
- HUD Review of Development Proposals
- Field Office and Mixed-Finance





PHA DEVELOPMENT ACTIVITY



METHODS OF DEVELOPMENT



➤ Conventional Development:

- New Construction:
 - Conventional – sealed bid.
 - Turnkey – competitive proposals.
 - Force Account – PHA staff.
- Acquisition:
 - With rehabilitation.
 - Without rehabilitation.

➤ Mixed Finance:

- Project owned by entity other than PHA.
- Includes a mix of units and financing.
- Typically includes Low Income Housing Tax Credits.

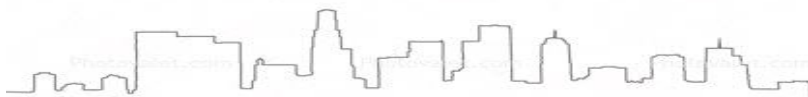




DEVELOPMENT PROCESS OVERVIEW



1. Select Site.
2. Update Annual Plan.
3. Consult with Residents.
4. Submit Acquisition Proposal, if necessary.
5. Submit Development Proposal.
6. Establish Project in PIC.
7. Execute DOTs/DORCs.
8. Establish DOFA.
9. Finalize Cost Certification.



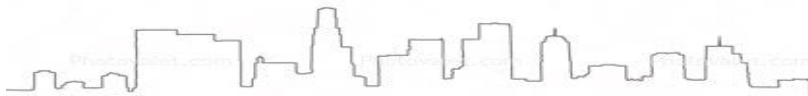
5



GENERAL REQUIREMENTS



- **Faircloth Limitation:**
 - PHA may not use public housing funds to pay for development of public housing units that will increase the number of public housing units owned/operated by the PHA since 10/1/99.
 - A PHA may use public housing funds to increase the number of units above the limit if:
 - The units are available and affordable to eligible low-income families and CF formula does not provide additional funding for the specific purpose of constructing, modernizing, and operating such excess units; or
 - The units are part of a mixed-finance project or leverage significant additional investment, and the cost of useful life of projects is less than estimated cost of providing tenant-based assistance under section 8(o) of the 1937 Act.



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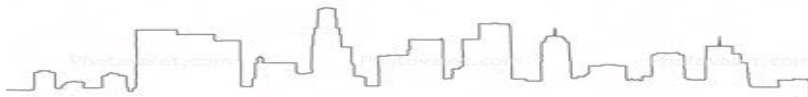


GENERAL REQUIREMENTS, CONTINUED



➤ **Limitation on the Cost of New Construction (905.602):**

- No new construction unless cost is less than the cost of acquiring existing units and converting to public housing
- PHAs must demonstrate compliance by submitting:
 - 1) A cost comparison analysis **OR**
 - 2) Documentation of insufficient housing in neighborhood. Sources of documentation include:
 - A) Multiple Listing Service.
 - B) Real Estate Ads in newspapers.
 - C) Market analysis.
 - D) Statements from brokers.
 - E) Local construction costs.



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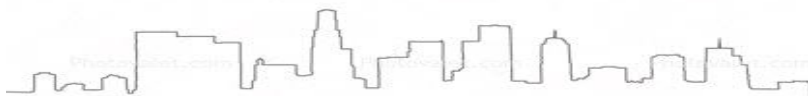


GENERAL REQUIREMENTS, CONTINUED



➤ **Site and Neighborhood Standards:**

- Review done by the Public Housing FHEO at Field Office.
- Required for all site acquisition and PH development.
- Assesses the suitability of the site.
- Assesses the characteristics of the neighborhood:
 - Concentration of minorities.
 - Promotes greater choice of housing.
 - Environmentally safe.
 - Proximity to amenities, jobs, transportation.
- Approval required prior to HUD approval of Development/Acquisition Proposal.



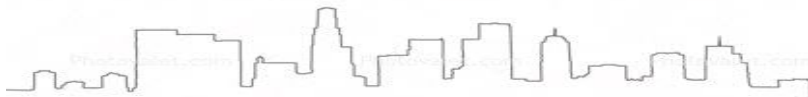
8



GENERAL REQUIREMENTS, CONTINUED

➤ Cross-Cutting Federal Requirements:

- Relocation.
- Uniform Act: Relocation and Property Acquisition.
- Procurement.
- Davis-Bacon.
- Accessibility by Persons with Disabilities
- Section 3: Economic Opportunities for Low Income Persons
- Environmental review – NEPA, NHPA/106.
- Must be completed prior to Development/Acquisition Proposal approval.

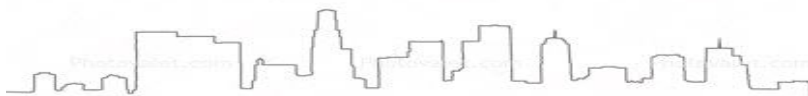


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KNOWLEDGE CHECK: QUESTION #1

Public housing authorities can build new developments without restriction as long as they get HUD approval. True or False?



10

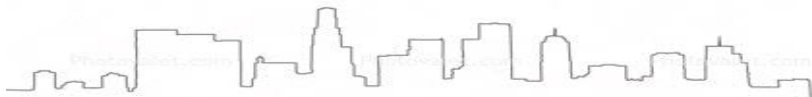


KNOWLEDGE CHECK: ANSWER #1

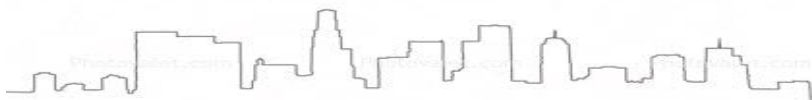


It is true that PHAs must get HUD approval for new development however, they may not do new construction unless the cost is less than the cost of acquiring existing units and converting to public housing. There are exceptions to this for mixed-finance or non-public housing, but in general.

In addition, the PHA must demonstrate this compliance with a cost comparison or documentation of insufficient housing.



QUESTIONS

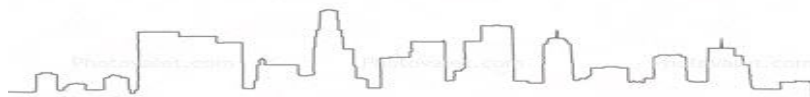




MIXED-FINANCE (MF) DEVELOPMENT



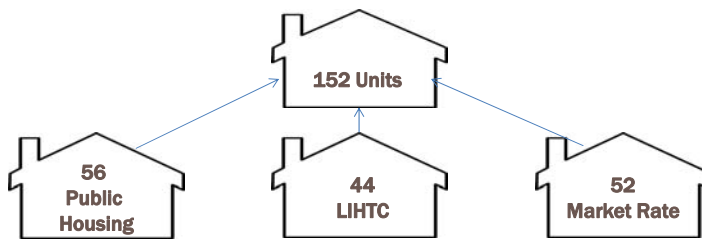
- Development of public housing units which will be owned in whole or part by an entity other than a PHA.
- Includes a mix of units:
 - PH, PBV, LIHTC, HOME, unrestricted.
- Includes a mix of financing:
 - PH, LIHTC, HTC, CDBG, City, State, FHLB.
- HQ Office of Public Housing Investments manages mixed-finance projects.



MIXED-FINANCE (MF) DEVELOPMENT EXAMPLE

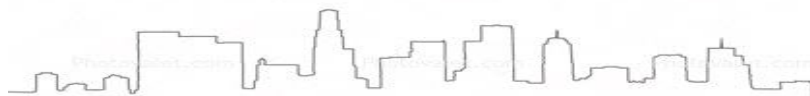


New Orleans Project:



Budget:

- \$11 M Public Housing Funds
- \$22 M Private Funds
- \$17 M Other Public Funds
- \$50 M Total**

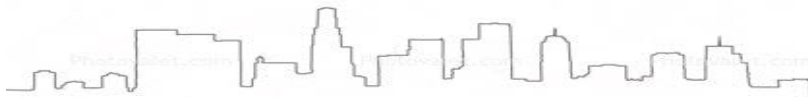




MIXED-FINANCE REQUIREMENTS



- Ownership Structure:
 - Limited Partnership (LP) or Limited Liability Corporation (LLC).
- Role of the PHA:
 - May be part of ownership or not.
 - Executes an agreement with the Owner.
 - Passes through Operating Subsidy.
 - May or may not manage the PH units.
 - Instrumentality or Affiliate.



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MIXED-FINANCE REQUIREMENTS, CONTINUED



- Pro Rata Share:
 - Cannot use PH funds for non-PH units.
 - Test: % of PH funds cannot exceed % of PH units.

➤ Test Example:

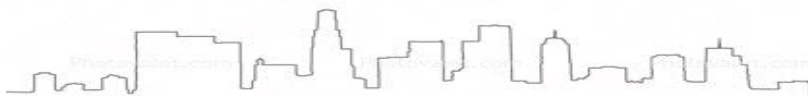
50 public housing (42%)

70 non-public housing (58%)

120 Units Total

\$22,000,000 Total Cost

Public Housing Maximum = \$9,240,000(42%)



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MIXED-FINANCE REQUIREMENTS, CONTINUED



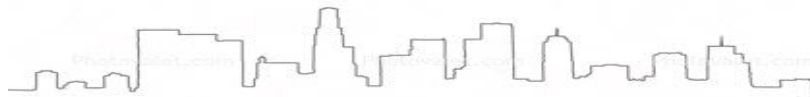
➤ Procurement – Special Provisions:

- Select development partners via RFQ.
- Competitively selected partners not subject to Federal Procurement Regulations



➤ Identity of Interest:

- Relationship between developer and general contractor.
- Requires HUD approval.
- PHA must submit independent cost estimate.



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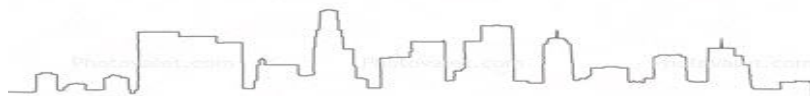
MIXED-FINANCE REQUIREMENTS, CONTINUED



➤ Safe Harbor Standards:

- Sets limits on specific fees and costs.
- Developer & Contractor Fees.
- Property Management Fees.
- Administrative Costs.
- Fees in line with industry standards.

Ref: *Cost Control and Safe Harbor Standards for Rental Mixed-Finance Development*, revised April 9, 2003



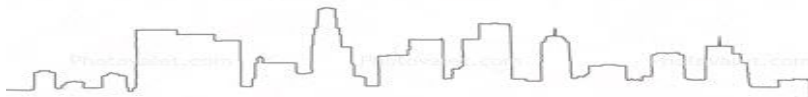
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INQUIRY

- What has been your most challenging part of mixed-finance development?
- What is your biggest barrier to mixed-finance development?

INQUIRE

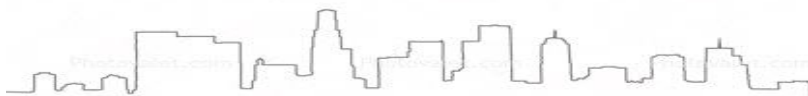


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SUBMISSION OF A DEVELOPMENT PROPOSAL

- PHAs must prepare and submit a Development Proposal.
- Must be approved prior to moving forward with development.
- Applies to all types of development:
 - New construction.
 - Acquisition.
 - Conventional.
 - Mixed-finance.
- Submitted and approved by the Field Office, except mixed-finance.



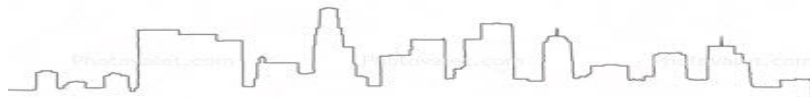
20



DEVELOPMENT PROPOSAL CONTENTS



- Project Description
- Site Information
- Participant Description
- Development Schedule
- Accessibility
- Project costs
- Local Cooperation Agreement and Real Estate Taxes
- Environmental Requirements
- Market Analysis
- Program Income and Fees



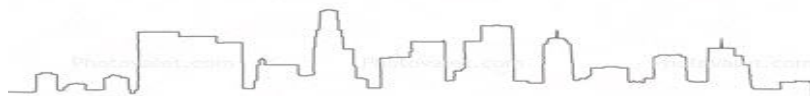
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MIXED-FINANCE REQUIREMENTS



- Rental Term Sheet (new template being developed)
- Evidentiary Documents submitted first in draft form
- Copies of executed documents submitted after closing
- No PH funds released until executed documents approved



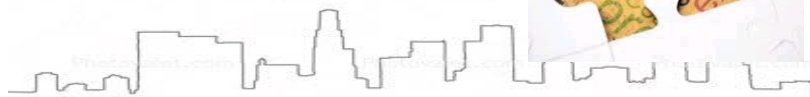
22



MIXED-FINANCE EVIDENTIARY MATERIALS



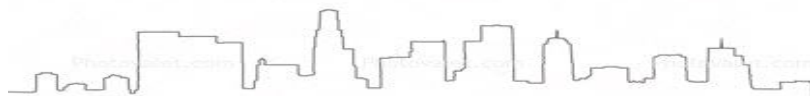
Document	Source	Review
➤ MF ACC Amendment	Model Doc	OPHI
➤ R&O Agreement	PHA	OPHI
➤ DORC	Model Doc	OPHI
➤ Ground Lease	PHA	OPHI
➤ Certifications & Assurances	Model Doc	OPHI
➤ Title Policy/Survey	PHA	FO
➤ Management Docs	PHA	FO
➤ Legal Opinion	PHA	OPHI



SITE ACQUISITION PROPOSAL



- Required if PHA needs to acquire land for future development.
- Only for vacant land or land with vacant structures, slated for demolition.
- A Development Proposal still required.
- A Declaration of Trust must be placed on the property.
- Not required if no public housing funds will be used.

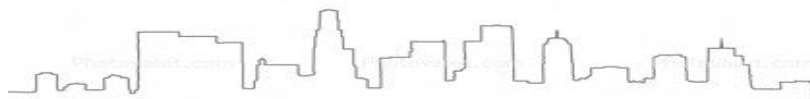




SITE ACQUISITION PROPOSAL



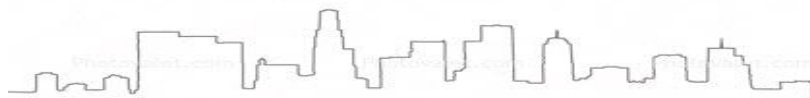
- Justification
- Description
- Site and Neighborhood Standards
- Zoning
- Appraisal
- Schedule
- Environmental Review
- URA Real Property Acquisition Requirements
- Approved by the Field Office



KNOWLEDGE CHECK: QUESTION #2



Must PHAs submit both a Development and a Site Acquisition Proposal for any public housing development?

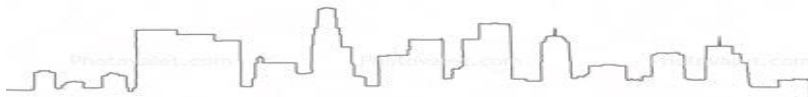




KNOWLEDGE CHECK: ANSWER #2



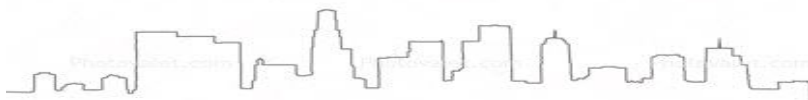
It depends. If a PHA needs to acquire vacant land for the public housing development, but is not ready to submit a full Development Proposal, it must submit an Acquisition Proposal. An Acquisition Proposal is only used for vacant land or for land that has vacant structures which will be demolished as part of its redevelopment. If the site has existing housing that will be retained or if the PHA is going to develop immediately and is ready to submit a Development Proposal, then a separate Acquisition Proposal isn't necessary.



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QUESTIONS

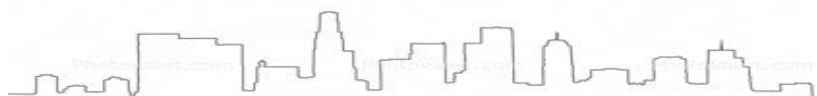
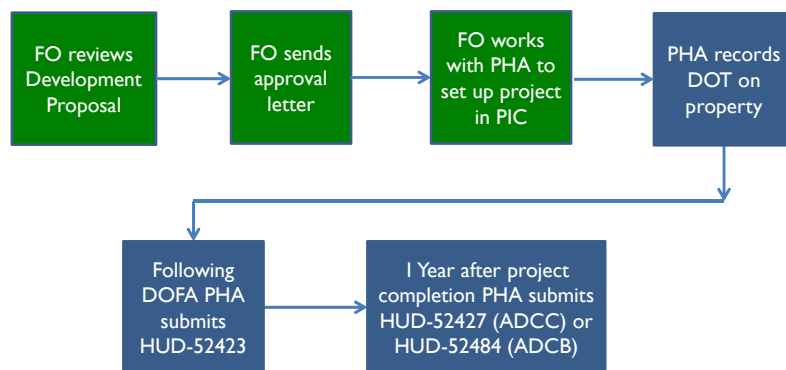




HUD REVIEW OF DEVELOPMENT PROPOSALS



REVIEW AND APPROVAL OF NON-MF PROJECTS

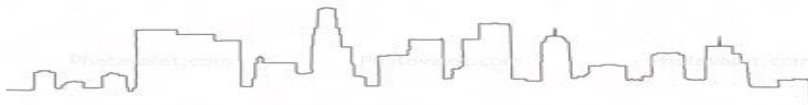




AMENDMENT OF DEVELOPMENT PROPOSALS



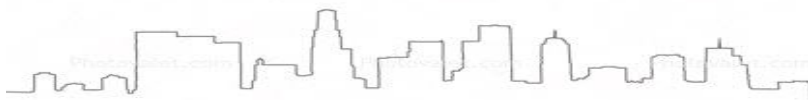
- HUD must approve any material change to an approved Development Proposal.
- Material Change includes:
 - A change in number of public housing units.
 - A change greater than 10% of public housing bedrooms.
 - A change greater than 10% of the total project cost or financing.
 - A change in site.
- PHAs must submit amendments to the Field Office or OPHI for mixed-finance.



FUNDING AND DISBURSEMENTS



- **Pre-Development Costs:**
 - Includes soft costs and approved demo.
 - For non-mixed finance, PHAs may spend up to 5% of public housing funds without HUD approval for predevelopment.
 - For mixed-finance, HUD approval required prior to spending public housing funds for predevelopment.
- **Standard Drawdown Requirements**
- **Special Disbursement Requirements and Issues**



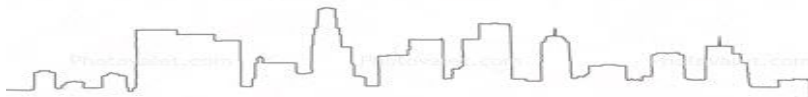


FUNDING AND DISBURSEMENTS, CONTINUED



➤ **Mixed-Finance:**

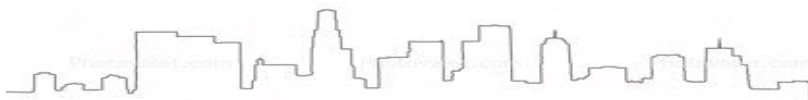
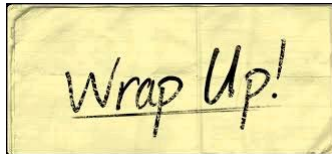
- No public housing funds disbursed until final evidentiary documents are approved (except predevelopment funds).
- Once approved, housing authorities may disburse funds in accordance with the approved project budget.
- Upon completion of the project, the ratio of PH to non-PH funds must be as reflected in the budget.



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

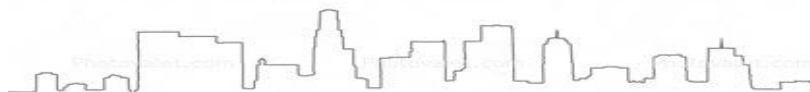
DEMONSTRATION PROGRAMS – RAD AND MTW (CHAPTER 10)



CHAPTER 10: TOPICS



- Rental Assistance Demonstration (RAD)
- Moving to Work (MTW)





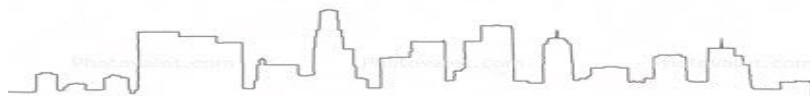
RENTAL ASSISTANCE DEMONSTRATION (RAD) PROGRAM



RENTAL ASSISTANCE DEMONSTRATION (RAD)



- Authorized by the 2012 Appropriations Act, as amended
- Tool to preserve/improve public housing properties and address backlog of deferred maintenance.
- Units move to a Section 8 platform with a long-term contract.
- Contract must be renewed, thereby ensuring permanent affordability of the units.
- Residents pay 30% of income to rent and maintain same basic rights as in public housing.
- PIH Notice 2012-32(HA), Rev-2.
- RAD Resource Desk website: www.radresource.net

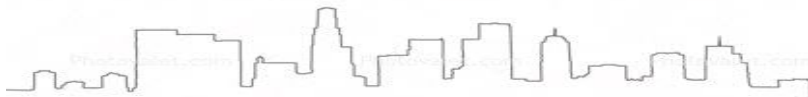




GENERAL RAD OVERVIEW



- PHAs may apply to convert:
 - Single project.
 - PHA-defined portfolio of projects.
 - Multi-phase project.
 - Set of projects which incorporate rent flexibilities such as rent bundling or MTW fungibility.
- Begin with submission of an application to the RAD office at HUD HQ.
- Upon HUD approval of application PHA executes a Commitment to enter into a Housing Assistance Payments Contract (CHAP).



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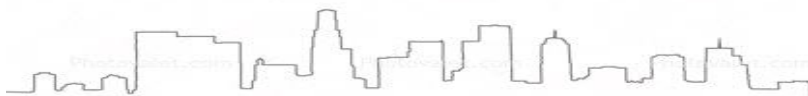


GENERAL RAD OVERVIEW, CONTINUED



- After CHAP, the PHA has:
 - 30 days to enter RAD PIC removal request.
 - 180 days to submit the Financing Plan.
- At Financing Plan approval, PHA is issued RCC (RAD Conversion Commitment) – 2 weeks to execute.
- RCC is for 90 days.
- Most transactions close within 45-60 days following RCC execution.

For more information, please refer to the RAD Notice at:
http://portal.hud.gov/hudportal/documents/huddoc?id=PIHNotice_2012-32_062015.pdf



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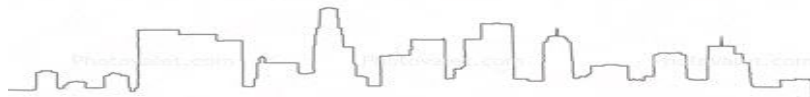


RAD INTERACTIONS WITH THE CAPITAL FUND



➤ Disclosures per RAD Notice (PIH 2012-32, Rev-2):

- **Significant Amendment** to Capital Fund 5-Year Action Plan submission (Chapter 3 - Guidebook). Consult Amendment 1D of the RAD Notice: http://portal.hud.gov/hudportal/documents/huddoc?id=PIHNotice_2012-32_062015.pdf
- Complete RAD Physical Condition Assessment (PCA) (If rehabilitation planned).
- **Reduction of current/future Capital Fund grants.**
- Estimate of current Capital Fund grants associated with proposed RAD project.
- Estimate of impact on PHA's current 5-Year Action Plan.
- Impact on existing CFFP or RHF funds, if any.



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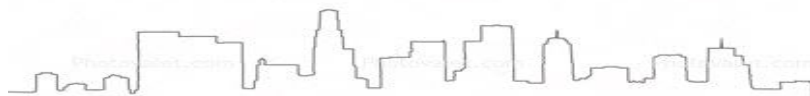


CAPITAL FUND USES UNDER RAD



- Use public housing funds to support predevelopment costs for RAD conversion up to \$150,000.
- Prepare an amended Capital Fund Budget for the applicable annual grant in order to use some or all of it for a RAD conversion.
- May retain Capital Funds for units that remaining in the public housing inventory and do not convert to RAD:
 - Submit a budget revision requesting transfer of Capital Funds designated for RAD units to BLI 1503 and 1504.
 - Retain remaining Capital Funds in appropriate BLIs.

BUDGET



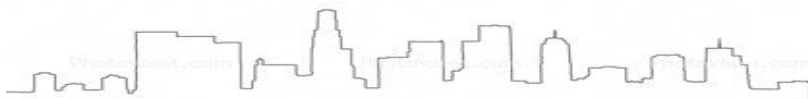
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CAPITAL FUND ELIGIBILITY UNDER RAD



- Capital Funds may be used to pay for RAD Physical Condition Assessment (PCA).
- Following conversion to Section 8 under RAD, PHA will no longer receive Capital Funds, including RHF and DDTF funds, for that project after the initial year of conversion.
- If the PHA converts 100% of its units it will not receive any capital funds in the FY following conversion.



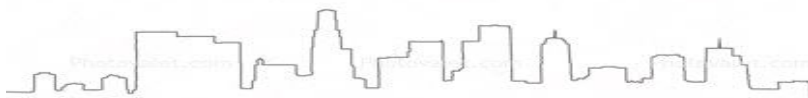
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RAD PUBLIC HOUSING REQUIREMENTS



- **Procurement:**
 - 2 CFR 200 applies to Capital Funds used for the converting property prior to HUD approval of RAD Financing Plan - RAD Conversion Commitment (RCC) and RAD conversion closing.
- **Obligation and Expenditure Deadlines:**
 - May apply for an extension of the obligation end date (OED) for up to five years from the point when Capital Funds become available to the PHA for obligation. (See Chapter 7 – Guidebook.)



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RAD FUNDING MECHANICS



RAD property receives subsidy from Operating and Capital Fund

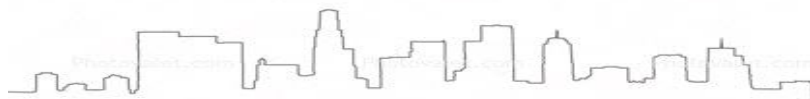
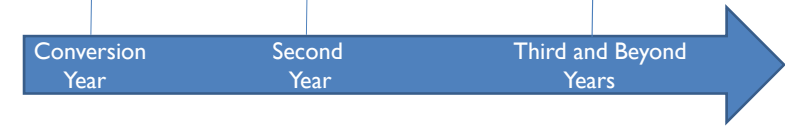
HUD reappropriates Operating and Capital Funds to PBRA or PBV

Funds will come from the PBRA and Tenant-Based Rental Assistance appropriations accounts

Conversion Year

Second Year

Third and Beyond Years



QUESTIONS





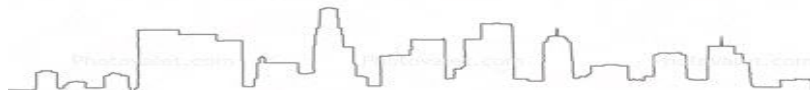
MOVING TO WORK (MTW) DEMONSTRATION PROGRAM



MOVING TO WORK (MTW) BACKGROUND



- Demonstration program, authorized by Congress in 1996:
 - Allows PHAs flexibility in combining and spending their Capital Funds, Operating Funds, and Section 8 Voucher Funds.
- 39 Participating PHAs (as of March 31, 2015).
- Capital Fund submission is part of Annual MTW Plan (except for ACC Amendment(s)).
- PHA Executes an MTW Standard Agreement with HUD:
 - Establishes planning and reporting requirements.
 - Contains MTW specific waivers.

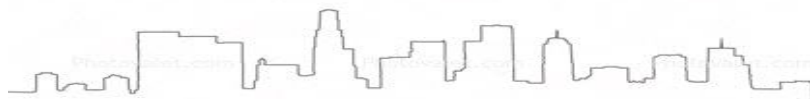




MOVING TO WORK (MTW) BASICS



- Planning Requirements
- RHF/DDTP
- Capital Fund Submission
- LOCCs and Disbursement of Funds
- Obligation and Expenditure Deadlines



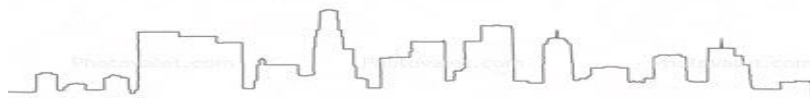
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MOVING TO WORK (MTW)



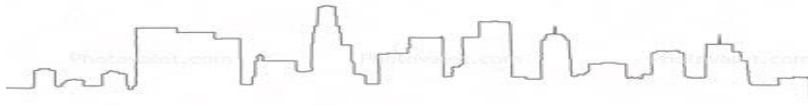
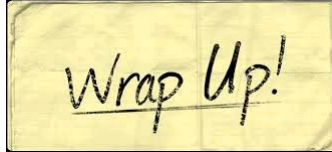
- MTW website or MTW Office at mtw-info@hud.gov



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

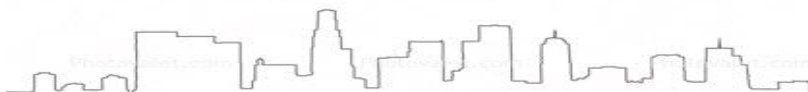
SECURITY INTERESTS AND FINANCING ACTIVITIES (CHAPTER 11)



CHAPTER 11: TOPICS



- Capital Fund Financing Program (CFFP)
- Operating Fund Financing Program (OFFP)
- Public Housing Mortgage Program (PHMP)
- Other Security Interests and Financing Activities

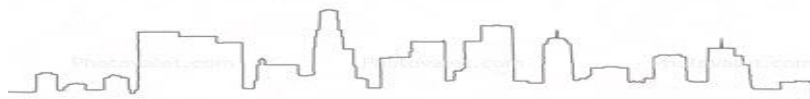




STRATEGIC PLANNING OVERVIEW



- Capital Fund 5-Year Action Plan outlining PHA use of Capital Funds to meet mission and goals.
- Capital Fund PNA showing physical needs and costs.
- PHA should consider all funding sources when setting capital mission and goals.



3



CAPITAL FUND FINANCING PROGRAM (CFFP)



WHAT IS SECTION 30?



Section 516 of QHWA added Section 30 to the United States Housing Act of 1937

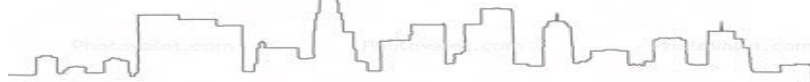
Sec. 30: Public Housing Mortgages and Security Interests

(a) GENERAL AUTHORIZATION.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to mortgage or otherwise grant a security interest in any public housing project or other property of the public housing agency.

(b) TERMS AND CONDITIONS.—In making any authorization under subsection (a), the Secretary may consider—

- (1) the ability of the public housing agency to use the proceeds of the mortgage or security interest for low-income housing uses;
- (2) the ability of the public housing agency to make payments on the mortgage or security interest; and
- (3) such other criteria as the Secretary may specify.

(c) NO FEDERAL LIABILITY.—No action taken under this section shall result in any liability to the Federal Government.



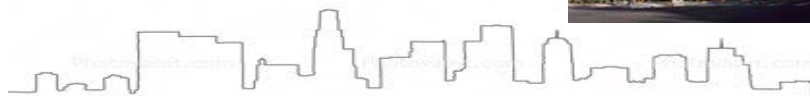
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CFFP OVERVIEW



- 191 Transactions.
- 247 PHAs participated.
- Approximately \$4.5 Billion in transactions approved.
- Transaction size from \$104 thousand to \$656 million.
- Pooled and Individual PHA Transactions.



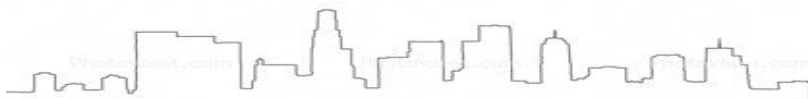
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POTENTIAL BENEFITS OF CFFP



- Potential Realized with effective long term planning
- Address backlog modernization needs
- Economies of scale and scope
- Leverage additional funds (ie: tax credits)



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CFFP FUNDAMENTALS



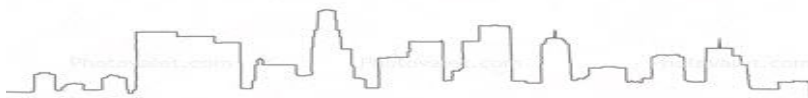
➤ Financial Structure/Business Terms:

- Capital Formula Funds
 - Up to 20 years, generally.
 - Up to 33% of annual appropriation.
 - Proceeds considered Capital Funds.



▪ RHF Pledge:

- Pledge 100% - provided overall Capital Funds do not exceed 50% of annual appropriation.



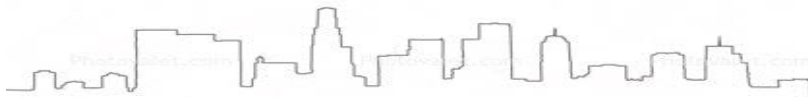
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CFFP FUNDAMENTALS, CONTINUED



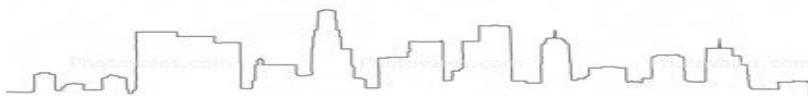
- Pledge a portion of PHA's current and future years' capital fund allocation as collateral for borrowing.
- **Financial Structure/Business Terms:**
 - Risk to Lenders/Investors and PHAs:
 - Appropriations.
 - Performance.
 - Poor Planning/Implementation.



CFFP FUNDAMENTALS, CONTINUED



- CFFP Proceeds Considered Capital Funds:
 - All Capital Fund program statutes, regulations, ACC, HUD notices that apply to CFFP.
 - PHA Plan:
 - Use of Proceeds – Annual Statement.
 - Use of Capital Funds for Debt Service – 5-Year Action Plan (Annual Statement if Applicable).



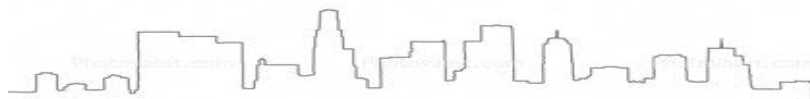


SUBMISSION REQUIREMENTS



Requirements

- Cover letter
- Term sheet, table of contents, and contact
- Financing Schedules and documents
- Capital Fund Budget
- PNA, Management Assessment, Fairness Opinion
- Declaration of Trust documentation
- Board Resolution, Counsel's Opinion, and Depository Agreement



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WHAT DO I WANT/NEED TO DO?



Step 1

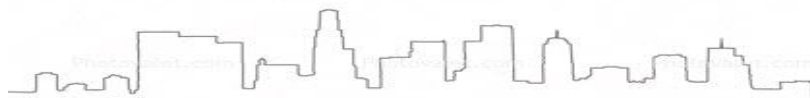
- Conduct PNA (Large PHAs) for entire portfolio for term of proposed financing

Step 2

- Identify priority need projects, size, scope, and cost estimate

Step 3

- Prepare portfolio schedule to help determine future Capital Fund resources



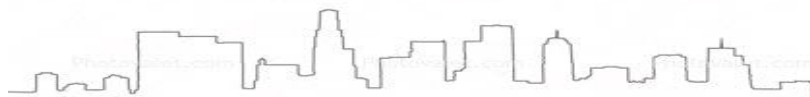
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STRATEGIC MANAGEMENT KEY POINTS



- When considering options:
 - How much money can I raise?
 - Reduction of public housing units = Reduction in Capital Funds and Operating Funds.
- A Strategic Plan is not an emergency tactic.
- The PNA is an excellent tool to anticipate future demands and be prepared for them.



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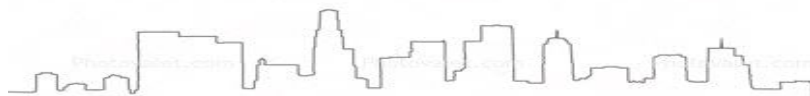


CFFP TRANSACTION EXAMPLE



Cap Funds	\$1,000,000
Annual \$ Pledge (33%)	\$330,060
Remaining Cap Funds	\$669,940
Total Borrowing*	\$4,000,000
Debt Service Reserve	\$330,060
Capitalized Interest (3 mos)	\$60,000
Expenses	\$140,000
Project Fund	\$3,469,940

*Assumes 5.495% fixed rate for 20 years, \$140,000 in expenses.



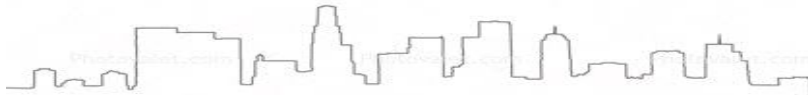
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CFFP PROPOSAL PROCESS



- Establish support internally at PHA and with Field Office:
 - Identify project staffing and resources – effort requires significant resources.
 - Educate Board of Commissioners on proposed activity.
 - Seek Board approval for procurements.
 - Start updating PHA Plan and others as necessary.
 - Alert Field Office.
- Seek HUD approvals:
 - Mixed Finance, Demo/Dispo, Development, RHF.
 - Field Office coordination and support.
 - Sequencing can be tricky - parallel approvals.



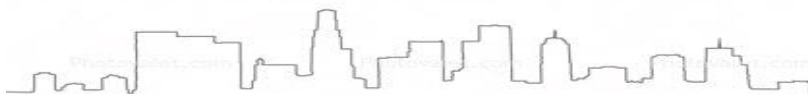
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TOP 4 THINGS THAT SLOW DOWN A CFFP PROPOSAL



1. Physical Needs Assessment not complete, not submitted to the Field Office.
2. PHA Plan not complete, not completed in accordance with HUD requirements, or not approved.
3. Evidence of effective DOTs in first position, lacking or insufficient. Counsel unresponsive.
4. Adjustments to CFP to reflect activities that would reduce grant.



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RESOURCES



Where does a PHA find information regarding the necessary documentation?

CFFP website:

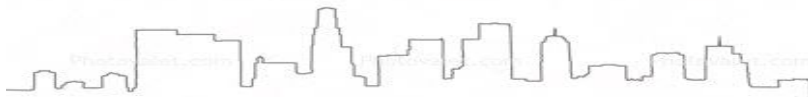
<http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm>

Office of Capital Improvements website (Cap Fund Reports):

<http://www.hud.gov/offices/pih/programs/ph/capfund/index.cfm>

Local Field Office :

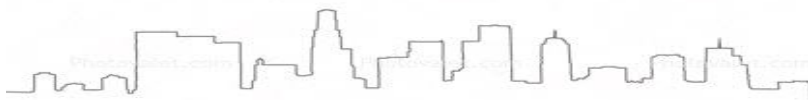
<http://www.hud.gov/offices/pih/programs/ph/capfund/cffprolefo.cfm#1>



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QUESTIONS





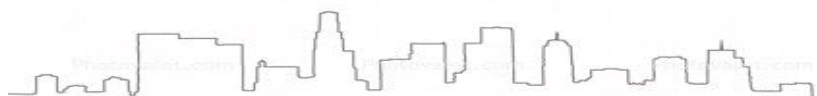
OPERATING FUND FINANCING PROGRAM (OFFP)



OFFP KEY ELEMENTS



- Authorized by Section 9(d)(1)(A) of the 1937 Act.
- HUD written approval required on a case-by-case basis.
- PHAs are permitted to borrow private capital to develop or modernize public housing.
- PHAs may use a portion of their Operating Fund Reserve balances to collateralize financing and pay debt service.



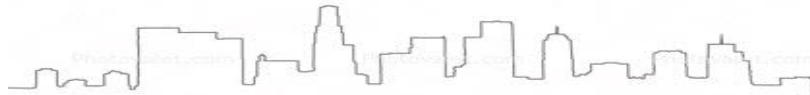


OFFP SUBMISSION REQUIREMENTS



Requirements

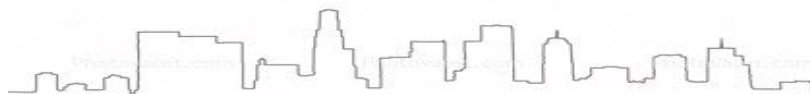
- Cover letter
- OFFP Financing Spreadsheet
- Financing Statements
- Financing Schedules
- Annual Statement Budget (use of proceeds)
- Disclosure of Existing Financing
- Transactional Documents
- Board Resolution, Counsel's Opinion, & Depository Agreement
- Fairness Opinion, if requested
- DOT/DORC documentation



OFFP EXAMPLE – HOUSING AUTHORITY OF THE CITY OF ABC, LA

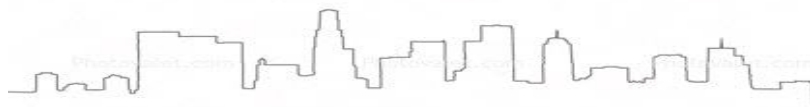


- Operating Fund reserves as collateral for a loan for redevelopment of Balou Homes, a mixed finance transaction, in the amount of \$1.3 million.
- Security between Jones Bank and Trust and ABC City.
- 36 newly constructed townhome public housing units.





QUESTIONS



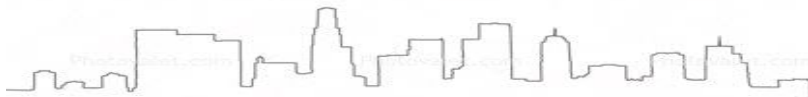
PUBLIC HOUSING MORTGAGE PROGRAM (PHMP)/SECTION 30



WHAT IS A PHMP TRANSACTION?



- Mortgage/Rider on Public Housing Real Estate:
 - May be in first position on non-dwelling property.
 - Must be subordinate to DOT on dwelling property.
- The PHMP permits PHAs to utilize programs which may require a mortgage or restrictive use covenant filed on the property:
 - Federal Home Loan Bank AHP.
 - Other State or local lending programs.



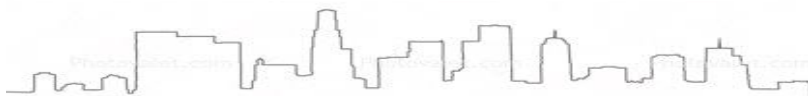
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PHMP SUBMISSION REQUIREMENTS



Requirements
Cover letter
Amount of Financing
Financial Terms
Security/Collateral
Recourse Terms
Income Restrictions
Payment Terms
Cost of Issuance
Debt Service Requirements
Any other special provisions



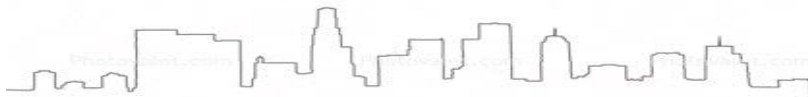
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PHMP LESSONS LEARNED



- If you pledge public housing assets, get written approval from DAS of OPHI.
- Loan does not involve a pledge of public housing assets?
 - Are you sure?
 - Ask your attorney to insert a clear non-recourse provision in the loan documents – there is no recourse to public housing assets.
 - If you borrow funds, make sure you get an attorney's opinion that PH assets are not pledged or otherwise encumbered.



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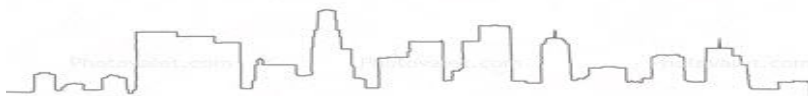


LEGAL PROVISIONS



- **Conflicts Provision:**
 - Public Housing requirements prevail.
- **Non-Recourse Provision:**
 - Recourse to public housing assets limited only to property being mortgaged.

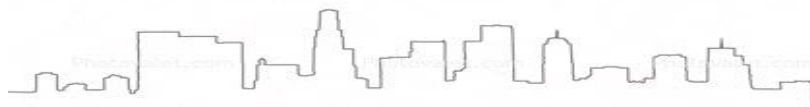
These legal provisions must be incorporated in all legal documents.



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QUESTIONS



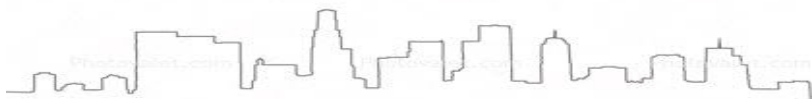
OTHER SECURITY INTERESTS AND FINANCING ACTIVITIES



ENERGY PERFORMANCE CONTRACTS SECTION 30



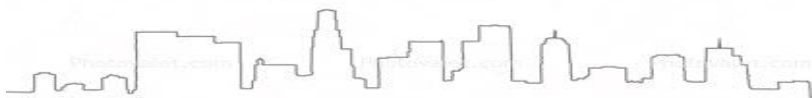
- EPC requiring a security interest or other public housing property encumbrance must obtain EPC Section 30 approval.
- EPC Section 30 review is separate from EPC agreement approval.
- EPC Section 30 proposals are submitted to the Field Office and the Deputy Asst. Secretary of Field Operations.
- PHA will receive separate approval for the EPC transaction and the EPC Section 30.



EPC SECTION 30 EXAMPLE – HOUSING AUTHORITY OF A CALIFORNIA COUNTY

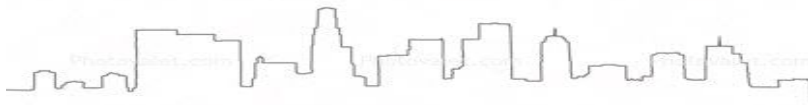
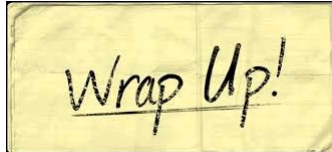


- Grants security interest related to an Energy Performance Contract (EPC):
 - County of ABC.
 - Acme Inc., the Energy Services Co. (ESCO).
 - Jones Capital Corporation (Lessor).
- Installation of Energy Conservation Measures (ECMs):
 - 15 years.
 - \$2.1 million.
 - ECMS at seven public housing developments (500 units)





WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

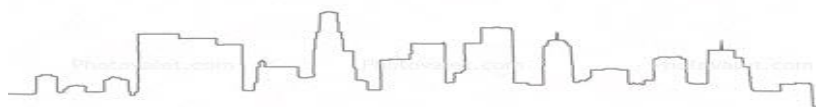
COMPLIANCE, PENALTIES AND SANCTIONS (CHAPTER 12)



CHAPTER 12: TOPICS



- Compliance Requirements
- Sanctions





COMPLIANCE REQUIREMENTS

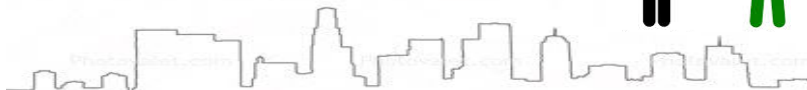


COMPLIANCE OVERVIEW



- The Capital Fund Final Rule at 24 CFP 905.106 provides that:
 - PHAs or owner/management entities or their partners are required to comply with all applicable provisions of this part.
 - Execution of the CF ACC Amendment, submissions required by this part, and disbursement of Capital Fund grants from HUD are individually and collectively deemed to be the PHA's certification that it is in compliance with the provisions of this part and all other Public Housing Program Requirements.
- Key points when HUD will evaluate compliance:
 - Capital Fund Submission.
 - Development Submissions.
 - LOCCS draw downs.
 - HUD performance reviews.

Non-compliance **Costs**

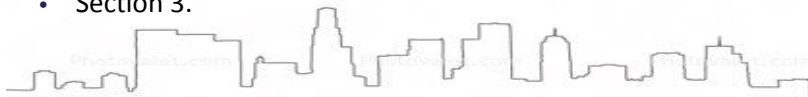




SUBMISSION REQUIREMENTS



- PHAs must revise or correct information in Annual Capital Fund submissions (see Chapter 3) that is not compliant with the Capital Fund Rule.
- Administrative sanctions may result if corrections for compliance are not made.
- PHAs must comply with the following:
 - 24 CFR 905-Capital Fund Rule.
 - 2 CFR 200.
 - Civil Rights Acts.
 - Accessibility Requirements- Section 504, American Disabilities Act (ADA), Fair Housing Amendments Act (FHAA), Architectural Barriers Act (ABA).
 - Section 3.



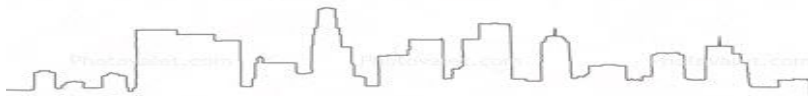
5



POST-SUBMISSION REQUIREMENTS



- PHAs must comply with 24 CFR 905, Subpart H – Compliance, HUD Review, Penalties and Sanctions.
- Access to **Capital Funds** may be **suspended/denied** if PHAs are non-compliant in any area including:
 - Timely certification of IMS/PIC data;
 - Current DUNS number in the System of Award Management (SAM) – an annual update;
 - Submission of Board resolution approving 5-Year Action Plan;
 - Timely submission of required documents;
 - Complete environmental reviews; or
 - Compliance with procurement requirements.



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SANCTIONS

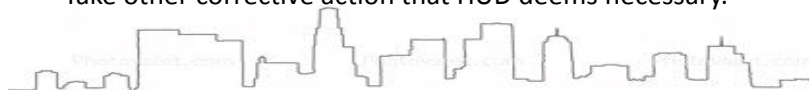


HUD SANCTIONS



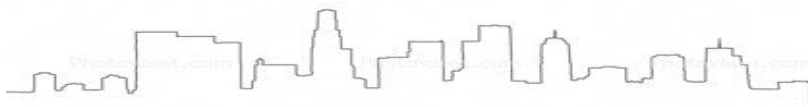
➤ HUD can take the following actions for compliance:

- Issue a corrective action order;
- Require reimbursement from non-federal sources;
- Limit, withhold, reduce, recapture, or terminate capital fund or operating fund assistance;
- Issue a limited denial of participation or debar responsible PHA officials;
- Withhold assistance or other legal action per Section 6(j) of the 1937 Act;
- Declare a substantial default of the ACC;
- Take all available actions under 2 CFR 200.338-200.342; and
- Take other corrective action that HUD deems necessary.





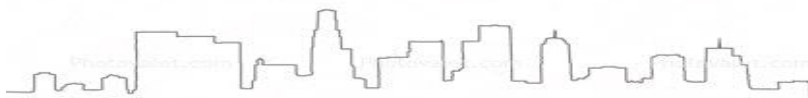
QUESTIONS



KNOWLEDGE CHECK: QUESTION #1



A PHA has not completed the environmental review for the FY15 Capital Fund grant. What steps can the Field Office take to ensure compliance?

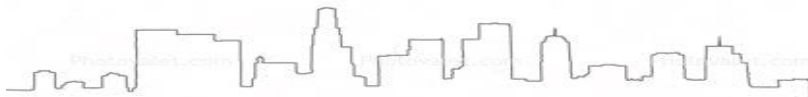




KNOWLEDGE CHECK - ANSWER



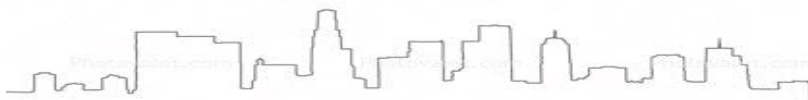
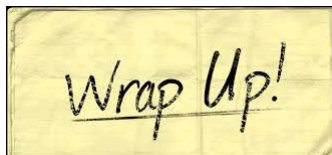
After contacting the PHA to request completion of the environmental review, the Field Office can choose not to spread the PHA's FY15 Capital Fund budget in LOCCS; suspend the FY15 Capital Fund grant; and/or place the FY15 Capital Fund grant on auto-review in LOCCS until the environmental review is complete.



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WRAP UP AND QUESTIONS





U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

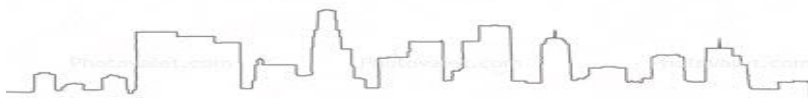
ENERGY AND PERFORMANCE INFORMATION CENTER (EPIC) TRAINING



EPIC: TOPICS



- Background
- Advantages of EPIC
- Overview/Demo
- Implementation Plan





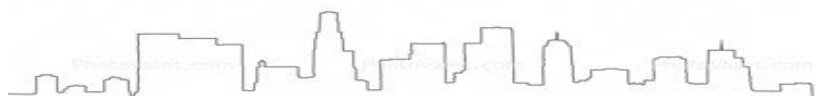
BACKGROUND



HISTORICAL BACKGROUND



- Offshoot of the Recovery Act Management and Performance System (RAMPS)
- Deployed spring 2012
- Core Activity/Energy Module
- PIH working to enhance the system and the business process
- Consultation with Field Offices and PHAs





BACKGROUND - TODAY



➤ Functionality Today:

- Activity Planning Module: [5 Year Action Plan – Annual Statement/Budget](#) (also maybe P&E Report)
- Public Housing Development Module
- EPC Module
- PNA Module

The screenshot shows the EPIC web application interface. At the top, there is a blue header with the HUD logo and the text "Energy and Performance Information Center (EPIC) RU107, Welcome back!". To the right of the header, there is a user profile for "RU107" with a "Logout" button. Below the header is a navigation menu with the following items: Home, Core Activity/Energy Module, Development of New Housing, Activity Planning, EPC, PNA, and User and Group Tools. The main content area is titled "Welcome to EPIC" and includes a "Tab Instructions" section for "PHAS" and a welcome message: "Welcome to Energy and Performance Information Center (EPIC), a HUD system that collects information on energy certified new developments and energy efficient rehabilitations made with Capital Fund Formula and RHF-". At the bottom of the screenshot, there is a stylized city skyline graphic and the number "5".



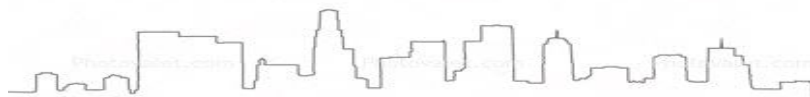
ADVANTAGES OF EPIC



ADVANTAGES OF ACTIVITY PLANNING MODULE IN EPIC



- Automates currently de-facto paper process
- Simplifies the BLI structure in LOCCS
- EPIC data updates LOCCS BLIs automatically
- Approvals/review minimized
 - FO approves 5 Year Action Plan
 - No review required on all approved 5 Year Action Plan items, PHA can revise amounts without further review
 - PHA can funge without further review



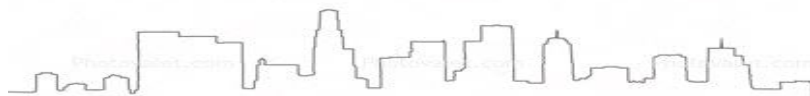
7



UPCOMING ADVANTAGES OF ACTIVITY PLANNING MODULE IN EPIC



- PHAs will be able to seamlessly integrate submitted PNA data into 5 Year Action Plans
- Track status of plan approval
- Record communications related to plan approval (via comment feature)
- Track Environmental Reviews in EPIC (maybe)



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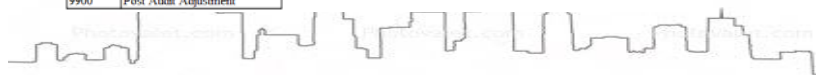
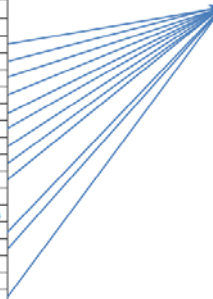


SIMPLIFIED BLIs



Line Item	Name
0100	Reserved Budget
0110	Initial Budget
1406	Operations
1408	Management Improvement
1410	Administration
1411	Audit Cost
1430	Fees & Costs
1440	Site Acquisition
1450	Site Improvement
1460	Dwelling Structures
1465	Dwelling Equipment
1470	Non-Dwelling Structures
1475	Non-Dwelling Equipment
1485	Demolition
1490	Replacement Reserve
1492	MovingToWorkDemonstration
1495	Relocation Costs
1499	Development Activity
1500	Indian Housing Grants
1501	Collater Exp / Debt Srvc
1502	Contingency
1503	RAD-CFP
1504	RAD Investment Activity
9000	Debt Reserves
9001	Bond Debt Obligation
9002	Loan Debt Obligation
9900	Post Audit Adjustment

Line Item	Name
1406	Operations
1408	Management Improvement
1410	Administration
1480	General Capital Activity
1492	MovingToWorkDemonstration
1501	Collater Exp / Debt Srvc
1503	RAD-CFP
1504	RAD Investment Activity
9000	Debt Reserves
9001	Bond Debt Obligation
9002	Loan Debt Obligation
9900	Post Audit Adjustment



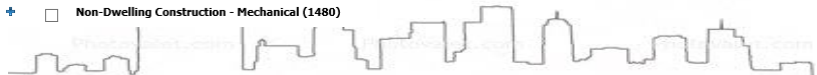
WORK CATEGORIES



Work Categories [\(Click to Expand\)](#)

7. Work Categories:

- Administration (1410)
- Contract Administration (1480)
- Debt Service Bond Payment-Paid by HUD (9000)
- Debt Service Bond Payment-Paid by PHA (1501)
- Dwelling Unit (1480)
 - Dwelling Unit - Conversion (1480)
 - Dwelling Unit - Demolition (1480)
 - Dwelling Unit-Development (1480)
 - Dwelling Unit-Exterior (1480)
 - Dwelling Unit-Interior (1480)
 - Dwelling Unit-Site Work (1480)
- MTW (1492)
- Management Improvement (1408)
- Non-Dwelling Construction - Mechanical (1480)
- Non-Dwelling Construction-New Construction (1480)
- Non-Dwelling Interior (1480)
- Operations (1406)
- RAD (1503)





OVERVIEW/DEMO



OVERVIEW: ACTIVITY PLANNING MODULE



- Step 1: PHAs create a 5 Year Action Plan
 - Specify the start year and whether the plan is fixed or rolling
 - Estimate the amount of funding PHA will get each year over the next 5 years

The screenshot shows the EPIC web application interface. The main heading is "Energy and Performance Information Center (EPIC)". Below the heading, there are navigation tabs: Home, Core Activity/Energy Module, Development of New Housing, Activity Planning (selected), EPC, PMA, User and Contact Page, and Logout. The current page is titled "2 Year Action Plan" and "Annual Statement/Budget/P&L". A dropdown menu for "Selected PHA" is set to "Choose".

The main content area is titled "SYAP2 » 5 Year Action Plan Details for [redacted]". Below this, there is a instruction: "Please use the form below to enter 5 Year Action Plan Details."

The form is titled "5 Year Action Plan Details" and contains the following fields:

- 1. Type of Plan: Fixed Plan Rolling Plan
- 2. Fiscal Year End: 06/30
- 3. 5 Year Action Plan Starting Year: [empty field]
- 4. Estimated Amounts by Plan Year:
 - Year 1: [empty field]
 - Year 2: [empty field]
 - Year 3: [empty field]
 - Year 4: [empty field]
 - Year 5: [empty field]
- Total Estimated 5 Year Action Plan Amount: \$0.00

At the bottom of the form, there are two buttons: "Save and Continue" and "Cancel".



OVERVIEW: ACTIVITY PLANNING MODULE

- Step 2: PHAs create “work activities” within their 5 Year Action Plan
 - A work activity is a description of how a PHA intends to use its Capital Funds .

The screenshot shows the 'Activities List for SYAP3 - 2016 to 2020' page. It includes a 'Work Activity Cost' table and a 'Legend'.

Year	Estimated	Consumed	Balance
2016	\$100,000.00	\$0.00	\$100,000.00
2017	\$100,000.00	\$0.00	\$100,000.00
2018	\$100,000.00	\$0.00	\$100,000.00
2019	\$100,000.00	\$0.00	\$100,000.00
2020	\$100,000.00	\$0.00	\$100,000.00
Total	\$500,000.00	\$0.00	\$500,000.00

Legend

- 👍 = Add Work Activity
- 👎 = Delete Work Activity
- 🔄 = Duplicate Work Activity
- 📄 = View Work Activity Log

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OVERVIEW: ACTIVITY PLANNING MODULE

- Step 2: A work activity contains the following pieces of information:
 - Title;
 - Brief description;
 - Best estimate;
 - Projected year;
 - Identification of the PIC Development/AMP where the work activity will take place or N/A, work category.

The screenshot shows the 'Add Work Activity' form for SYAP4 - 2016 to 2020. It includes a 'Work Activity Information' section with fields for Title, Description, Cost, and Projected Year.

Work Activity Information

- Title: Roof Installation
- Description: Install new roofs.
- Cost: 100,000
- Projected Year: 2016

Buttons: Save, Cancel

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OVERVIEW: ACTIVITY PLANNING MODULE

- Step 2: Once all work activities have been added, the “piggy bank” will balance and EPIC will allow the plan to be submitted to the HUD Field Office.



The screenshot shows the EPIC interface. At the top, it says 'SYAP3 > Activities List for 2016 to 2020'. Below that is a 'Piggy Bank' table with columns for Year, Estimated, Committed, and Balance. The table shows data for years 2016 through 2020, with a total of \$100,000,000 estimated and \$100,000,000 committed, resulting in a balance of \$0.00. To the right, the '5-Year Action Plan Reporting' section shows a table with one entry: '5-Year Action Plan for 2016-2020' with a status of 'Submitted'.

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IMPLEMENTATION PLAN

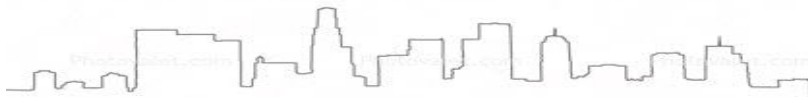
IMPLEMENTATION PLAN



BETA TEST



- Scheduled for August 2015
- Designed to test system, system support and business process
- PHAs input actual 5 Year Action Plans into EPIC
 - New plans in process or already approved plans
- Field Offices process/approve plans submitted in EPIC
- PHAs would link already awarded grants covered by 5 Year action plan years to an Annual Statement/Budget

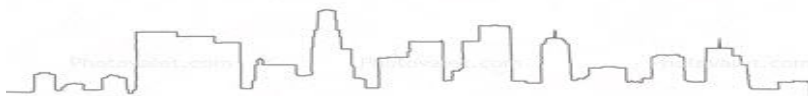


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RESOURCES

For more information and help, the EPIC Help Desk is
EPICHelp@HUD.gov



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WRAP UP AND QUESTIONS

