

BOARD COMMISSIONER TRAINING

# PHA Plan, Capital Fund, and Strategic Planning



**2021**

Developed in 2021 using HUD's Lead the Way training, adapted by Econometrica, as well as other sources.

**ECONOMETRICA, INC.**

# Learning Objectives

After completing this module, you should be able to:

- Understand the Board's role as it is relative to the PHA Plan.
- Learn the components of the PHA Plan, as well as what is to be submitted and when.
- Learn the basic elements of the Capital Fund (CF) and the activities for which it can and cannot pay.
- Learn the components of the CF 5-Year Plan, as well as what is to be submitted and when.
- Describe how to monitor the CF and the penalties for noncompliance.
- Explain the benefits of strategic planning and how it fits with the PHA and CF Plans.



# Today's Agenda



- Public Housing Recap
- Public Housing Agency (PHA) Plan
- Capital Fund
- Strategic Planning



# Public Housing Recap

# Public Housing Overview

- **Authorization:** U.S. Housing Act of 1937 and subsequent acts.
- **Purpose:** Provide decent, safe, sanitary rental housing for low-income families.
- **Ownership:** Funded by federal government. Established by state law. PHA holds property title with conditions without HUD approval.



- **Financing:** By federal subsidy (Operating Fund, Capital Fund, and special purpose grants), rental income from tenants and grants.
- **PILOT:** Payment in lieu of taxes to the city instead of local taxes.
- **Rent:** Based on 30 percent of a family's monthly adjusted income.

# Housing Choice Voucher, Section 8 Program Basics

- **Purpose:** Assist very low-income families to afford decent, safe, and sanitary housing in the private market.
- **Eligibility:** Families at less than 50 percent of area median income eligible, but most are at 30 percent of median income or below.
- **Rent/Housing Subsidy:** Based on PHA determined payment standard. Tenant pays 30 percent of their adjusted income toward rent and HUD pays remainder as a subsidy to the landlord.
- **Voucher Allocation:** Varies based on budget authority provided by HUD and the subsidy amount needed per voucher.





# Key Documents

- **Annual Contributions Contract (ACC)**
  - Mechanism for receiving HUD funding and terms and conditions between the PHA and HUD.
- **PHA Plan, Capital Fund Budget/Plan**
  - Key plans that HUD requires at a minimum every five years if not annually.
- **Admissions and Continued Occupancy Policy (ACOP) and Section 8 HCV Administrative Plan (Admin. Plan)**
  - Core programmatic policy for the low rent public housing and housing choice voucher programs
- **Operational Policies - Procurement, Personnel, Financial, Etc.**
  - Policies for the PHAs core operational functions, at a minimum for procurement, personnel and finances and internal controls
- **PHA Bylaws and Code of Ethics**
  - Created by the Board as their guide for meetings, board structure, etc. and for the Board and staff to commit to an ethical environment and principles.



# PHA Plan





# Types of PHA Plans

- Annual Plan and 5-Year Plans.
- HUD requirement; updated and submitted annually.
- Format dictated by HUD.
- Comprehensive guide to the PHA's policies, operations, and strategies.
- The Plan outlines the mission, long-range goals, and objectives.
- Annual application for funding.
- Consult with Resident Advisory Board (RAB), public, and other stakeholders.
  - RAB is specifically established to advise the PHA Plan development.
  - Must represent the residents across the PHA.



# What Are Qualified Versus Non-Qualified PHAs

Qualified PHAs	Non-Qualified PHAs
Have 550 or fewer public housing units and Section 8 vouchers.	Any PHA that is not on the “Qualified PHA” list and does not meet the criteria for a Qualified PHA.
Have not been designated as “Troubled” through the Public Housing Assessment System during the prior 12 months.	Requirements located at <a href="https://www.hud.gov/program_offices/public_in_dian_housing/pha/nonqualified">https://www.hud.gov/program_offices/public_in_dian_housing/pha/nonqualified</a> .
Do not have a failing Section Eight Management Assessment Program score within the past 12 months.	
Can be publicly found at <a href="https://www.hud.gov/program_offices/public_in_dian_housing/pha/lists">https://www.hud.gov/program_offices/public_in_dian_housing/pha/lists</a> .	

# Five Year PHA Plan - example

<b>5-Year PHA Plan</b> <b>(for All PHAs)</b>	<b>U.S. Department of Housing and Urban Development</b> <b>Office of Public and Indian Housing</b>	<b>OMB No. 2577-0226</b> <b>Expires: 02/29/2016</b>
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**Purpose.** The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

**Applicability.** Form HUD-50075-5Y is to be completed once every 5 PHA fiscal years by all PHAs.

<b>A.</b>	<b>PHA Information.</b>
<b>A.1</b>	PHA Name: <input type="text"/> PHA Code: <input type="text"/>
<b>B.</b>	<b>5-Year Plan.</b> Required for all PHAs completing this form.
<b>B.1</b>	<b>Mission.</b> State the PHA's mission for serving the needs of low- income, very low- income, and extremely low- income families in the PHA's jurisdiction for the next five years. <input type="text"/>
<b>B.2</b>	<b>Goals and Objectives.</b> Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low- income, very low- income, and extremely low- income families for the next five years. <input type="text"/>
<b>B.3</b>	<b>Progress Report.</b> Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan. <input type="text"/>

# Five Year PHA Plan

- All PHAs must complete every 5<sup>th</sup> year
- Mission, goals and objectives
- Progress Against Prior 5-Year Plan
- Civil Rights Certification
- Violence Against Women Act requirements..
- Consistency with the Consolidated Plan to include, the plan to affirmatively further fair housing
- Public Hearing and consultation with the Resident Advisory Board



# Knowledge Check: Question 1



Only Non-Qualified PHAs must submit a 5-Year Plan.

- a. True.
- b. False.

# Annual PHA Plan

<b>Annual PHA Plan</b> <i>(Standard PHAs and Troubled PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 02/29/2016
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**Purpose.** The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

**Applicability.** Form HUD-50075-ST is to be completed annually by **STANDARD PHAs or TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

## Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

<b>A.</b>	<b>PHA Information.</b>
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# Nineteen Required Elements of the Annual PHA Plan

1. Housing needs.
2. Financial resources.
3. Eligibility and admissions policies.
4. Rent policies.
5. Maintenance and management.
6. Grievance procedures.
7. Capital improvements.
8. Demolition and sale of public housing.
9. Designation of housing for elderly and disabled residents.
10. Conversion of public housing to Section 8 vouchers.
11. Homeownership programs.
12. Services, jobs, training, and community works requirement.
13. Safety and crime prevention.
14. Pets.
15. Civil Rights Certification.
16. Annual audit.
17. Asset management.
18. Violence Against Women Act requirements.
19. Additional information.





# Annual PHA Plan Submissions for Qualified Versus Non-Qualified PHAs

Qualified PHAs	Non-Qualified PHAs
Exempt from Annual PHA Plan requirements	Must meet all PHA Plan Requirements.
Submit Civil Rights Certification.	Completed Annual PHA Plan Form (HUD-50075)
Certificate of consistency with the Consolidated Plan.	Certificate of consistency with the Consolidated Plan.
Publicly available	Submit Civil Rights Certification.
Conduct an annual public hearing and RAB consultation.	Conduct an annual public hearing and RAB consultation.
	Make publicly available
	Annual PHA Plan must be submitted 75 days before the end of the fiscal year (FY).
	Requirements located at <a href="https://www.hud.gov/program_offices/public_indian_housing/pha/nonqualified">https://www.hud.gov/program_offices/public_indian_housing/pha/nonqualified</a> .

## Knowledge Check: Question 2



Qualified PHAs are required to conduct an annual public hearing and consult with the RAB on their PHA Plan.

- a. True.
- b. False.

# Board and Resident Roles in PHA Plan

## Role of Board

- Provide strategic direction for the PHA and the PHA Plan.
- Review PHA Plan and resident comments.
- Approve PHA Plan via resolution.



# Board and Resident Roles in PHA Plan (cont.)

## Role of Residents

- PHA must establish a Resident Advisory Board (RAB), which can be the same as the Resident Council.
- RAB reviews and comments on the PHA Plan.
- PHA must consider all recommendations made by RAB and provide HUD with the recommendations and how they were addressed.
- RAB, residents, and the public all have a right to comment.





# Capital Fund

# CF Basics

- HUD funding for PHAs is distributed through a formula.
- Capital and management activities include:
  - Development.
  - Financing.
  - Modernization.
  - Management improvements.
  - Safety and security measures.
  - Homeownership activities.
  - Improvement of energy and water-use efficiency.
- No more than 20 percent may be used for operating expenses.
- No more than 10 percent may be used for administration costs.
- Do not exceed 10 percent for management improvements.



# Ineligible Activities



Activities not related to public housing.

Activities not in the 5-Year Action Plan.

Activities that are more than modest design.

Activities benefitting other programs, such as HCV.

Duplicate funding.

Soft costs that do not upgrade or improve the operation or management of the public housing programs.

Examples of soft costs include security guard salaries; general remedial education; job counseling or placement; supportive services to residents; health, wellness, or educational programs.



# Ineligible Activities: Vehicles/Security Guard Soft Costs

- Passenger and non-passenger vehicles (mowers, trucks, cards, snow removal).
  - **Exceptions:** When required for staff to perform CF activities exclusively and in limited circumstances under management improvements.
- Security guard salaries or other ongoing security costs.
  - **Exceptions:** Training of in-house security personnel under management improvements.



## Knowledge Check: Question 3



Which activity is not allowed under the Capital Fund program?

- a. Renovation or work at one of the public housing sites.
- b. Installation of new energy-efficient windows.
- c. Capital Fund personnel staff salaries.
- d. Purchase of a van for resident services activities.
- e. Software for a financial software upgrade based upon audit recommendations.

# Obligation and Expenditure Requirements

## Capital Fund Formula (CFF) Grants

Obligation Requirements	Obligation Timeframe	Expenditure Requirements	Expenditure Timeframe
90% or more of authorized CF grant.	24 months from obligation start date.	100% of authorized CF grant.	48 months from obligation start date.

- HUD will withhold the PHA's next CF grant until the PHA obligates at least 90 percent of its prior grant.
- PHA will lose 1/12th of the CF for each month of noncompliance of the next CF grant.
- HUD will recapture any unexpended CF monies by the expenditure end date.

# Penalty Application Example

**Example:** The PHA failed to obligate at least 90 percent of a FY 2017 CFF grant by the obligation end date of July 10, 2019.

## What happens?

1. Continue to obligate the noncompliant grant until it demonstrates a 90 percent obligation.
2. The PHA achieved the 90 percent obligation on October 12, 2019—3 months and 2 days after the obligation end date.
3. HUD penalizes the PHA for 4 months' worth of grant monies on the following year's (FY 2020) CFF grant.

# Penalty Application Example: Penalty Calculation and Implementation

*Reduced grant amount =*

$$\text{Authorized amount of new grant} - \left( \frac{\text{Authorized amount of new grant}}{12} \times \text{penalty months} \right)$$

- FY 2020 formula grant is \$360,000.

$$\begin{aligned} \text{Reduced grant amount} &= \$360,000 - \left( \frac{\$360,000}{12} \times 4 \text{ months} \right) \\ &= \$360,000 - (\$30,000 \times 4 \text{ months}) = \$360,000 - \$120,000 \\ &= \mathbf{\$240,000 \text{ New FY Grant Amount}} \end{aligned}$$

- HUD executes new FY 2020 ACC Amendment and recaptures \$120,000 penalty.
- HUD notifies the Real Estate Assessment Center and the PHA's FY 2020 Public Housing Assessment System is reduced.

***Maximum penalty is 100 percent of the next year's CF grant.*** 27

## Knowledge Check: Question 4



Ninety percent of all of a given CF award must be obligated within 24 months of grant award and 100 percent expended within 48 months.

- a) True.
- b) False.

# Capital Fund Grant Planning Process

✓	Key Components
✓	Needs Assessment (e.g. PNA or CNA) and Energy Audit
✓	Draft 5-Year Action Plan
✓	45 Day Notice
✓	Public Hearing and RAB Consultation
✓	Board Resolution Approving 5-Year Action Plan
✓	Environmental Review(s) as applicable



# Capital Needs Assessments (CNA)

- While a PNA is not required, PHAs should still analyze capital needs annually.
- Consider what work is needed to bring each Asset Management Project up to applicable modernization and energy conservation standards.
  - Conduct or procure a CNA/PNA every 5–10 years.
  - Conduct or procure energy audits.
- The information will feed into the development of the 5-Year Action Plan and other annual CF Program submission documents to HUD.



U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
OMB No. 2577-0226  
Expires 08/30/2011

Part I: Summary						
PHA Name/Number		Locality (City/County & State)		Original 5-Year Plan		Revision No:
A.	Development Number and Name	Work Statement	Work Statement for Year 2	Work Statement for Year 3	Work Statement for Year 4	Work Statement for Year 5
		for Year 1 FFY _____	FFY _____	FFY _____	FFY _____	FFY _____

### Capital Fund Program—Five-Year Action Plan

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
OMB No. 2577-0226  
Expires 4/30/2001

[illegible]

# Public Hearing and Board Resolution

- Hold a public hearing regarding the proposed CF submission.
- Meet and consult with RAB.
- Board must approve via resolution prior to submission to HUD.
- PHA may not access reserved funds until board resolution is provided to HUD and HUD approval is received.



# Monitoring CF Performance

Strategies to monitor compliance and obligation of Capital Program funds:

- Review 5-Year Plan annually to confirm alignment with PHA goals, allowable program costs, and cost reasonableness.
- Monthly reporting/obligation and active project updates.
- Review and budget for plan modifications throughout the year.
- Evaluate procurement timeliness and effectiveness.
- Confirm contract oversight and management.



## Knowledge Check: Question 5



Which of the following are requirements of the Capital Fund Planning Process? *(Note all that apply.)*

- a. Environmental reviews, as applicable.
- b. 90-day notice of the plan.
- c. Public hearing and RAB consultation.
- d. Must be done with the PHA Plan.
- e. A capital needs assessment.



# Strategic Planning

# Strategic Planning and the PHA Plan

- A strategic planning tool can:
  - Assess the housing needs of the community.
  - Identify the financial and other resources available to the PHA.
  - Establish goals and strategies for addressing needs.
  - Translate strategies into policies and programs.
- **Example:** *We want to increase housing for the elderly and disabled. Perhaps we will change our waitlist policy to prioritize these populations.*
- **Example:** *We want to address our oldest property, which is now obsolete. We will include submission of a Section 18 demolition application in the next year.*



# Key Strategic Elements from the PHA Plan



- Mission.
- Vision.
- Housing needs.
- Financial resources.
- Goals.
- Strategies.

# Useful Resources: FMR, Housing Needs, and Community Demographics

Final FY FMRs by Unit Bedrooms					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2019 FMR	\$621	\$753	\$967	\$1,261	\$1,371
FY 2018 FMR	\$600	\$727	\$940	\$1,238	\$1,337

## Community Demographics

- Median household income: \$31,285.
- Unemployment rate: 9.4 percent.
- Single-earner households: 29 percent.
- Households in poverty: 34 percent.
- Households on public assistance: 40 percent.
- Average family size: 3.6 people.
- High school drop-out rate: 17 percent.

## Housing Needs

- Fifty percent of the rental housing stock is single-family detached.
- Fifty percent of the homes are rentals.
- Rental vacancy rate: 10 percent.
- One-third of multifamily units are subsidized.
- Homelessness rate: 10 percent.

# PHA Financial Resources

Sources	Amount
Public Housing Operating Funds	\$852,000
HCV Funds	\$2,160,000
Public Housing Rental Income	\$494,400
<b>2019 Operating Subtotal</b>	<b>\$3,506,400</b>
Capital Funds (2019)	\$360,000
Prior Year CF Grants	\$180,058
Other Income	\$26,070
<b>Grand Total</b>	<b>\$4,072,528</b>

# Sample PHA Plan Goals and Strategies

Goals	Strategies
Expand the supply of assisted housing.	<ul style="list-style-type: none"><li>• Create a pool of contractors to expedite maintenance contracts for vacant unit turns.</li></ul>
Improve the quality of assisted housing.	<ul style="list-style-type: none"><li>• Reorganize the Asset Management Department to improve operational efficiency, including full staffing and training.</li><li>• Add additional HCV staff and train staff members.</li></ul>
Improve community quality of life and economic vitality.	<ul style="list-style-type: none"><li>• Improve physical condition of units and provide economic opportunities through the Computer Center.</li><li>• Enter an intergovernmental agreement with police departments for additional policing.</li></ul>
Promote self-sufficiency and assist development of families.	<ul style="list-style-type: none"><li>• Apply for a Family Self-Sufficiency grant from HUD.</li></ul>
Ensure equal opportunity in housing.	<ul style="list-style-type: none"><li>• Implement a quarterly Landlord Roundtable to promote the HCV program and build better relationships with the HCV landlords.</li></ul>

**Thank you**  
for your commitment and service to  
your PHA and its residents!