

**AHFC Housing and Urban Development Capital Fund Program**

**FY2017 Request: \$2,500,000**  
**Reference No: 6342**

**AP/AL:** Appropriation **Project Type:** Renewal and Replacement  
**Category:** Development  
**Location:** Statewide **House District:** Statewide (HD 1-40)  
**Impact House District:** Statewide (HD 1-40) **Contact:** Les Campbell  
**Estimated Project Dates:** 07/01/2016 - 06/30/2021 **Contact Phone:** (907)330-8356

**Brief Summary and Statement of Need:**

This federal Housing and Urban Development (HUD) grant provides public housing authorities (PHA) with funds each year to help build, operate, maintain, renovate or modernize public housing units. These funds have flexibility under the Moving To Work (MTW) program and may be used in conjunction with other MTW programs, including to help fund new affordable housing. This project is intended to cover the spending authority required for the amount of funds anticipated to be available this next fiscal year, including any other financial incentives that may become available as a "high performing" public housing authority.

| <b>Funding:</b> | FY2017      | FY2018      | FY2019      | FY2020      | FY2021      | FY2022      | Total        |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 1002 Fed Rcpts  | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$15,000,000 |
| <b>Total:</b>   | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$15,000,000 |

|   |   |                                       |   |  |
|---|---|---------------------------------------|---|--|
| <input type="checkbox"/> State Match Required | <input type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway  | <input checked="" type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required           |   | <input type="checkbox"/> Amendment    | <input type="checkbox"/> Mental Health Bill |  |

**Operating & Maintenance Costs:**

|                      | <u>Amount</u> | <u>Staff</u> |
|----------------------|---------------|--------------|
| Project Development: | 0             | 0            |
| Ongoing Operating:   | 0             | 0            |
| One-Time Startup:    | 0             | 0            |
| <b>Totals:</b>       | <b>0</b>      | <b>0</b>     |

**Prior Funding History / Additional Information:**

- Sec1 Ch38 SLA2015 P6 L20 SB26 \$2,500,000
- Sec1 Ch18 SLA2014 P61 L31 SB119 \$3,200,000
- Sec1 Ch16 SLA2013 P77 L8 SB18 \$3,200,000
- Sec1 Ch17 SLA2012 P130 L25 SB160 \$3,200,000
- Sec1 Ch5 SLA2011 P98 L20 SB46 \$3,200,000
- Sec7 Ch43 SLA2010 P34 L20 SB230 \$3,200,000
- Sec1 Ch15 SLA2009 P20 L6 SB75 \$3,200,000
- Sec13 Ch29 SLA2008 P156 L28 SB221 \$3,200,000

**Project Description/Justification:**

The purpose of this program is to renovate and modernize public housing rental units statewide.

**The projected outcomes are:**

- Modernize public housing rental units;
- Code compliance; and/or
- Conduct energy audits.

The federal government, through the U.S. Department of Housing and Urban Development (HUD), provides public housing authorities (PHA) with money each year to help renovate and modernize their public housing through the Capital Fund Program. To access this money, each PHA, with the active involvement of residents and local government officials, must develop a comprehensive (five-year) plan detailing modernization needs within the PHA's housing inventory and establishing a timetable for meeting those needs. The dollar amount of the annual grant is established by a formula using the number, configuration, and size of the PHA's low rent units. The annual grant can also be used for administrative expenses, tenant-education projects, drug-elimination/safety projects, and management improvements.

Projects include: a set-aside for the Affordable Housing Development Program; and renovation or replacement of various public housing units statewide.

This project will also provide operation and management improvements, such as PHA staff training; resident training; training for low-income businesses; and upgrades to the information system and area-wide network enhancements at low rent developments.

The Public Housing Capital Fund Program was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA) which amended section 9 of the Housing Act of 1937. It provides funds annually to Public Housing Authorities for capital and management activities, including modernization and development of public housing. The dollar amount of the annual grant is established by a formula which measures the existing modernization needs and accrual needs of PHAs. The statute requires that Capital Fund Program funds allocated to a PHA be 90% obligated within two years and 100% expended in four years.

The Capital Fund also includes Replacement Housing Factor (RHF) Fund Grants that are awarded to PHAs that have removed units from inventory for the sole purpose of developing new public housing units. The Capital Fund formula rule provides that a PHA may receive RHF grants for public housing units demolished or sold for a period of up to 2- five year increments (10 years of funding).

The program was amended into a final rule, effective November 25, 2013, that combines and streamlines the former legacy public housing modernization programs, including the Comprehensive Grant Program (CGP), the Comprehensive Improvement Assistance Program (CIAP) and the Public Housing Development Program (which encompasses mixed-finance development), into the Capital Fund Program (CFP).

A major change in the program is the decoupling of the capital fund submission process from the PHA plan. This allows PHAs to submit capital fund requirements with the annual contributions contract (ACC) Amendment, enables PHAs to only hold one public hearing, streamlines mixed finance requirements, provides a total development cost (TDC) limit exception for energy conservation and efficiency, implements Energy Star requirements, standardizes the Energy Code.

The program implements Demolition Disposition Transitional Funding (DDTF), which provides five years of funding for units removed from a PHAs inventory due to demolition or disposition on or after October 1, 2013. DDTF will be included in the PHAs annual capital fund formula grant. The PHA may use the funding for any eligible activities under CFP. The funding must be obligated and expended in

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accordance with the requirements of the capital fund formula grant in which the funding has been included. It eliminates separate replacement housing factor (RHF) grants with separate use and reporting requirements and provides a smooth RHF transition period that allows PHAs to continue receiving their RHF incremental funding for units removed prior to the effective date stated in the rule.

Capital fund eligible activities include modernization development or financing activities that are: specified in an approved CFP 5-year Action Plan; approved by HUD for emergency and natural disaster assistance.