



# U.S. Department of Housing and Urban Development

## Capital Fund Training Session 1

### Introduction to the Capital Fund Planning Process

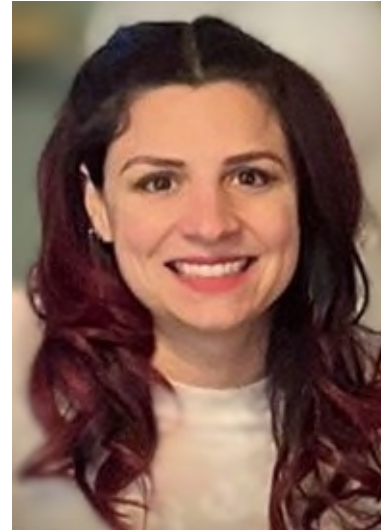




# Presenters: Office of Capital Improvements



**Thomas Shelton**  
Housing Capital  
Improvement Specialist



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Housing Capital Improvement  
Specialist



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Housing Capital  
Improvement Specialist





# Topics

A vertical strip of six small images on the left side of the slide. From top to bottom: a blue house, a city skyline, a row of brick houses, a man in a white shirt, a colorful apartment building, and a group of people.

Overview

Planning

Public Housing Reinvestment

Capital Fund Submission

Intro to EPIC

5-Year Action Plan





# Background

## The Capital Fund

Annual funding to PHAs for PH Units

- Development
- Financing
- Modernization
- Management improvements

2013: The Capital Fund Rule combined former legacy programs into the Capital Fund Program

Modernization programs (24 CFR 968)

Public Housing Development (24 CFR 941)

Mixed Finance Development (24 CFR 941 subpart F)

2016: Capital Fund Guidebook

[https://www.hud.gov/sites/documents/CAPITALFUNDGUIDEBOOK\\_FINAL.PDF](https://www.hud.gov/sites/documents/CAPITALFUNDGUIDEBOOK_FINAL.PDF)



# Capital Fund Programs



## FORMULA

Capital Fund Program



## COMPETITIVE

Emergency Safety & Security  
Lead-Based Paint Capital Funds  
Housing-Related Hazards Capital Funds  
Troubled/At Risk



## NON-COMPETITIVE

Emergency/Disaster  
Capital Fund Financing Program



# Competitive

## EMERGENCY SAFETY & SECURITY

- \$250k Maximum Grant
- Used for hard costs related to crime emergencies, CO detectors
- Approx. 60 grantees per year

## LEAD-BASED PAINT CAPITAL FUNDS

- \$5 M maximum Grant
- Used to address lead based paint hazards
- Approx. 25 grantees per year

## HOUSING-RELATED HAZARDS CAPITAL FUNDS

- \$5 M maximum Grant
- Hazards such as CO, Mold, Radon, Fire Sprinkler, Asbestos
- Approx. 25 grantees per year

**Based on FY 2023 Funding**

*Amounts and items are subject to change annually*





# Non-Competitive



## EMERGENCY DISASTER

First Come First Serve

\$20 M Annually

No official maximum grant

For unpreventable or unpredictable emergency or disaster conditions.



## CAPITAL FUND FINANCING PROGRAM

Can borrow against future Capital Fund and use a percentage of future Capital Funds for the debt service

Bond and/or loan proceeds treated as Capital Funds

Over \$20 Billion leveraged



# Public Housing Reinvestment







# Public Housing Reinvestment

## CAPITAL FUND EMERGENCY/NATURAL DISASTER FUNDS

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/capfund/emfunding](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund/emfunding)

## MIXED-FINANCE DEVELOPMENT

<https://www.hud.gov/mixedfinance>

## CAPITAL FUND FINANCING PROGRAM (CFFP)

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/capfund/cffp](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund/cffp)





# Capital Fund Emergency/Natural Disaster Funds



**The Opportunity:** PHAs that experience emergencies or non-presidentially declared natural disasters can apply for Capital Funds.



**Key Requirements:** \$20 million appropriated annually and grants are awarded on a first-come, first-served basis. The emergency/disaster must occur in the Federal Fiscal Year of funding.



**Learn More:** [Capital Fund Emergency/Natural Disaster Funding Webpage](#)



# Mixed-Finance Development



**The Opportunity:** Mixed Finance Development allows PHAs to develop public housing units that are not exclusively PHA-owned. This allows public housing to be developed using Low-Income Housing Tax Credits and other sources.



**Key Requirement:** Mixed Finance developments often include non-public housing units by design. However, HUD Capital and Operating Funds can only support the public housing units (i.e., pro rata test). Must meet HUD TDC Limits.



**Learn More:** [Mixed-Finance Public Housing Webpage](#)

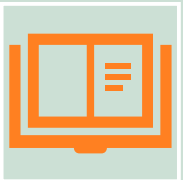
# Capital Fund Financing Program (CFFP)



**The Opportunity:** CFFP allows PHAs to borrow money through a loan or bond and pay debt service with future Capital Funds. Proceeds can be used for any activities eligible under the Capital Fund rule.



**Key Requirement:** Debt service is limited to 33% of the current year Capital Fund grant. The term is limited to 20 years.



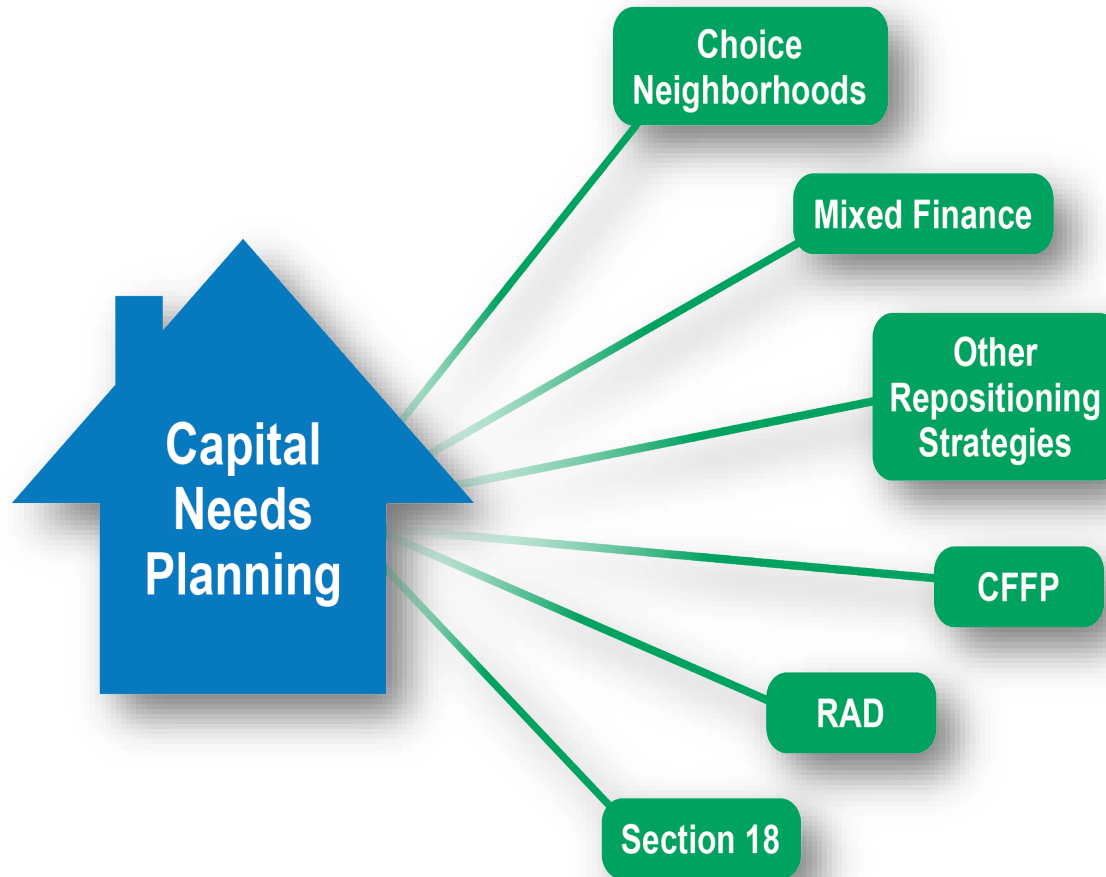
**Learn More:** [Capital Fund Financing Program Webpage](#)



# Planning



# PLANNING – Capital Fund Strategic Planning



## CONSIDERATIONS

Property conditions, vacancies, unit turnover, system lifecycles

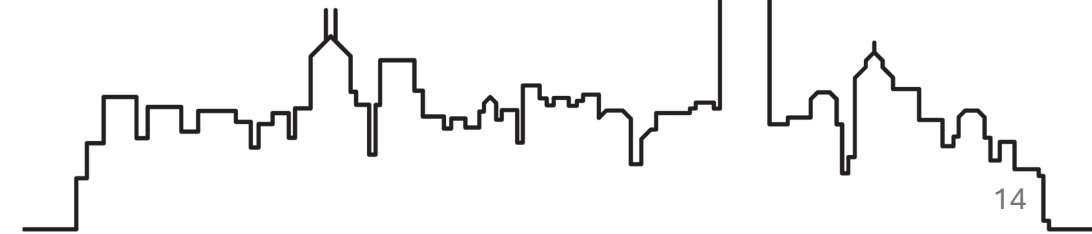
Community needs

Financial resources available

Long and short-term goals and strategies

Policies and programs

Procurement cycle, use of contractors or force account labor







# Capital Fund 5-Year Action Plan Vs. PHA Plans

## Capital Five-Year Action Plan (Part 905)

Covers 5 years of Capital Funding – deadline varies by choice of Fixed or Rolling Plan and Federal Appropriation.

Specific to PHA's modernization efforts to ensure the long-term physical and social viability of the PHA.

## PHA Five-Year Plan (Part 903)

Covers 5 PHA Fiscal Years – due 75 days before PHA FYE on a specific schedule.

PHA's mission, goals and objectives and progress the PHA has made in meeting the goals and objectives.



**All PHAs must hold a public hearing on their Capital Fund Submission/5-Year Action plan every year.**

This public hearing may be combined with the PHA Plan public hearing which must be held annually for both qualified and non-qualified PHAs.

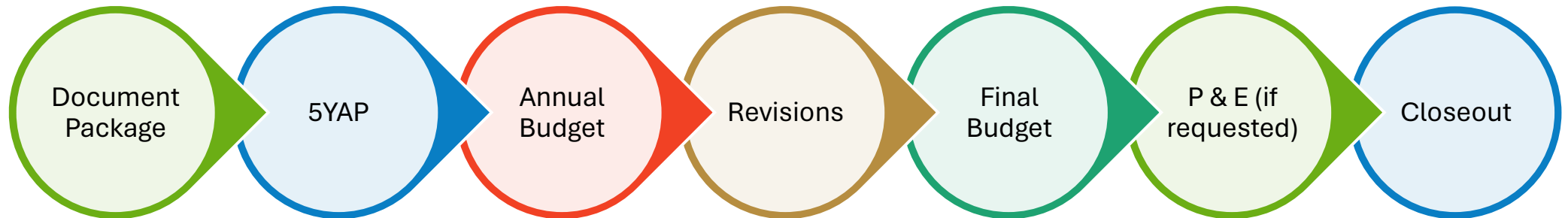


# CFP Grant Lifecycle

## Steps to Receive a CFP Grant



## Steps Reported In EPIC



EPIC ← → ELOCCS



# CFP Grant Lifecycle – Preparing for the grant

Annual Building and Unit  
CFP Certification

Draft 5-Year Action Plan

Annual SAM Registration

Annually Evaluate Capital  
Needs



# UEI Number and Current SAM Registration



SAM.GOV is a GSA-owned system for all recipients of Federal Financial Assistance. [Help?](#)

PHAs must have a Unique Entity Identifier (UEI) issued through SAM.GOV

PHAs must renew their SAM registration annually

PHAs must change a UEI or Tax Identification Number (TIN) through SAM.GOV

SAM registration is automatically checked and updated daily in LOCCS

HUD cannot obligate funds in LOCCS without current SAM registration

Changes to UEI or TIN are not automatically updated in LOCCS: those changes must be reported to [cfoaccounting@hud.gov](mailto:cfoaccounting@hud.gov)

EPIC only sees grants that have been obligated



# Evaluating Capital Needs

PNA, CNA and Energy Audit

Review the PHAS score

Review the progress since the last 5YAP

Outside contractors to come up with the PNA/CNA is an eligible cost

Energy audits can help reduce utilities costs





# CFP Grant Lifecycle – Receiving the grant



Provide a 45-day Notice and Comment Period



Annual Hearings, Consultation and Board Resolution



Environmental



Annual CFP Submission Documents





# Capital Fund Annual Hearing

Under § 905.300 All PHAs must hold an annual public hearing to discuss their draft CFP Five-Year Action Plan.

45 days before the public hearing, the PHA must provide the draft Five-Year Action Plan to the residents and the Resident Advisory Board (RAB).

PHAs shall conduct reasonable outreach activities to encourage broad public participation.

The hearing must be conducted at a location that is convenient to the residents served by the PHA.

This applies to PHAs who choose a Fixed or Rolling Plan.

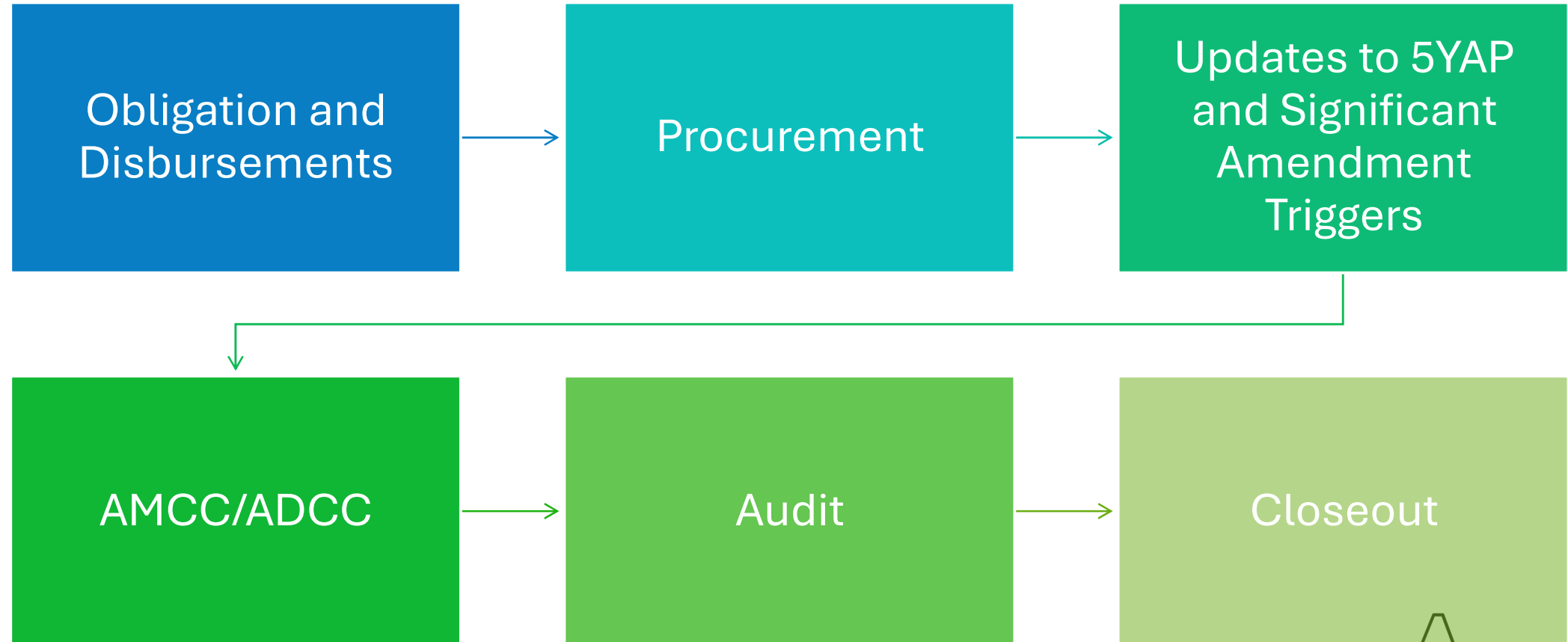
The hearing that covers the Five-Year Action Plan may be the same as the PHA Plan hearing or may be separate.

The PHA must consider the comments from the residents, the public, and the RAB.





# CFP Grant Lifecycle – Grant Monitoring & Closeout





# Environmental



Compliance with the National Environmental Policy Act of 1969 (NEPA)



Prior to obligating and expending Capital Funds, the PHA must obtain environmental clearance per 24 CFR Parts 50 and 58.



For specific guidance on environmental compliance, please see Notice PIH 2016-22.

*PIH Notice 2016-22 Appendix A: Certain eligible CFP expenses have undergone Environmental Review by HUD and are not subject to further review.*

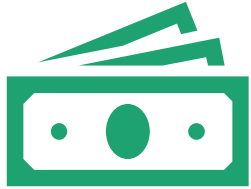


# Submission





# Capital Fund Annual Submission



Every year the annual capital fund processing guidance is published on the office of capital improvements website:

[www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/capfund](http://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund)



This includes The Annual Contributions Contract (ACC) Amendment and other certifications, which make up the Initial Award Package.



The processing guidance defines the specific set of documents called the capital fund annual submission.





# Documents

## All PHAs



ACC (HUD-53012)



Board Resolution



RAB Comments



Significant Amendment



Certification of Payments to  
Influence Federal Transactions  
(HUD- 50071)

## Qualified PHAs



Civil Rights Certification (HUD-  
50077-CR)



A statement certifying that  
the PHA conducted a public  
hearing

## Non-Qualified PHAs



Certification of Public  
Hearing (HUD-50077-ST-  
HCV-HP)

## As Needed



Other documents as required  
by the grant



Lobbying Form SF-LLL

24 CFR 905.300





# MTW PHAs (The Original 39 PHAs)



Standard MTW Agreement establishes planning, annual submission, and distribution of funds requirements.

- Must submit a 5-Year Capital Fund Action Plan.
- Contents of the CFP Annual submission is established by MTW Agreement.





# What is a Significant Amendment?

## Significant Amendment

There are automatic triggers for a Significant Amendment.

The PHA must also create and adopt its own local policy that defines what it constitutes a Significant Amendment

24 CFR 905. 300 (b) (1) (iii)

A vertical collage of images on the left side of the slide, including a blue house, a city skyline, a brick building, a group of people, a demolition site, and a modern apartment building.

Demolition

Disposition

New  
Development

Home-  
ownership

Capital Fund  
Financing  
(CFFP)



# What Is EPIC?

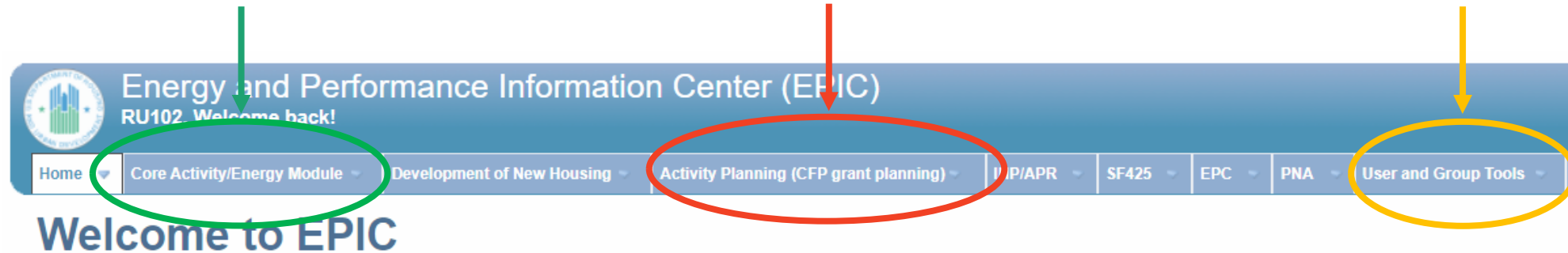
HUD's Energy and Performance Information Center

## Active Modules

Core Activity Energy Module

Activity Planning Module

User and Group Tools



[https://portalapps.hud.gov/app\\_epic/](https://portalapps.hud.gov/app_epic/)

*Users will also see the EPC and Development of New Housing but those are not currently active. The PNA tab allows PHAs to download their PIC data.*



# Initial Package in the Document Management Center

Once a grant is obligated, the PHA may create the Document Package

Each Individual grant needs a Document Package

PHAs should refer to the guidance for specific grant types for additional documents required

Showing 0 to 0 of 0 entries

Create New Document Package

Legend

Edit Package(s) View Logs

**DM2 » Create New Document Package**

**Document Package Details**

Package Type : Select Package Type ▼

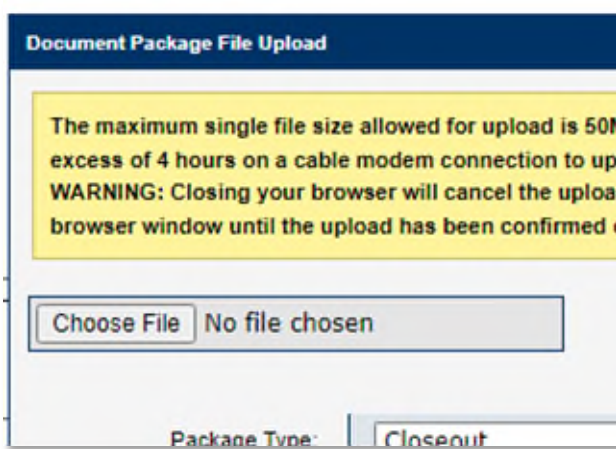
Award Year : Select Award Year ▼

Award ID : Select Award ▼

LOCCS Grant ID



# Initial Package Document Management Center

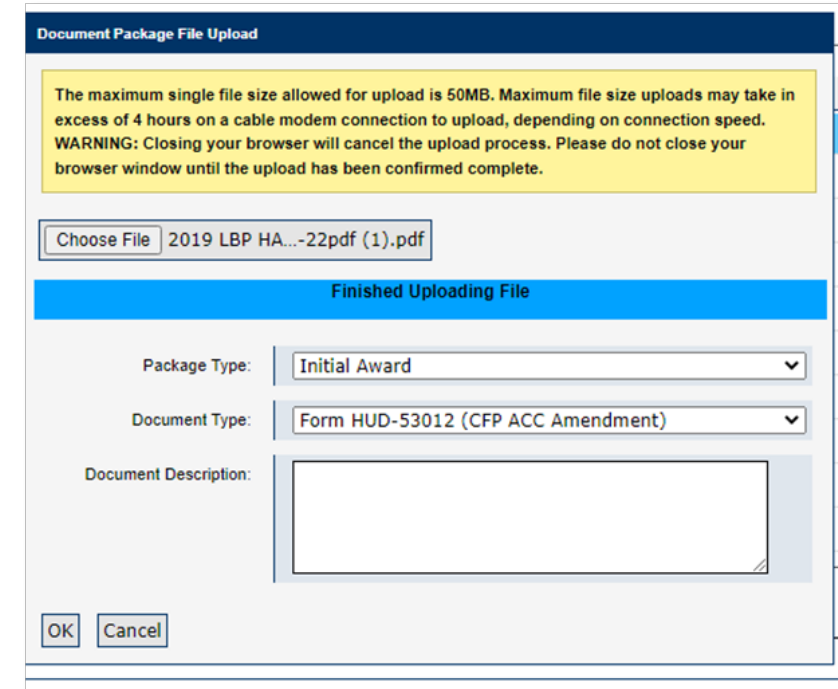


**Document Package File Upload**

The maximum single file size allowed for upload is 50MB. Maximum file size uploads may take in excess of 4 hours on a cable modem connection to upload, depending on connection speed.  
**WARNING:** Closing your browser will cancel the upload process. Please do not close your browser window until the upload has been confirmed complete.

No file chosen

Package Type:



**Document Package File Upload**

The maximum single file size allowed for upload is 50MB. Maximum file size uploads may take in excess of 4 hours on a cable modem connection to upload, depending on connection speed.  
**WARNING:** Closing your browser will cancel the upload process. Please do not close your browser window until the upload has been confirmed complete.

2019 LBP HA...-22pdf (1).pdf

**Finished Uploading File**

Package Type:

Document Type:

Document Description:

The PHA will be prompted to upload their documents.

The PHA will select the document type and document description.





# Submitting a Package

## Document Package Information

Award ID : NE26P10150122

Date Created : 04/17/2023

Package Type : Initial Award

Status : Created

## Initial Award

### Document Package

#### File Name

Initial Award (submittal folder and file list)

Form HUD-53012 (CFP ACC Amendment)

Certification of Compliance w/Public Hearing

HUD form 50071, Certification of Payments to Influence Federal Transactions

Civil Rights Certification

Lobbying Form - SFLLL (if required in accordance with the form's instructions)

HUD-Form-Sflll.pdf (Uploaded on 04/17/2023 10:11 AM by SMITH, TEST 101) [Delete]

Statement of Significant Amendment

Other

Upload File

Submit

Back to Package List

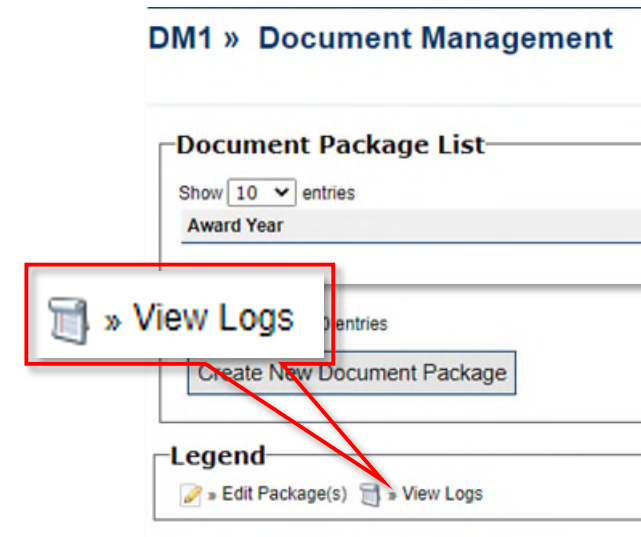
This is where PHAs need to upload their documents



# Document Check

The Document Log shows comments about the status of packages

- Was it signed?
- Were the correct ACC boxes checked?
- Were the forms submitted expired?
- Are forms missing?

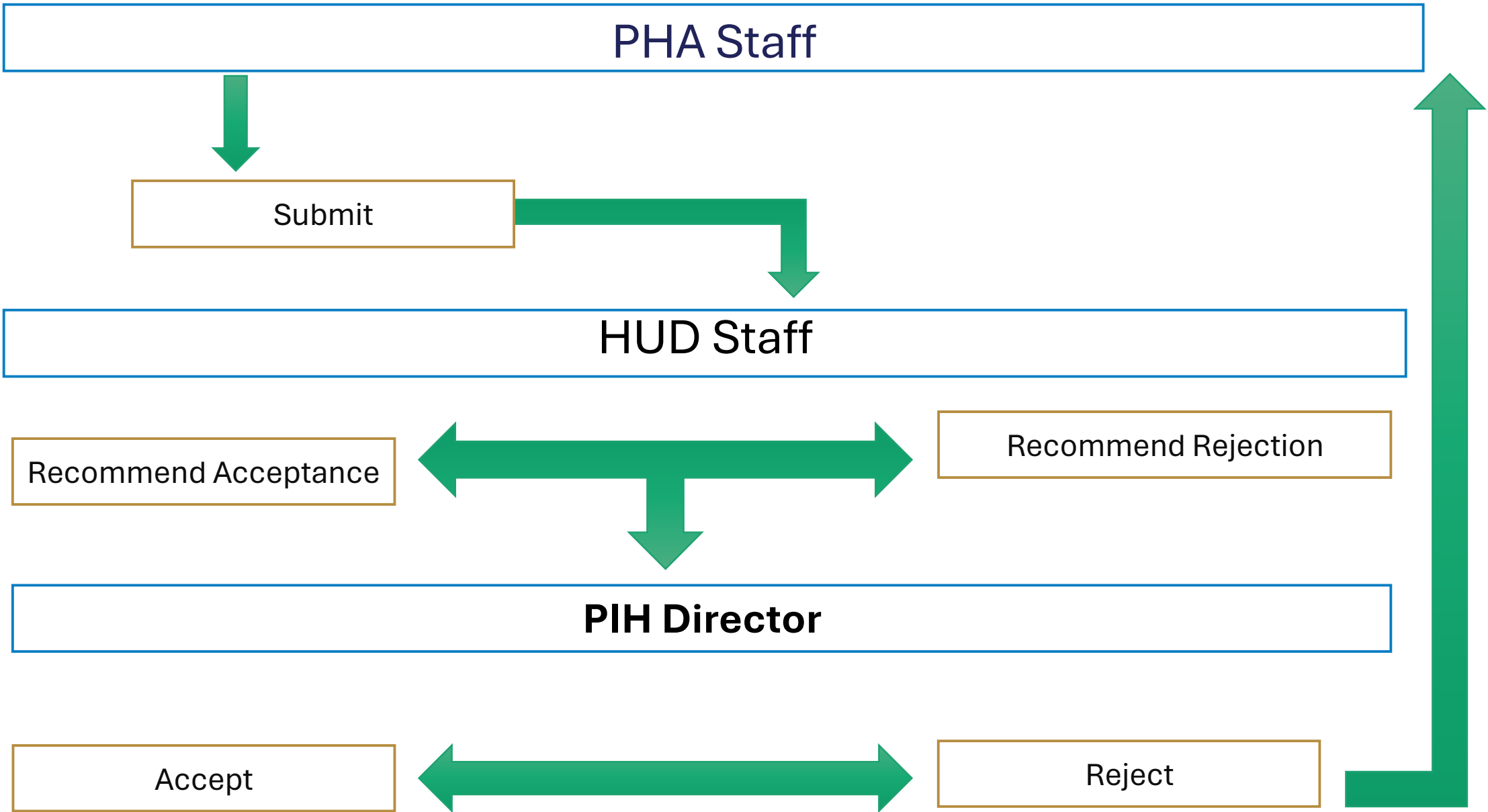


## Document Package Log for DE01H00150120

Status	Comments
Accepted	ACC Amendment Signed and Dated.
Submitted	Document Package Submitted
Draft	There are 3 ACCs attached, 2 have yes for paragraph 9 & PHA under Corrective Action Order and one that is No & Which is correct? If yes please provide a copy of the Corrective Action Order
Submitted	Document Package Submitted
Submitted	Document Package Submitted
Draft	PHA checked Yes to Box in Paragraph 9, but did not include corrective action order.
Submitted	Document Package Submitted
Draft	PHA checked yes in Paragraph 9, but did not attach a corrective action order.
Submitted	Document Package Submitted
Draft	Document Package Created

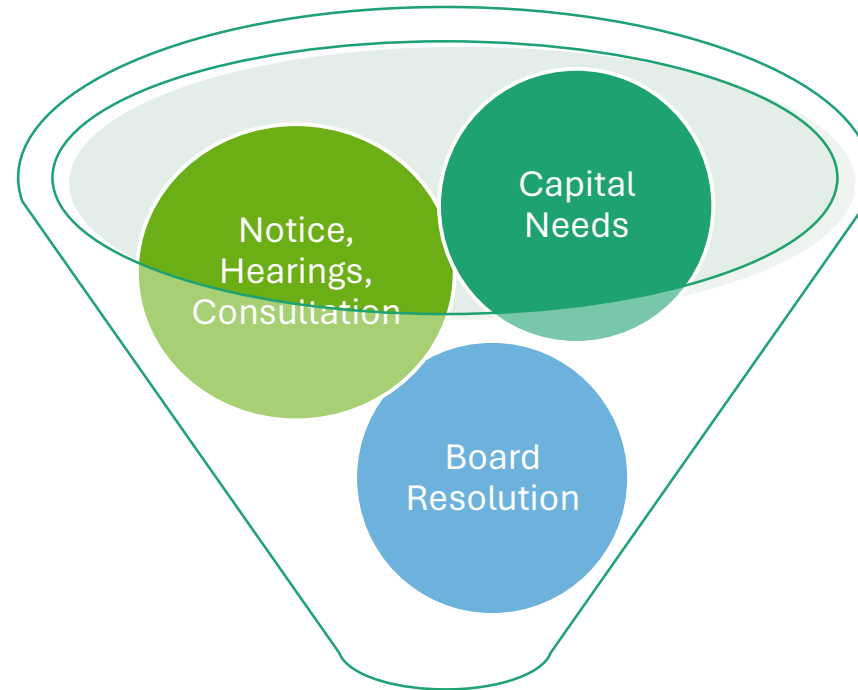


# HUD Review of Packages





# CFP Five Year Action Plan

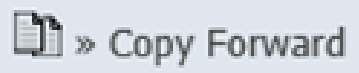


Five Year Action Plan





# 5-Year Action Plan – Where to Begin?



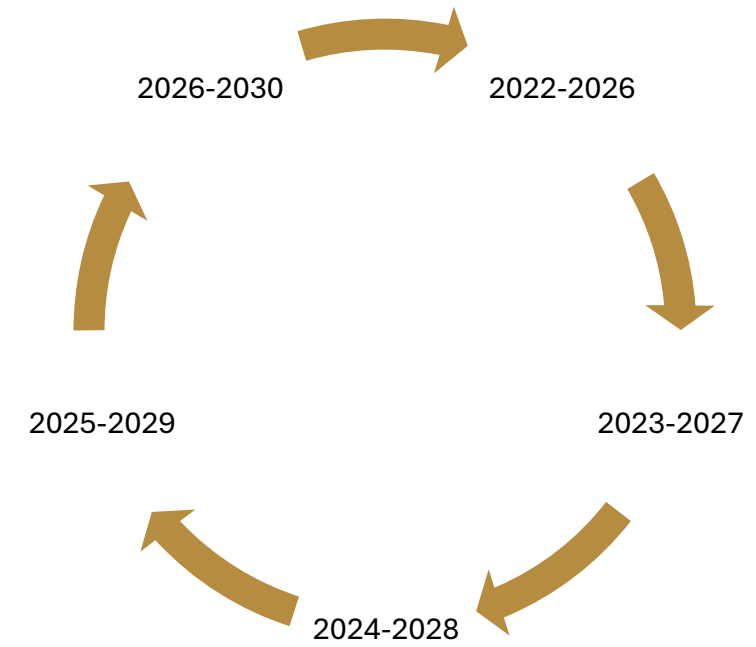
From the 5-Year Action Plan Reporting Homepage, PHAs use the copy forward icon under Options to create the next 5-Year Plan using the last approved 5YAP.

1. Type of Plan:

☐ Fixed Plan    ☒ Rolling Plan

- 2022 - 2026
- 2026 - 2030
- 2030 - 2034
- 2034 - 2038

The user will select a Fixed Plan or Rolling Plan  
*Note: EPIC defaults to Previous Plan Type*





# Drafting The 5-Year Action Plan

The PHA should estimate funding for the next 5 years.

## Estimated Awards vs. Planned Projects

- How much funding do you think you will have for the next five years?
- Based on the funding available and your capital needs, develop your priority list.
- Are you missing any items that are critical based on community needs/wants?
- What source year will you use to pay for each activity?

It is important to remember “when you plan to do work” is separate from the “funding source” or “grant year” you use to do it.



# 5 Year Action Plan – Work Activities

- When drafting the 5-Year Action Plan, PHAs will use the applicable BLI, then further refine that BLI by sub-category.
- For example, if a PHA plans to do a kitchen renovation, all those activities would fall under 1480, Dwelling Unit Interior, under that main category, there will be subcategories for the PHA to select such as:

- Cabinets
- Flooring
- Appliances
- Windows

- This helps the PHA in defining all work items that will be addressed.







# 5-Year Action Plan – Work Activities



Work Categories <a href="#">(Click to Expand)</a>		
8. Work Categories:		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Administration (1410)
	<input type="checkbox"/>	Bond Debt Obligation (9001)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Contract Administration (1480)
	<input type="checkbox"/>	Debt Service Bond Payment-Paid by HUD (9000)
	<input type="checkbox"/>	Debt Service Bond Payment-Paid by PHA (1501)
	<input type="checkbox"/>	Dwelling Unit - Conversion (1480)
	<input type="checkbox"/>	Dwelling Unit - Demolition (1480)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dwelling Unit-Development (1480)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dwelling Unit-Exterior (1480)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dwelling Unit-Interior (1480)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dwelling Unit-Site Work (1480)
	<input type="checkbox"/>	Loan Debt Obligation (9002)
	<input type="checkbox"/>	MTW (1492)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Management Improvement (1408)

Work Categories <a href="#">(Click to Expand)</a>		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Management Improvement (1408)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Non-Dwelling Construction - Mechanical (1480)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Non-Dwelling Construction-New Construction (1480)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Non-Dwelling Equipment-Expendable/Non-Expendable (1480)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Non-Dwelling Exterior (1480)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Non-Dwelling Interior (1480)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Non-Dwelling Site Work (1480)
	<input type="checkbox"/>	Operations (1406)
	<input type="checkbox"/>	Preparing for Coronavirus (1509)
	<input type="checkbox"/>	Preventing Coronavirus (1509)
	<input type="checkbox"/>	RAD (1503)
	<input type="checkbox"/>	RAD Funds Pre Closing (1480)
	<input type="checkbox"/>	RAD Investment Activity (1504)
	<input type="checkbox"/>	RAD-CPT (1505)
	<input type="checkbox"/>	Responding to Coronavirus (1509)



# Work Activity Details

**Work Activity Information**

1. Title:

Replace apt. flooring

2. Description:

64-1 Replace apartment flooring in 10 units in a low rise building containing 50 public housing units.

3. Force Account:

Yes ☐ No ☒

4. Cost:

\$55,000.00

5. Projected Year:

2021

Affected Developments/AMPs

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

Component Categories from PNA

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

Work Categories

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

Save

Cancel



# Force Account Labor



---

Labor employed directly by PHA, instead of a contractor

---

Staff regular duties are either suspended or reassigned

---

Maintenance of the properties is not compromised

---

Employees' regular work assignments are not undermined

---

No hiring may violate any conflict-of-interest policies

---

Must be cost effective and suitable for the PHA.

---

Must be included in the approved 5-Year Action Plan.

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PHAs will indicate in the work activity if force account labor is used in EPIC.

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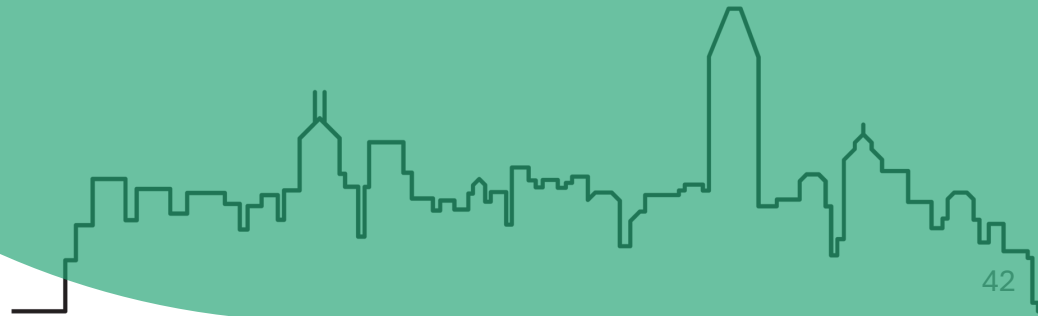
If the activity is changed in EPIC to use force account labor, a revision to the 5-Year Action Plan will be created



# Thank you!

Next session we will go into more eligibility detail.

*Thank you!*





# Questions



- Time for questions!
- If you think of any after this training, email:
  - [PIHOCI@hud.gov](mailto:PIHOCI@hud.gov)

- Additional Trainings can be found here:

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/capfund/learningtools](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund/learningtools)







# Capital Fund Emergency/ Natural Disaster Funds Success Story



Macon Housing Authority, MO experienced a failure of their two obsolete boilers, air handlers and piping systems in its 60 unit, 4-story development.

The PHA had an engineering study conducted to determine the best alternative to move forward with. A direct replacement would have costed \$3.7M.

The PHA secured \$1.5M to replace the obsolete boiler system with individual mini-split units.





# Mixed-Finance Success Story

South Lowell, Denver, CO

2012 renovation of 66 public housing units, originally built in 1973, plus 30 newly constructed units

96 public housing/LIHTC units total

Financing included LIHTC equity and capital funds, an energy performance contract loan and program funds from the Denver Housing Authority

\$12.8 million in public housing funds leveraged \$6.4 million in private and other public funds

South Lowell – Before Redevelopment



South Lowell – Before Redevelopment





# CFFP Success Story



Denver Housing Authority used CFFP to issue bonds in the amount of \$16,300,000 to modernize 359 public housing units at 3 developments: Hirschfield Towers, Mulroy Apartments, and Walsh Annex.

## **Capital Improvements:**

- Apartment reconfiguration
- Plumbing and sewer replacement
- HVAC replacement
- Roof replacement

## **EPC:**

The PHA also paired this work with an Energy Performance Contract and 4% Low Income Housing Tax Credits to raise another approximately \$37 million.

