U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND FORMULA CALCULATION

DECEMBER 2020
FORMULA PRESENTERS

- Chris Granger, Housing Capital Improvements Specialist, Office of Capital Improvements
- Stephen Kidd, Management Information Specialist, Office of Capital Improvements
AGENDA

- Formula Overview – How Are Capital Fund Grants Calculated?
- What Are The Impacts of Faircloth Limits And High Performer Designations?
- DDTF Overview – How To Ensure Accuracy In My DDTF Calculation?
- How Can PHAs Ensure Capital Fund Grant Accuracy?
The Capital Fund Formula calculates annual Capital Fund grant awards.
- Formula funding is provided for eligible standing Public Housing ACC units.
- Demolition and Disposition Transitional Funding (DDTF) is provided for eligible units removed from the Public Housing inventory.

Mathematical formula calculations used are in 24 CFR 905.400.

Grants are based on the status of the Public Housing inventory as of the reporting date.
- The reporting date is typically June 30th
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 Formula Share for each PHA is calculated based on the modernization and accrual needs relative to those of all other PHAs.

Based on FY2008 calculations of Capital Needs backlog.

Based on a formula calculation that considers PHA size, location, number of units, average bedroom counts, age, costs of construction, etc.
**ADDITIONAL FACTORS**

- **Faircloth Limit**
  - Identifies the maximum number of units under ACC that can be funded by the CF formula.

- **High Performer Bonus**
  - Under 24 CFR 905.400(l), High Performing PHAs under the PHAS system are awarded a “bonus.”
  - Granting a bonus to high-performing PHAs reduces the share for other PHAs, but this reduction cannot be more than 5%.

- **Capping**
  - This process requires that no PHA’s share can fall below 94% of the share it would have had using the 1999 formula.
DDTF provides up to 5 years of capital funding for eligible units following removal from inventory through demolition or disposition.

DDTF funds are included in the Capital Fund formula grant.

DDTF fund rules are same as formula grants - the amount equivalent to the original CF funding.

DDTF is triggered once a unit is removed from inventory (RMI) in IMS/PIC.
## How Can PHAs Ensure Capital Fund Grant Accuracy?

<table>
<thead>
<tr>
<th>√</th>
<th>Action</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>√</td>
<td>Maintain accurate PIC data</td>
<td>On-going</td>
</tr>
<tr>
<td>√</td>
<td>PIC Certification</td>
<td>July/August</td>
</tr>
<tr>
<td>√</td>
<td>Check Faircloth List</td>
<td>Notification from HUD and web posting</td>
</tr>
<tr>
<td>√</td>
<td>Check High Performer List</td>
<td>Notification from HUD and web posting</td>
</tr>
</tbody>
</table>
PIC Certification

- Maintain accurate IMS/PIC data on an ongoing basis.

- PIC Certification is necessary to:
  - Ensure accurate calculations of Capital Fund grant awards.
  - Ensure funds are awarded timely.

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

- PHAs that do not certify on time may have their grants suspended pending confirmation of their data.
PIC CERTIFICATION TIPS

<table>
<thead>
<tr>
<th>Action</th>
<th>✓</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submit building and unit data for approval prior to PIC Certification process.</td>
<td>✓</td>
</tr>
<tr>
<td>Work with HUD staff to correct data problems in advance of the certification deadline.</td>
<td>✓</td>
</tr>
<tr>
<td>Work with your Field Office on entry of new development information. (New developments don’t appear in PIC or receive Capital Funds until DOFA in PIC.)</td>
<td>✓</td>
</tr>
<tr>
<td>Work with HUD staff to ensure inventory removals are properly recorded in PIC.</td>
<td>✓</td>
</tr>
</tbody>
</table>

Changes should be made before beginning certification.
WHAT SHOULD PHAS DO AFTER CAPITAL FUND GRANT ANNOUNCEMENTS?

- Check Development Per Unit Funding Report and annual processing guidance.
- Review, sign, return ACC Amendment.
- Submit 5 Year Action Plan and Annual Statement/Budgets in EPIC in order to spread CF grant funds in LOCCS.
- Follow up with OCI about any issues. (PIHOCl@HUD.gov)
For questions or concerns send an email to

PIHOCI@hud.gov

For more information on the Capital Fund Formula Calculation and DDTF see Chapters 4 & 5 of the Capital Fund Guidebook:

https://www.hud.gov/sites/documents/CAPITALFUNDGUIDEBOOKFINAL.PDF