

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

CAPITAL FUND FORMULA CALCULATION AND DEMOLITION & DISPOSITION TRANSITIONAL FUNDING

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FORMULA PRESENTERS




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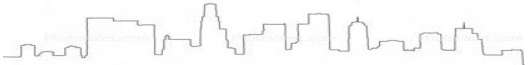

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TOPICS

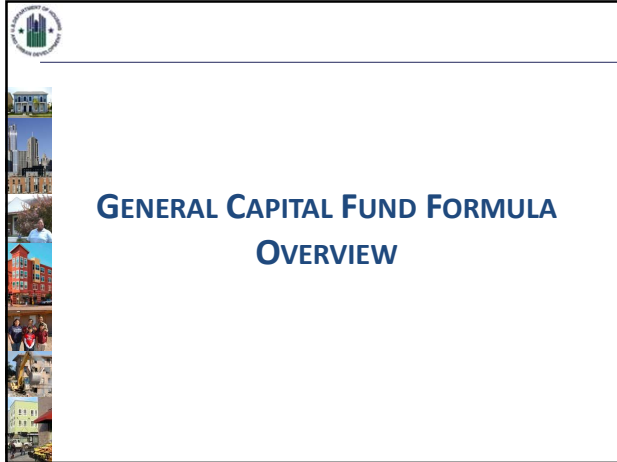


- Formula Overview – How Are Capital Fund Grants Calculated?
- DDTF Overview
- What Are The Impacts of Faircloth Limits And High Performer Designations?
- How Can PHAs Ensure Capital Fund Grant Accuracy?



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NOTE: Video and slides may differ slightly ,however the HUD guidance is consistent and these are the most current version of the slides.



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This slide has a blue header with the HUD logo and the title "FORMULA OVERVIEW". On the left, a vertical strip of seven small images shows various urban scenes. The main content area contains a bulleted list: "The Capital Fund Formula calculates annual Capital Fund grant awards." (with sub-bullets for eligible standing Public Housing ACC units and DDTF for units removed from the inventory), "Mathematical formula calculations used are in 24 CFR 905.400.", and "Grants are based on the status of the Public Housing inventory as of the reporting date." (with a sub-bullet for the reporting date of June 30th). To the right of the text is an icon of a notepad labeled "GRANT" with a pencil. At the bottom, there is a stylized city skyline graphic and a small number "5" in the bottom right corner.

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This slide has a blue header with the HUD logo and the title "FORMULA OVERVIEW, CONTINUED". On the left, a vertical strip of seven small images shows various urban scenes. The main content area contains two bullet points: "Grant calculations rely on development and unit inventory information from IMS/PIC." and "Grant calculations also rely on additional data sources." Below the text is a red text box that says "Data drives the formula, so data accuracy is key!". To the left of this text is an icon of a magnifying glass over a bar chart, and to the right is an icon of puzzle pieces with the word "FORMULA" in the center. At the bottom, there is a stylized city skyline graphic and a small number "6" in the bottom right corner.

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HOW ARE CAPITAL FUND GRANTS CALCULATED?

➤ 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

50% Modernization Needs

50% Accrual Needs

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

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CALCULATION OF EXISTING MODERNIZATION NEED

Existing modernization need is frozen at FY 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.

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CALCULATION OF ACCRUAL NEED

➤ The regulation details 3 different accrual need 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](#)
- Calculation for [PHAs with 250 or more units](#)

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CALCULATION OF ACCRUAL NEED

Variables Used for Small and Large PHAs

- Average # of bedrooms
- Buildings with fewer than 5 units
- Age of the development
- Ratio of family to elderly units
- Cost index
- Units in a non-metropolitan area in 1996
- PHA size greater than 6,600 in FY 1999*
- Census region

* Only used for PHAs greater than 250 units

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FORMULA SHARE

- Formula Shares are calculated at the development level, based on its modernization and accrual needs relative to those of all other PHAs. These shares are rolled up to the PHA level.
- In dividing up the “pie” of funds, PHAs are impacted by changes in other PHAs as well as their own.

Share of the Pie

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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.

High Performing PHAs under the PHAS system are awarded a “bonus” of up to 5%.

BONUS

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QUESTIONS



https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund/processing




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DEMOLITION & DISPOSITION TRANSITIONAL FUNDING (DDTF)


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HOW IS DDTF ELIGIBILITY DETERMINED?




- Removal of ACC units through demolition/ disposition/ specific other types of removal are potentially eligible for DDTF.
 - RAD, homeownership, deminimus, etc are ineligible.
- PHAs complete the inventory removal process in IMS/PIC and enter the removal date in the system.
- The removal date is used to calculate DDTF eligibility:
 - Demolition – date of final payment to demolition contractor.
 - Disposition – date of deed or ground lease transfer of property ownership.



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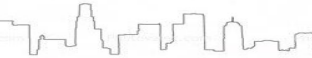




DDTF OVERVIEW

DDTF provides up to 5 years of capital funding for eligible units following removal from inventory through demolition or disposition and other removal types.

DDTF funds are included in the Capital Fund formula grant.

DDTF fund rules are same as for formula grants.



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DDTF OVERVIEW, 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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FAIRCLOTH LIMITS AND HIGH PERFORMER BONUSES

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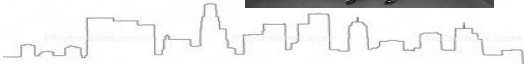
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CHECK THE FAIRCLOTH LIMITS




- 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.


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CHECK THE HIGH PERFORMER LIST




- The High Performer list identifies PHAs that are High Performers based on REAC PHAS Scores.

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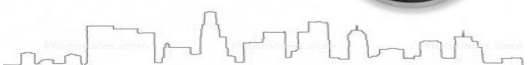


KNOWLEDGE CHECK #1



The HUD identified Faircloth Limit does not change over time.

True or False?


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 **QUESTIONS**



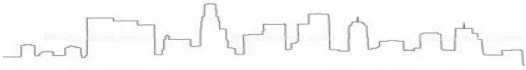

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 **INVENTORY MANAGEMENT SYSTEM (IMS)/
PIH INFORMATION CENTER (PIC)
CERTIFICATION**

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 **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




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



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CERTIFICATION DATES AND RESOURCES

- The annual PIC Certification Schedule generally runs from early July - mid-August. For FY 2023 Capital Fund Grants (not yet awarded), the dates were:

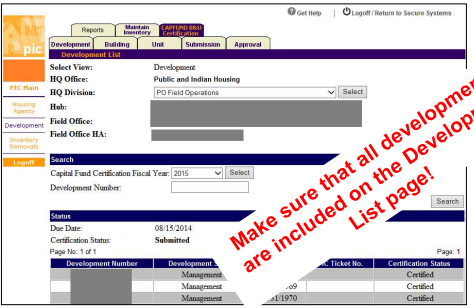
Reporting Date: 6/30/22
 Certification Open: 7/5/22
 Certification Deadline: 8/25/22
- For the past several years, the reporting date has been June 30th. PHAs certify to the accuracy of their data as of the reporting date.

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PHAS CERTIFY THAT...

- The Development List screen:



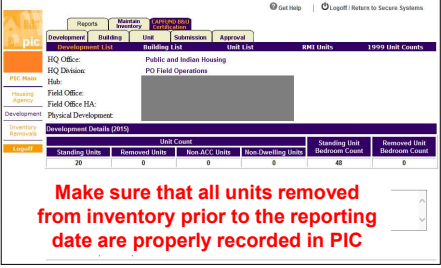
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PHAS CERTIFY THAT..., CONTINUED

- Standing Units = all ACC units
- Removed Units -all ACC units with a HUD-approved removal date on or before the reporting date and within the last 11 years.



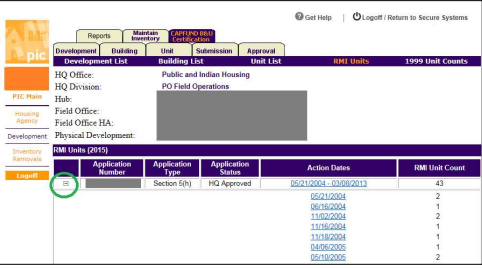
Make sure that all units removed from inventory prior to the reporting date are properly recorded in PIC

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PHAS CERTIFY THAT..., CONTINUED

- Removal Dates for removed units are accurate.



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PIC CERTIFICATION TIPS

Action	✓
Work with HUD staff to correct data problems in advance of the certification deadline.	✓
Work with your Field Office on entry of new development information and ensure inclusion in PIC certification.	✓
Work with HUD staff to ensure inventory removals are properly recorded in PIC.	✓
Submit and ensure approval of building and unit data prior to beginning PIC Certification process.	✓

Changes should be made before beginning certification

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QUESTIONS

ANY questions?

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REJECTING CERTIFICATION DATA

- Rejections are required when the certification information cannot be corrected by the deadline.
- A PIC Ticket is required for rejecting certification data.
- Call the REAC Technical Assistance Center (TAC) to obtain a Ticket Number
- Enter the Ticket Number in the comments section for the development.

REJECTED

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SUBMITTING PIC CERTIFICATION

- 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

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


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KNOWLEDGE CHECK #2

My PHA removed units prior to the reporting date and entered the actual removal dates in PIC. Therefore, they should be counted as standing units in the certification.

True or False?




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WHAT SHOULD PHAS DO AFTER CAPITAL FUND GRANT ANNOUNCEMENTS?

- Review Development Per Unit Funding Report and annual processing guidance.
- Create a Document Package in EPIC and submit Five-Year Action Plan in EPIC.
- Upload the signed ACC Amendment and other required documents and submit.
- Submit an Annual Statement/Budget in EPIC to spread the funds in LOCCS and make them available.
- Follow up with OCI about any issues. (PIHOI@HUD.gov)
https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund



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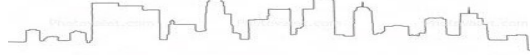
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SUMMARY

The Capital Fund Formula is data driven, so data accuracy is key!

PHAs can help ensure accurate calculations of CF grant awards by accurately certifying PIC data 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 PIHOI@HUD.gov if anything seems amiss.




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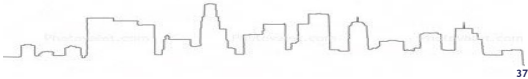


QUESTIONS AND WRAP-UP



For more information on the Capital Fund Formula Calculation (see Chapter 4) and DDTF (see Chapter 5) of the Capital Fund Guidebook:

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



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