



# CAPITAL PROGRAM

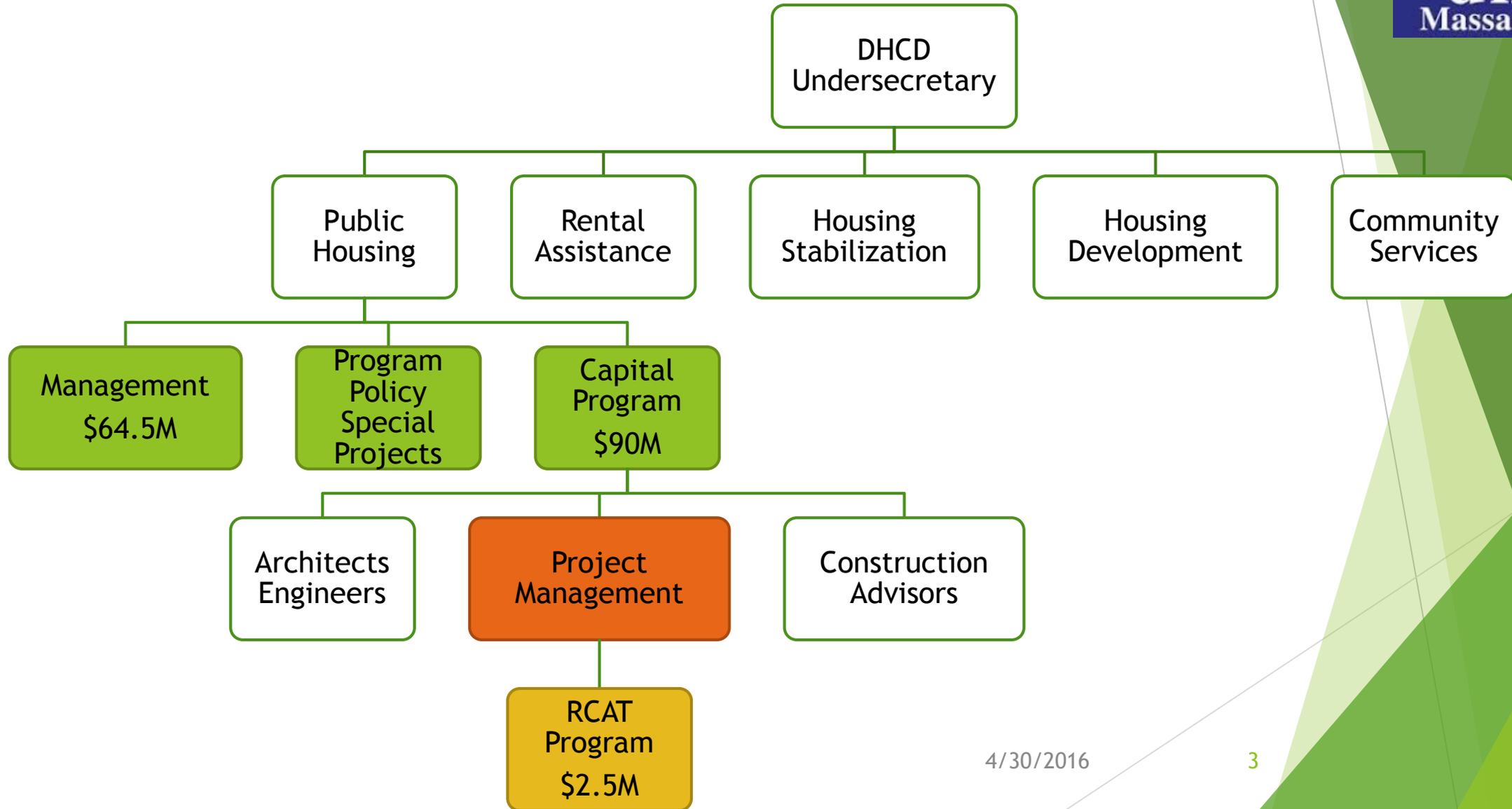
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MUPHT Spring Conference - April 30, 2016

# AGENDA

- ▶ Welcome and Introductions
- ▶ Overview of Capital Program
  - ▶ Definitions and Funding
  - ▶ Capital Plans and Capital Projects
- ▶ When and How Tenants Engage
- ▶ Coming Changes

# Welcome and Introductions: Who's Who





# DHCD Capital Program Overview

How it works

# Overview: What is a Capital Project?

Project that modernizes state public housing (the asset) OR creates new housing, AND:

- Budget is greater than \$1,000;
- Prolongs the life of the asset;
- Adds value to the building;
- NOT: repairs, patching, maintenance work.

Typical modernization projects:

- Roofs, Windows, Doors, Heating Systems, Paving, Kitchens and Bath renovations.

DHCD has not funded new public housing since the 1980s

# Overview: How are Capital Projects funded?



## Majority funded by State Bonds

- Every 5+/- years: Housing Bond Bill
  - \$500 M in 2013 Bond Bill
- Annually: State says how much DHCD can spend
  - \$90 M for Public Housing in recent years
  - Funding is “use it or lose it” by June 30<sup>th</sup>

## Some Housing Authorities have other sources for projects:

- Operating Reserves (from Rents)
- Federal and Other State Agency Grants (HUD, DOE, etc)
- Local Funds like CDBG, CPA, AHTF, or Home Funds
- Private Grants

# Overview: How is Funding Spent?

## Of \$90 M Annual Cap:

- \$50 M to Formula Funding Program
- \$6 M to Emergency and Compliance
- \$9 M to DHCD & RCAT Admin
- \$25 M to Special Initiatives, such as:
  - Sustainability
  - Vacant Units
  - Accessible Units
  - High Leverage/Mixed Finance Projects

# Overview: Formula Funding

Every qualifying LHA gets a piece of the \$50 M pie

Based on needs (\$)

- Not size of portfolio (number of units)
- Not type of portfolio (elderly vs family)
- Not location (city vs urban)

Average award is about \$1,200 per unit.

Each year DHCD grants 5 cents for every \$1 of need.

# Capital Planning: WHAT IS IT?

A strategy for matching the funding to the needs.

- Looks out into the future.
- Prioritizes projects in an order to be tackled over several years

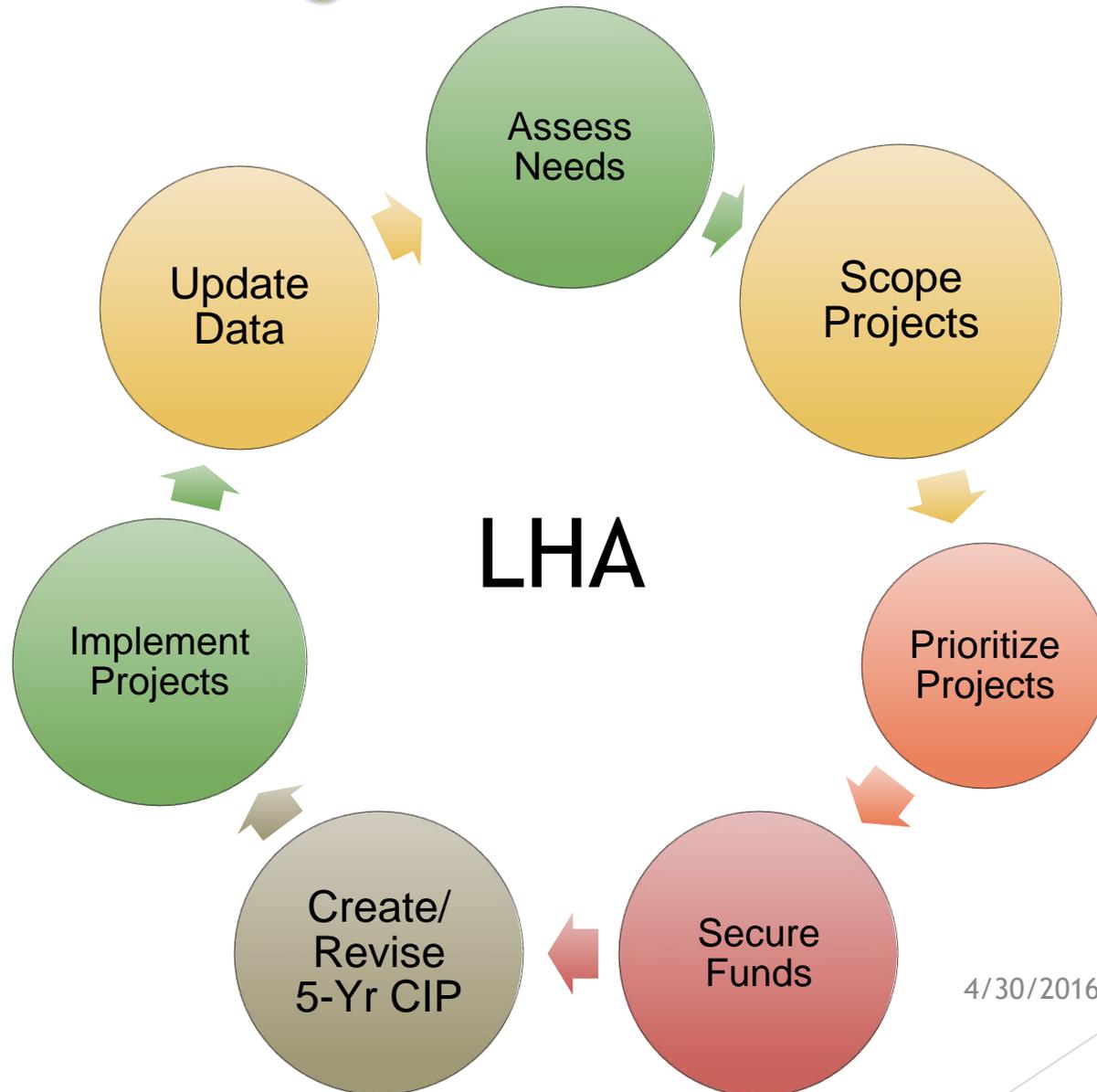
In order to make a capital plan, the LHA must estimate:

- How much \$ they'll have over the next few years
- What are the needs (condition and costs)

# Capital Planning: STEPS

- ▶ Needs Assessment
- ▶ Project Scoping
- ▶ Project Prioritizing
- ▶ Draft a 5-Year Capital Improvement Plan (CIP)
- ▶ Get Tenant and Board Input on Draft
- ▶ Edit Draft and Submit to Board for Approval
- ▶ Submit 5-Year CIP to DHCD
- ▶ DHCD Approves 5-Year CIP and current-year projects starts

# Capital Planning: CYCLE



# Capital Planning: NEEDS ASSESSMENTS



## DHCD 5-Year Assessment

- Whole portfolio.
- Formula Funding is based on that assessment.

## LHA Annual Assessment

- DHCD recommends a few months before CIP is due.
- LHA May combine with Unit Inspections or other Maintenance Tasks.

# Capital Planning: PROJECT SCOPING & PRIORITIZATION

LHA uses DHCD's Capital Planning Tools to create a list of Projects with Estimated Costs.

Prioritize projects based on urgency.

- Health/safety and code violations.
- Core operational systems.
- Keep all units occupied.
- Extend useful life through maintenance.

RCAT or DHCD can assist small LHAs with project scoping and prioritization.

# 5-YEAR CIP: Example



Source of Funds	Project Description	Year 1	Year 2	Year 3	Year 4	Year 5
ADA set aside	667-1 ADA project at Community building	20,000				
Utility funds	705 New Air Source Heat Pumps for 705		65,000			
DHCD Sustainability	667-2 Refrigerators			85,000		
DHCD 705 vacant unit spec award	705 Vacant Unit Project	35,000				
Formula Funding	200 & 667-1 - Parking lot and sidewalks	380,000				
Formula Funding	200 Roofs and Downspouts		200,000			
Formula Funding	200 Crumbling Steps	420,000				
Formula Funding	200 Screen Doors		80,000			
Formula Funding	200 Kitchen & Baths ph 1			600,000	700,000	
Formula Funding	200 Kitchen & Baths ph 2					1,300,000
	<b>TOTAL FORMULA FUNDING</b>	<b>820,000</b>	<b>280,000</b>	<b>600,000</b>	<b>700,000</b>	<b>1,300,000</b>
	<b>TOTAL OTHER SOURCES</b>	<b>35,000</b>	<b>65,000</b>	<b>85,000</b>		

# 5-YEAR CIP: Mid Year Revisions

- ▶ Between submissions, the needs may change and so may resources (\$).
- ▶ CIP may be REVISED mid-year, though most LHAs just wait until the next submission.
- ▶ DHCD has to approve all revisions.

# Capital Projects: RULES & STANDARDS



- ▶ LHA cannot start a project until DHCD approves it in the 5-Yr CIP.
- ▶ Projects should be done in year planned.
- ▶ LHAs should strive for 80% utilization of Formula Funds in 3 Years.

## DHCD Capital Spending Report

DHCD Capital Project Funding			
Local Housing Authority	Formula Funding		
	Cap Share FY 2012-2014 (7/1/11-6/30/14)		
Sample Housing Authority	(a) awarded	\$ 260,000	
	(b) net award	\$ 221,000	
	(c) spent	\$ 197,653	89%
	(d) contracted, not spent	\$ 31,789	14%

Leveraged Funds		
Self-Reported by LHAs		
Awards		
FY 2012-2014		
10% of LHAs reported additional funding sources		
awarded	\$	56,500
sources	City/Town	\$ 53,000
	Utility/LIMF	\$ 3,500
	Other	\$ -

# Capital Projects: *SMALL* vs *LARGE*

## Small Projects:

- Under \$25,000 in estimated construction costs.
- Executed by LHA with very little DHCD involvement.

## Large Projects:

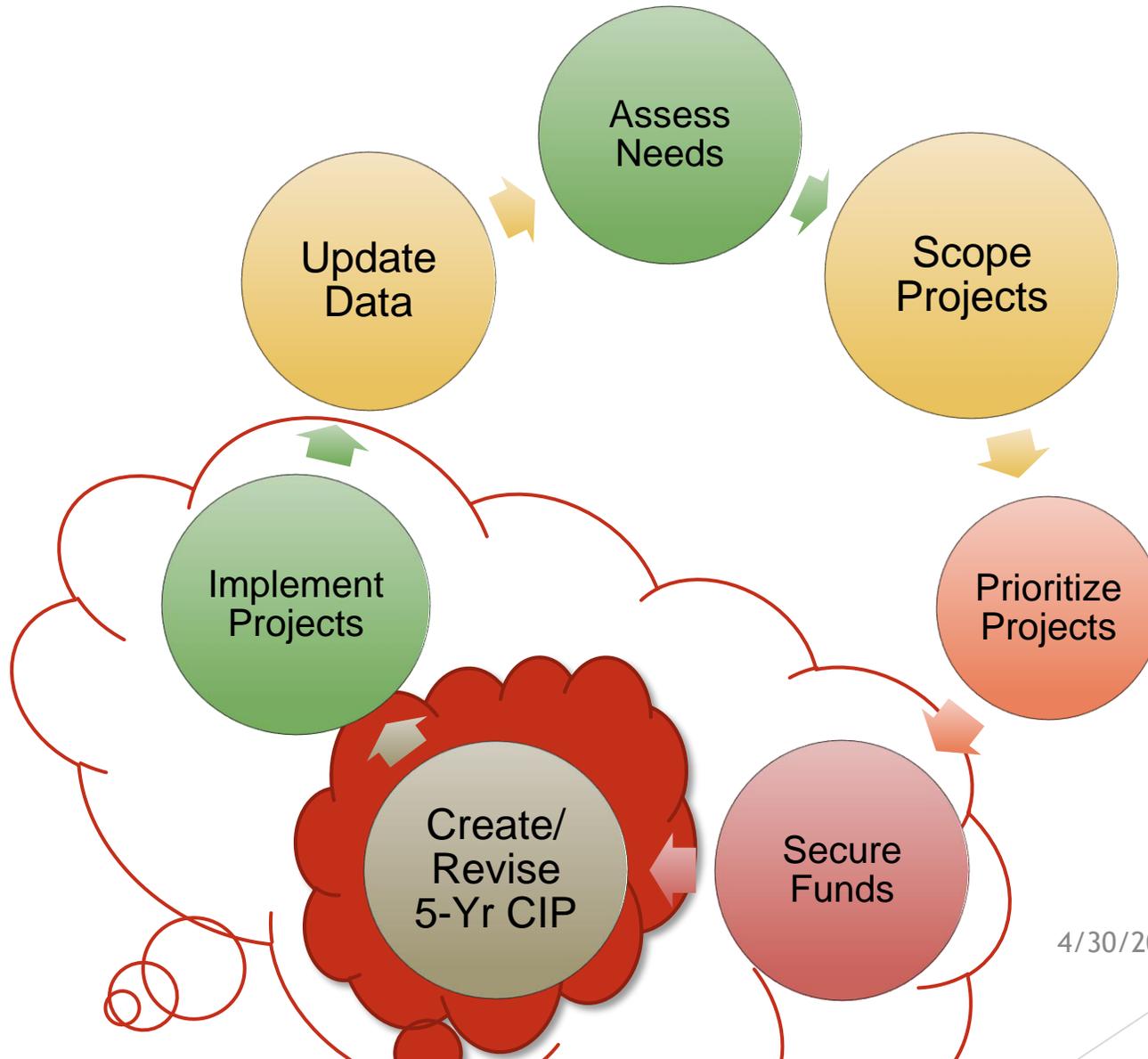
- Over \$25,000 in estimated construction costs.
- DHCD heavily involved in Design, Bidding, Construction Oversight.
- Only projects over \$500,000 have a Designer Selection Committee process.



# When and How Residents Engage

What are the venues for participation?

# When & How Tenants Engage



# When & How to Engage: 5-YEAR CIP

ITEM	WHO	HOW	WHEN
Submission of 5-Year CIP	Residents, regardless if LTO or RAB	Verbal Feedback at Resident Mtg with ED or at Board Mtg.  File written Letter of Support or Objection to CIP.	At least annually, before CIP is submitted to DHCD.

# When & How to Engage: PROJECTS



ITEM	WHO	HOW	WHEN
Project Status Updates and CIP Revisions	Residents, regardless if LTO or RAB	Verbal Feedback at Resident Mtg with ED, or at Board Mtg.	As ED schedules. DHCD recommends at least quarterly.
Large Projects that involve relocation, unit reconfiguration, demolition, or new construction	LTO representative	Participates in Designer interview (if applicable), Attends first schematic design mtg, Provides comments before bidding, Attends pre-construction mtg and other regular job mtgs.	When DHCD approves project to start.

# When & How to Engage: PROJECTS (cont.)



ITEM	WHO	HOW	WHEN
Large Projects that Require a Tenant Coordinator	LTO	LTO recommends ranked list of candidates for hiring (Officers cannot be compensated).	As needed.
	Tenant Coordinator	Performs specific duties that LHA assigns.	As needed.

# When & How to Engage: SECURING DHCD FUNDS



ITEM	WHO	HOW	WHEN
Reasonable Accommodation Requests	Residents, regardless if LTO or RAB	Verbal or Written Request to ED.	As needed.
LHA Requests for Special Funding OR Waivers	Residents, regardless if LTO or RAB	Verbal Feedback at Resident Mtg with ED or at Board Mtg.  Written Letter of Support or Objection.	As required by DHCD.

# Key Takeaways



The most important place for tenant engagement is during the creation and submission of the 5-Year CIP.



Between CIPs, tenants stay informed by having regular meetings with the ED or by attending Board Meetings.



LTOs have more structured opportunities to engage and can actively participate in big projects.



# Coming Changes

New and Pending Legislation, New Programs, New Regulations

# REVIEW: Public Housing Reforms (DHCD presented last Fall)

## Chapter 235 of Acts of 2014

- Yearly Third-Party Financial Review
- LHA Performance Monitoring Program
- Centralized Online Waitlist System
- Training for Boards of Commissioners
- Elected Tenant on Every Town LHA Board of Commissioners
- Tenant Survey & Training
- Annual Plan with Public Hearing Process
- Regional Capital Assistance Program for Small LHAs

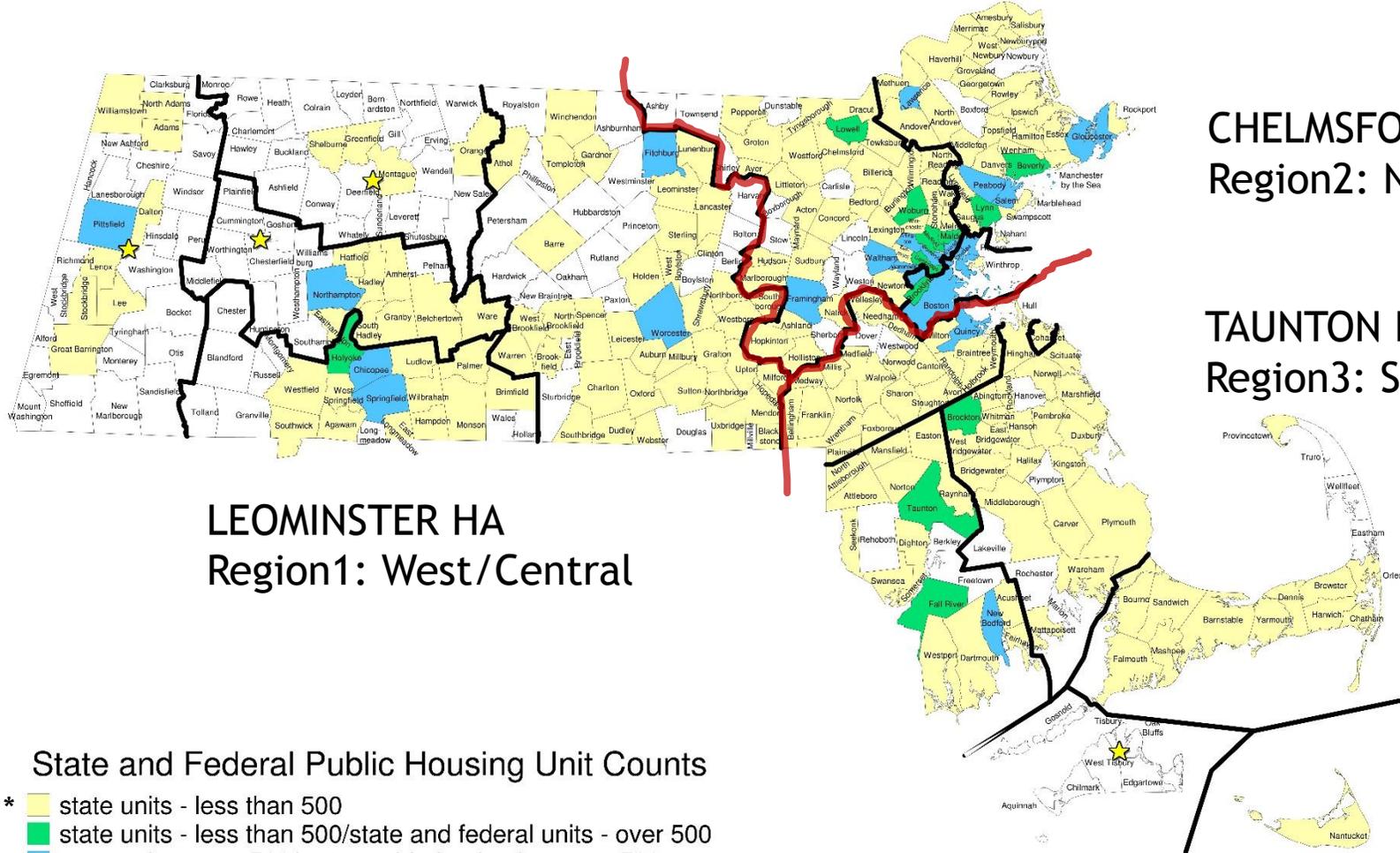
# Public Housing Reforms: RCATS

3 Regional Capital Assistance Teams (RCATs)

To assist smaller LHAs (<500 state units) with

- Capital & Maintenance Planning
- Project Management
- Securing Funds
- Collaboration on Bulk Procurements & Purchasing

# Public Housing Reforms: RCATS



CHELMSFORD HA  
Region2: North/East

TAUNTON HA  
Region3: South/East

LEOMINSTER HA  
Region1: West/Central

## State and Federal Public Housing Unit Counts

- \* ■ state units - less than 500
- state units - less than 500/state and federal units - over 500
- state units - over 500/state and federal units - over 500

★ state units - less than 500 - Dukes County, Berkshire County, Hampshire County, Franklin County

# When & How to Engage: RCATS



ITEM	WHO	HOW	WHEN
RCAT Requests for Participation Waivers	Residents, regardless if LTO or RAB	Verbal Feedback at Resident mtg with ED or at Board Meeting.  Written Letter of Support or Objection.	As required by DHCD
RCAT Advisory Board	LHA Resident Board Members	Run for 1 of 9 elected seats in the region.	When DHCD administers elections (at least once every 3 years).

# REVIEW: Statewide Regulatory Reforms (DHCD presented last Fall)

## DHCD Proposed Changes

- Accommodate all of Ch. 235 Reforms
- Update the Tenant Participation Guidelines
- Update the Modernization and Development Guidelines

## Proposed Bill H.3696: Brooke Apprenticeship Program

- ▶ Proposes that Office of Housing and Economic Development and Office of Labor and Workforce Development establish an apprenticeship and pre-apprenticeship program.
- ▶ Builds off vacant unit re-occupancy projects.
- ▶ Goal: Residents have pathway into Maintenance and/or Construction related professions.

# Key Takeaways

DHCD still working on guidance and best practices regarding Tenant Participation in Capital Projects.

New legislation, programs, and regulations will land in the next 2-3 years.

In the mean time, stay focused on the 5-Year CIPs and on regular communication with your ED & Board about capital projects.

## Questions?

Thank you for your attention.

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