CAPITAL PROGRAM

Roberta Strongin, Director of Project Management Unit
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 Undersecretary

Public Housing
- Management
  - Program Policy Special Projects
  - Architects Engineers
  - RCAT Program
    - $2.5M

Rental Assistance
- Capital Program
  - $90M

Housing Stabilization

Housing Development

Community Services

- Project Management
- Construction Advisors
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.

4/30/2016
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 30th

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

1. Assess Needs
2. Scope Projects
3. Prioritize Projects
4. Secure Funds
5. Create/Revise 5-Yr CIP
6. Update Data
7. Implement Projects

LHA
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

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

<table>
<thead>
<tr>
<th>Local Housing Authority</th>
<th>Formula Funding</th>
<th>Cap Share</th>
<th>Leveraged Funds</th>
<th>Self-Reported by LHAs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY 2012-2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(7/1/11-6/30/14)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| (a) awarded | $ 260,000 |
| (b) net award | $ 221,000 |
| (c) spent | $ 197,653 89% |
| (d) contracted, not spent | $ 31,789 14% |

| Awards | $ 56,500 |
| FY 2012-2014 | |

10% of LHAs reported additional funding sources

| 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

1. Assess Needs
2. Scope Projects
3. Prioritize Projects
4. Secure Funds
5. Create/Revise 5-Yr CIP
6. Implement Projects
7. Update Data
# When & How to Engage: 5-YEAR CIP

<table>
<thead>
<tr>
<th>ITEM</th>
<th>WHO</th>
<th>HOW</th>
<th>WHEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission of 5-Year CIP</td>
<td>Residents, regardless if LTO or RAB</td>
<td>Verbal Feedback at Resident Mtg with ED or at Board Mtg.</td>
<td>At least annually, before CIP is submitted to DHCD.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>File written Letter of Support or Objection to CIP.</td>
<td></td>
</tr>
</tbody>
</table>
# When & How to Engage: PROJECTS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>WHO</th>
<th>HOW</th>
<th>WHEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Status Updates and CIP Revisions</td>
<td>Residents, regardless if LTO or RAB</td>
<td>Verbal Feedback at Resident Mtg with ED, or at Board Mtg.</td>
<td>As ED schedules. DHCD recommends at least quarterly.</td>
</tr>
<tr>
<td>Large Projects that involve relocation, unit reconfiguration, demolition, or new construction</td>
<td>LTO representative</td>
<td>Participates in Designer interview (if applicable), Attends first schematic design mtg, Provides comments before bidding, Attends pre-construction mtg and other regular job mtgs.</td>
<td>When DHCD approves project to start.</td>
</tr>
<tr>
<td>ITEM</td>
<td>WHO</td>
<td>HOW</td>
<td>WHEN</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>--------------</td>
<td>----------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Large Projects that Require a Tenant Coordinator</td>
<td>LTO</td>
<td>LTO recommends ranked list of candidates for hiring (Officers cannot be compensated).</td>
<td>As needed.</td>
</tr>
<tr>
<td>Tenant Coordinator</td>
<td>Performs specific duties that LHA assigns.</td>
<td>As needed.</td>
<td></td>
</tr>
</tbody>
</table>
## When & How to Engage: SECURING DHCD FUNDS

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

LEOMINSTER HA
Region1: West/Central

CHELMSFORD HA
Region2: North/East

TAUNTON HA
Region3: South/East

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

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

Contact information for presenters:
Capital Program: Roberta.Strongin@state.ma.us
Housing Management: Laura.Taylor@state.ma.us