

# IAHA East Peoria September 25–26, 2015

Chicago Field Office Tips for Managing  
Capital Funds

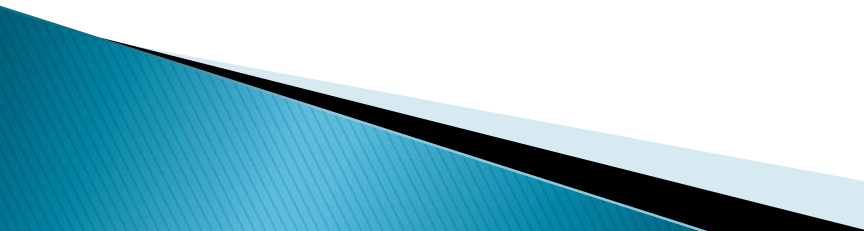
# Small PHA less than 250 Units

- ▶ Consider placing all Capital Funds in cost code 1406 Operations.
- ▶ Advantages
  - Money can be swept to operations accounts of the PHA.
  - This can be done immediately when the funds are released to eliminate the risk of loss of funds due to late obligation.

# Track Obligation Deadlines

- ▶ Obligation dates change from year to year.
- ▶ All PHA's should follow the obligation deadlines listed in the loccs system for each grant. Obligation deadline is 2 years after grants are released.
- ▶ Remember that 90% of the grant must be obligated and updated in loccs before the deadline. Non obligated funds subject to recapture.
- ▶ Obligated funds are funds that are either spent or contracted (board approved and signed contract dated before deadline).
- ▶ Do not be a late obligator–Headquarters usually requires that PHAs obligating later but before the deadline be audited to verify that they are properly obligated. Try to obligate two months before the deadline.
- ▶ Any money in cost code 1406 is not considered obligated until it is spent. Therefore any funds in 1406 must be spent in the first two years the grant is open or they will be recaptured.

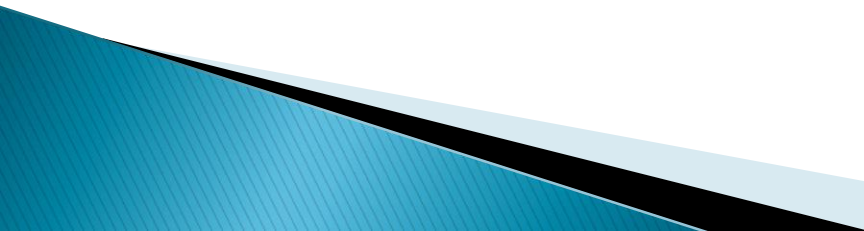
# Track Expenditure Deadlines

- ▶ Keep track of the expenditure deadline as well these also vary from year to year.
  - ▶ Manage construction activity with the deadline in mind.
  - ▶ Do not be a late expender. Again Headquarters typically requires an audit of late expenditures. They also require updates of late expending Housing Authorities. Save the hassle by expending at least two months ahead of the deadline.
  - ▶ Also for Capital Fund projects that are using grant funds from two different years, be sure to draw down the older grant first.
  - ▶ PHA Boards should be aware of obligation/expenditure deadlines.
- 

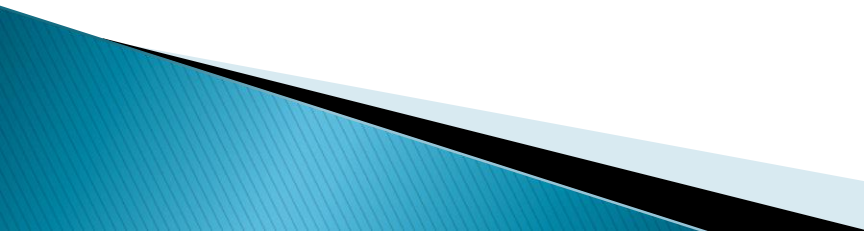
# Capital Fund Rule – New Form

- ▶ Forms 50075.10 use updated version (07/2014)
- ▶ Use correct cost code/line item
- ▶ 1406 Operations 20% max entire grant unless under 250 units then 100% max (not required but recommended)
- ▶ 1408 Management Improvement 18% (2014)max entire grant. Note 16%(2015), 14%(2016), 12%(2017), 10%(2018)
- ▶ 1410 Administration 10% maximum

# Cost Code 1499 Development

- ▶ Any voucher for work submitted under 1499 requires Field Office Approval.
  - ▶ PHA should let Field Office know of development activity work in advance and obtain approval to expend the funds for acquisition, new construction or redevelopment.
  - ▶ Vouchers submitted should be accompanied by contracts and copies of original invoices.
- 

# New Capital Fund Grant Process

- ▶ Speed in which Capital Funds are released by the Field Office is based upon completeness and correctness of submittal of required documents. Generally PHA's with complete packages are processed first and most quickly.
  - ▶ Do not submit documents before they are requested.
  - ▶ Field Office keeps a master checklist of submitted documents (this list does not reflect if the documents are correct or not).
  - ▶ Environmental Reviews – Properly completed Part 58 reviews will generally be processed more quickly. The Environmental Review should be submitted with Capital Fund documents and should reflect work included in grant request.
  - ▶ New Capital Fund rule decoupled Capital Funding tables from PHA plan approval process.
- 

# HUD Form 50075.20

- ▶ Make sure to update form 50075.20 using realistic Capital Fund Grant amounts based on prior year funding. Do not use inflated grant amounts from funding levels of several years ago. This document is effectively your future budget.
- ▶ Basis for 50075.20 should be your PNA. If you have a GPNA completed then you actually have hard costs and building systems useable life spans from which to prepare a cash flow and schedule for replacement.
- ▶ This year the form 50075.20 was approved with the form 50075.10. PHA's should have completed a new five year plan, however some did not. All PHA's should confirm that they have a five year plan in place and approved with next years capital fund grant submittal.
- ▶ Add details about planned work with estimates, list of items. Not just a lump sum.

# LOCCS Access

- ▶ Update loccs monthly as required for obligation and expenditure even if no activity. Failure to update will eventually result in the grants being locked and unable to be drawn down. Improper updates will usually result in HQ identifying a PHA as a late obligator expender.
- ▶ Do not adjust obligation percentages down if a contract is cancelled or modified. Re-contract immediately in this case.
- ▶ Tie down contracts to the specific grant. Print grant number at top of contract.
- ▶ Have a file for each grant. Electronic and hard copy preferably both to show all contracts/expenditures for that grant. Keep all procurement information together for a specific grant.

# LOCCS Access Continued

- ▶ Two persons at the Housing Authority should have LOCCS access. Both should also be trained. Typically this would be the Executive Director and Mod Coordinator.
- ▶ Make certain LOCCS access stays current and is immediately updated with changes in personnel.
- ▶ LOCCS access should be identified in any succession documentation or emergency plans.
- ▶ Person responsible for managing LOCCS should code invoices to specific grant and cost code. Then these should then go to accounts payable.

# Strategy for Managing Capital Fund Grants

- ▶ Have a current PNA
- ▶ Consider obtaining a GPNA. Rule has not changed this is not mandatory at this time. This is a worthwhile investment.
- ▶ Advantages of new GPNA – Replacement costs life span of building systems identified ability to create cash flows. Ability to analyze long term funding and make choices: RAD, rehabilitation, disposition, demolition.
- ▶ Contract for modernization and maintenance promptly.
- ▶ Keep an eye on building obsolescence Section 18. Do not put a lot of Capital Fund money into a building that you plan on replacing soon.

Annual Statement/Performance and Evaluation Report  
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and  
 Capital Fund Financing Program

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
 Expires 06/30/2017

<b>Part I: Summary</b>						
<b>PHA Name:</b>		<b>Grant Type and Number</b> Capital Fund Program Grant No: Replacement Housing Factor Grant No: Date of CFFP:			<b>FFY of Grant:</b> <b>FFY of Grant Approval:</b>	
<b>Type of Grant</b> <input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:      ) <input type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> Final Performance and Evaluation Report						
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost <sup>1</sup>		
		Original	Revised <sup>2</sup>	Obligated	Expended	
1	Total non-CFP Funds					
2	1406 Operations (may not exceed 20% of line 21) <sup>3</sup>					
3	1408 Management Improvements					
4	1410 Administration (may not exceed 10% of line 21)					
5	1411 Audit					
6	1415 Liquidated Damages					
7	1430 Fees and Costs					
8	1440 Site Acquisition					
9	1450 Site Improvement					
10	1460 Dwelling Structures					
11	1465.1 Dwelling Equipment—Nonexpendable					
12	1470 Non-dwelling Structures					
13	1475 Non-dwelling Equipment					
14	1485 Demolition					
15	1492 Moving to Work Demonstration					
16	1495.1 Relocation Costs					
17	1499 Development Activities <sup>4</sup>					

<sup>1</sup> To be completed for the Performance and Evaluation Report.

<sup>2</sup> To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

<sup>3</sup> PHAs with under 250 units in management may use 100% of CFP Grants for operations.

<sup>4</sup> RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report  
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and  
 Capital Fund Financing Program

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
**Expires 06/30/2017**

<b>Part I: Summary</b>					
<b>PHA Name:</b>	<b>Grant Type and Number</b> Capital Fund Program Grant No: Replacement Housing Factor Grant No: Date of CFFP:	<b>FFY of Grant:</b> <b>FFY of Grant Approval:</b>			
<b>Type of Grant</b>					
<input type="checkbox"/> <b>Original Annual Statement</b>		<input type="checkbox"/> <b>Reserve for Disasters/Emergencies</b>		<input type="checkbox"/> <b>Revised Annual Statement (revision no:        )</b>	
<input type="checkbox"/> <b>Performance and Evaluation Report for Period Ending:</b>		<input type="checkbox"/> <b>Final Performance and Evaluation Report</b>			
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost <sup>1</sup>	
		Original	Revised <sup>2</sup>	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)				
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
<b>Signature of Executive Director</b>			<b>Signature of Public Housing Director</b>		<b>Date</b>
<b>Date</b>					

<sup>1</sup> To be completed for the Performance and Evaluation Report.

<sup>2</sup> To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

<sup>3</sup> PHAs with under 250 units in management may use 100% of CFP Grants for operations.

<sup>4</sup> RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report  
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and  
 Capital Fund Financing Program

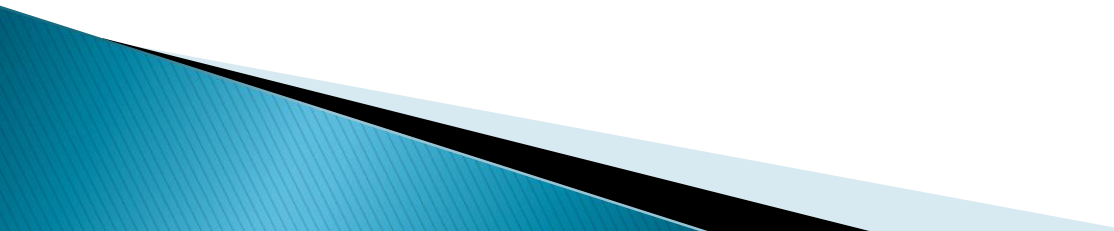
U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
**Expires 06/30/2017**

<b>Part I: Summary</b>					
<b>PHA Name:</b>	<b>Grant Type and Number</b> Capital Fund Program Grant No: Replacement Housing Factor Grant No: Date of CFFP:	<b>FFY of Grant:</b> <b>FFY of Grant Approval:</b>			
<b>Type of Grant</b>					
<input type="checkbox"/> <b>Original Annual Statement</b>		<input type="checkbox"/> <b>Reserve for Disasters/Emergencies</b>		<input type="checkbox"/> <b>Revised Annual Statement (revision no: )</b>	
<input type="checkbox"/> <b>Performance and Evaluation Report for Period Ending:</b>			<input type="checkbox"/> <b>Final Performance and Evaluation Report</b>		
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost <sup>1</sup>	
		Original	Revised <sup>2</sup>	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)				
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
<b>Signature of Executive Director</b>			<b>Signature of Public Housing Director</b>		<b>Date</b>
<b>Date</b>					

<sup>1</sup> To be completed for the Performance and Evaluation Report.  
<sup>2</sup> To be completed for the Performance and Evaluation Report or a Revised Annual Statement.  
<sup>3</sup> PHAs with under 250 units in management may use 100% of CFP Grants for operations.  
<sup>4</sup> RHF funds shall be included here.



# Closing Out Grants

- ▶ Spend down older grants first.
  - ▶ Submit HUD form 53001 and final 50075.10 to the Field Office to close out grants as soon as they have been expended for preliminary closeout.
  - ▶ Grants are marked as preliminary closed in LOCCS. Once the annual audit is completed for the year in which the grant was fully expended, the grant can be closed out.
- 

# Budget Updates

- ▶ Submit updates to your assigned Engineer
- ▶ Be sure to describe reasons for update attach commentary.
- ▶ Make sure update is consistent with the work identified in the approved PHA plan otherwise the plan will need to be revised. For example if a new parking lot not originally in the plan is added.
- ▶ Make sure the form is properly completed and amounts are entered so that the draw down of the original and revised columns are the same. This is a reoccurring issue.
- ▶ Make sure the form is signed and dated.
- ▶ Follow up with Field Office if budget revision is not updated.

# LOCCS Zero Threshold Review

- ▶ When PHA's are not properly managing their Capital Fund Grants or not procuring properly the Field Office may require zero threshold review.
- ▶ This is not a sanction and is rarely used but it is a very effective tool in making sure a PHA learns to properly procure and manage their Capital Funds in accordance with HUD Regulations.
- ▶ It is a process where the Field Office reviews and approves all Capital Fund procurement and expenditures to ensure the PHA is following regulations and their procurement policy.
- ▶ Zero threshold review is concluded once PHA demonstrates sustainable proper procurement and Capital Fund Management and staff has completed training.
- ▶ Make sure responsible staff is trained and knowledgeable about procurement and Capital Fund management to ensure regulatory compliance and avoid extra work and oversight. Proper management of Federal Funds is the law and should be a priority of PHA management.
- ▶ Ask for Technical Assistance if necessary. Ask questions.

# Force Account Labor and Capital Fund

- ▶ All Force Account Labor requires Field Office Approval. No Exceptions. See 24 CFR 968.12. The request should be submitted to the Field Office Director and will be reviewed by your assigned Engineer.
- ▶ Cannot charge Maintenance Staff time for unit turn or rehab to Capital Fund work other than 1406 Operations.
- ▶ Common Error –coding maintenance staff time to 1460 Dwelling Units.
- ▶ When using Maintenance Staff for modernization rehabilitation must follow Davis Bacon Wage rates i.e. Carpenter, Plumber and keep records. Employees must be paid wages and benefits at the rate for the trade work they are doing.
- ▶ Cannot charge site maintenance work to Capital Fund other than 1406 Operations. i.e. mowing, landscaping.
- ▶ Maintenance staff should be handling customer work tickets and doing normal unit turn. Major repairs and rehabilitation should be contracted to professional contractors. Most efficient way to manage housing properties.

# End of RHF

- ▶ The new Capital Fund Rule no longer funds RHF. Replacement program is DDTF and will be part of future Capital Fund Grants.
- ▶ For existing RHF Grants monitor obligation and expenditure deadline. Track dates and plan ahead. Example some acquisition deals may not be approved. Leave enough time for alternatives.
- ▶ Funds not obligated or expended by the deadline will be recaptured.
- ▶ RHF funds must be spent for replacement housing: closing costs, legal fees, consultants, real estate, sticks and bricks. Cannot use RHF funds for other purposes.
- ▶ All RHF payment vouchers must be reviewed and approved by the Field Office. Be sure to attach backup in an email to the Engineer when requesting Voucher approval.
- ▶ Close Out RHF grants just like Capital Fund.

# Questions

- ▶ Any Questions?