



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC HOUSING DEVELOPMENT AND SECURITY INTERESTS AND FINANCING ACTIVITIES

FEBRUARY 2021





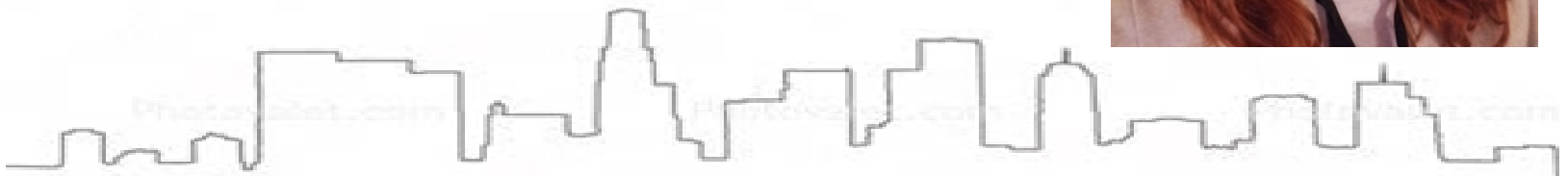
PRESENTERS



- David Fleischman, Director, Office of Capital Improvements



- Sarah Culligan, Housing Capital Improvement Specialist, Office of Capital Improvements

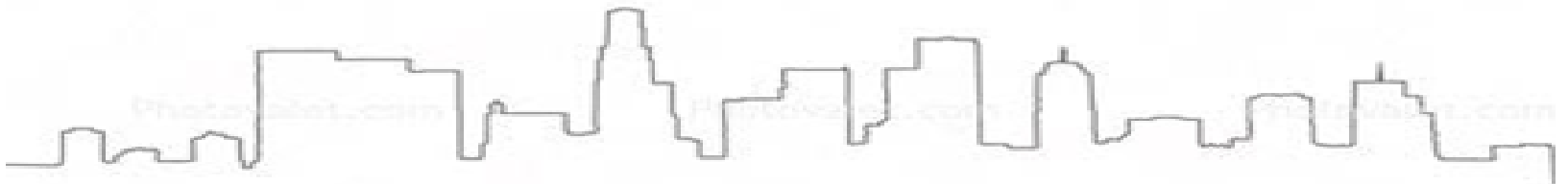




AGENDA



- Development Overview
- Mixed-Finance Development – Basic Requirements and Submissions
- Mixed-Finance and Non-Mixed Finance Development Approval
- Pre-Development Fund Use
- Capital Fund Financing Program Overview
- Other Alternative Financing Programs

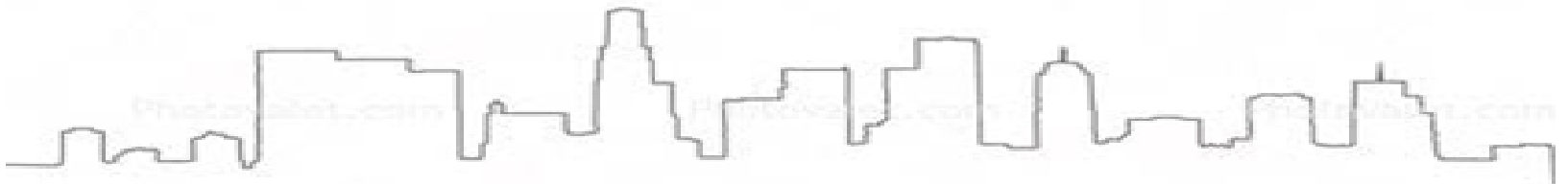




METHODS OF DEVELOPMENT



- Conventional
- Turnkey
- Acquisition
- Force Account Labor/Materials
- Mixed Finance





DEVELOPMENT PROCESS OVERVIEW



✓	Key Components
✓	Select Site
✓	Update Annual Plan
✓	Consult with Residents
✓	Submit Acquisition Proposal, if necessary
✓	Submit Development Proposal
✓	Establish Project in PIC
✓	Execute DOTs/DORCs
✓	Establish DOFA
✓	Finalize Cost Certification



GENERAL REQUIREMENTS

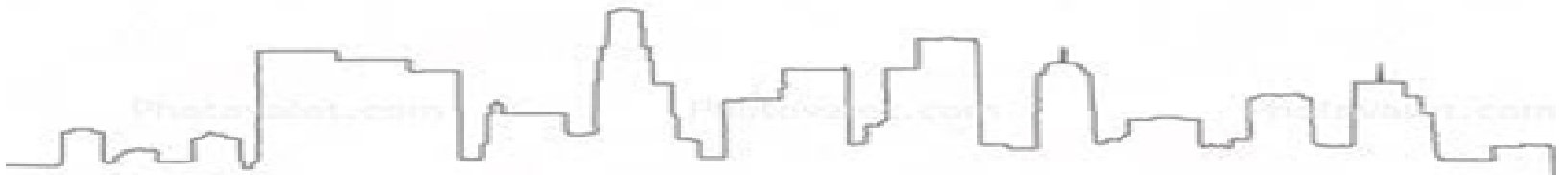


Faircloth Limitations

**Limitation on the
Cost of New
Construction**

**Site and
Neighborhood
Standards**

**Cross-Cutting Federal
Requirements, e.g.,
relocation,
environmental review**





MIXED-FINANCE (MF) DEVELOPMENT AND REQUIREMENTS



Development of public housing units which will be owned in whole or part by an entity other than a PHA

Ownership Structure

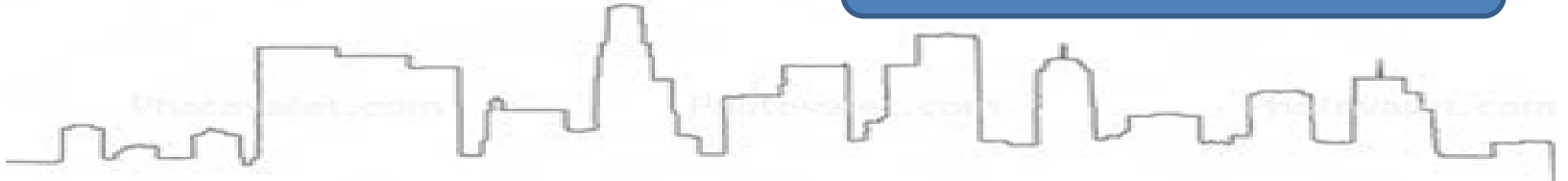
Role of the PHA

Pro Rata Share

Procurement

Identity of Interest

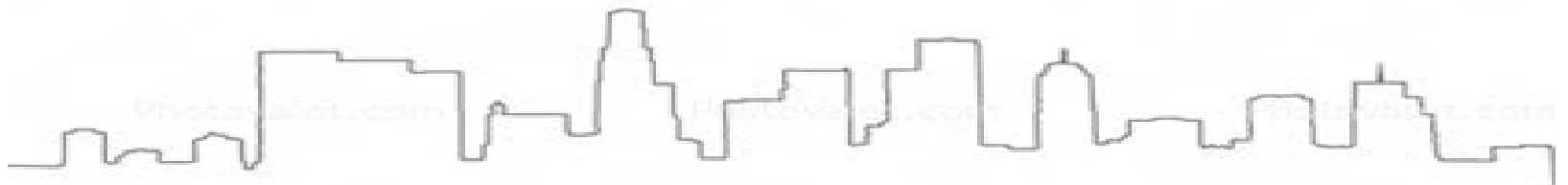
Safe Harbor Standards





SITE ACQUISITION PROPOSAL

- Justification
- Description
- Site and Neighborhood Standards
- Zoning
- Appraisal
- Schedule
- Environmental Review
- URA Real Property Acquisition Requirements



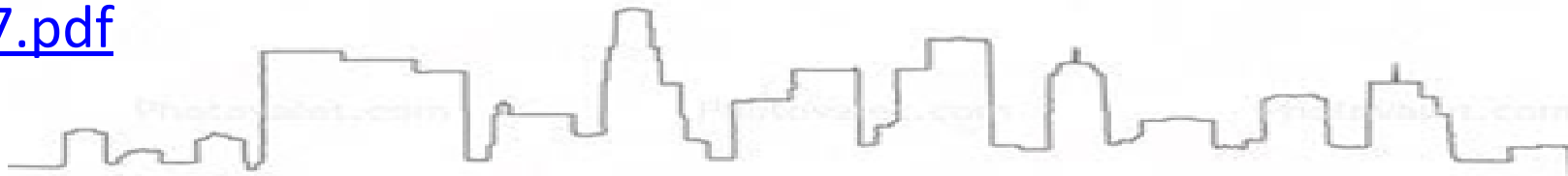


DEVELOPMENT PROPOSAL CONTENTS

- Project Description
- Site Information
- Participant Description
- Development Schedule
- Accessibility
- Project costs
- Local Cooperation Agreement and Real Estate Taxes
- Environmental Requirements
- Market Analysis
- Program Income and Fees

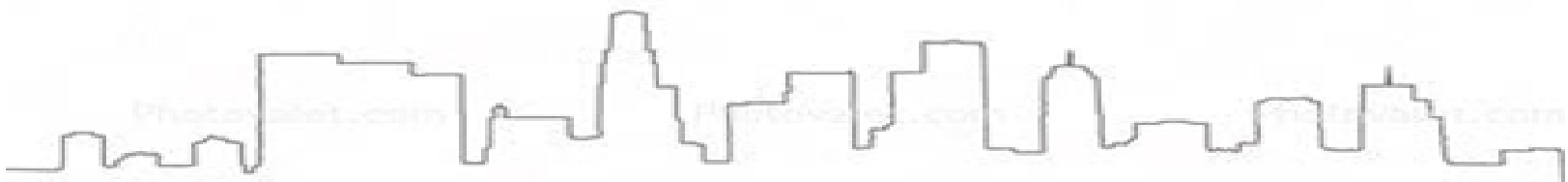
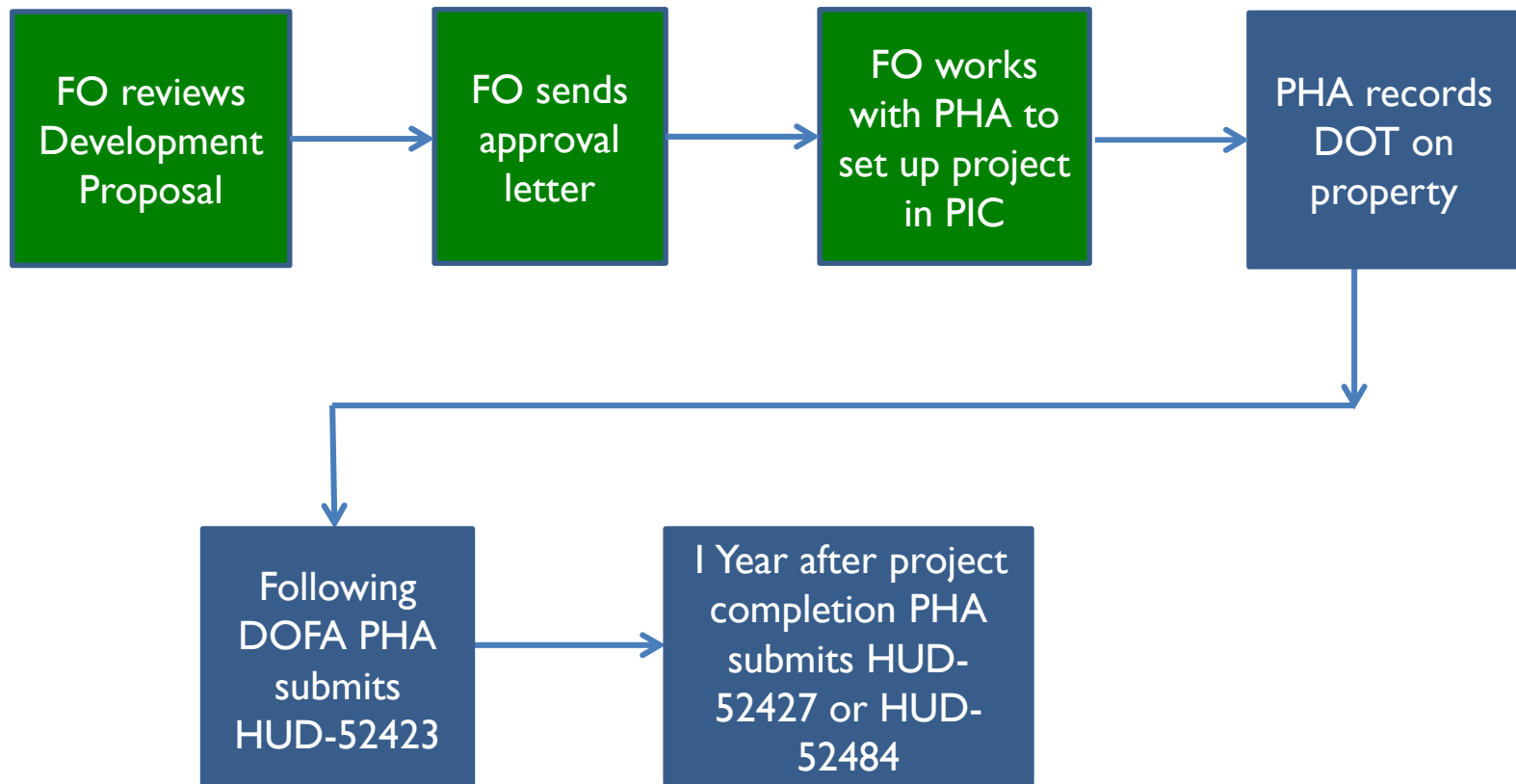


<https://www.hud.gov/sites/dfiles/OCHCO/documents/50157.pdf>



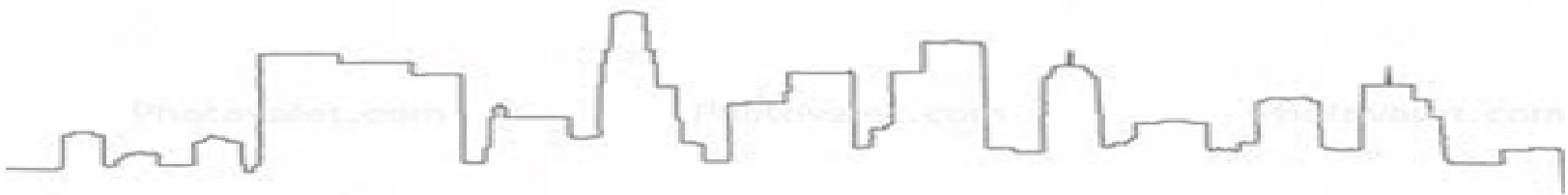
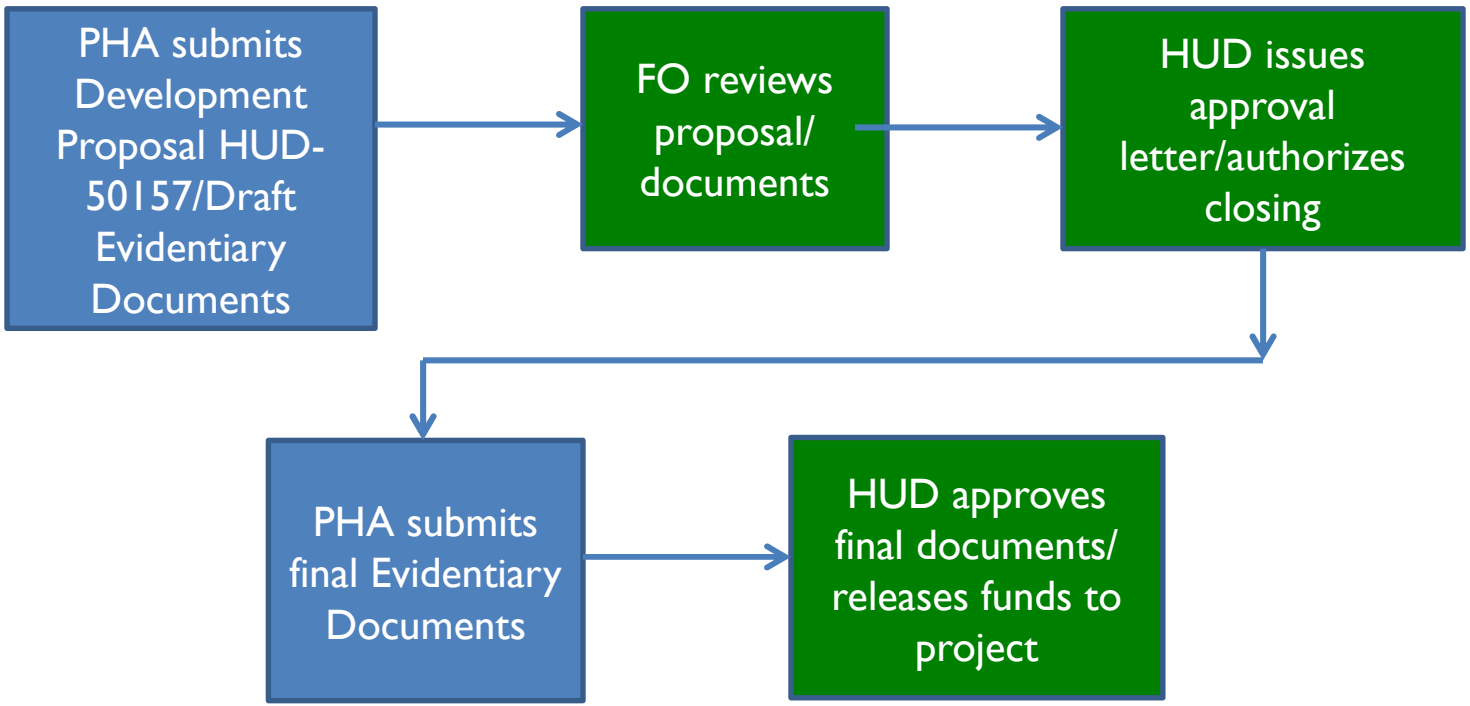


REVIEW AND APPROVAL OF NON-MF PROJECTS





REVIEW AND APPROVAL OF MF PROJECTS





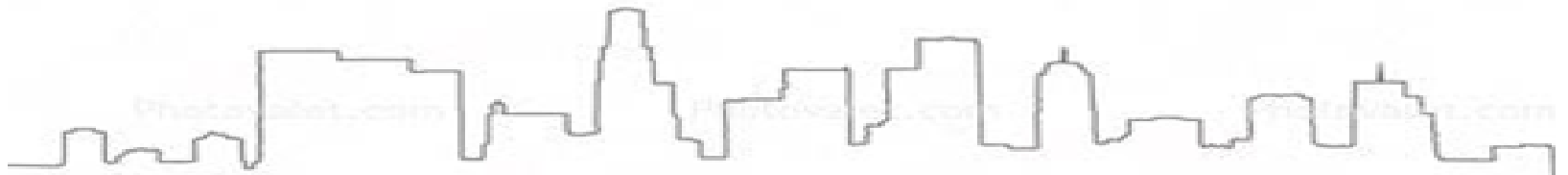
PRE-DEVELOPMENT FUNDS



For non-mixed finance, PHAs may spend up to 5% of public housing funds without HUD approval



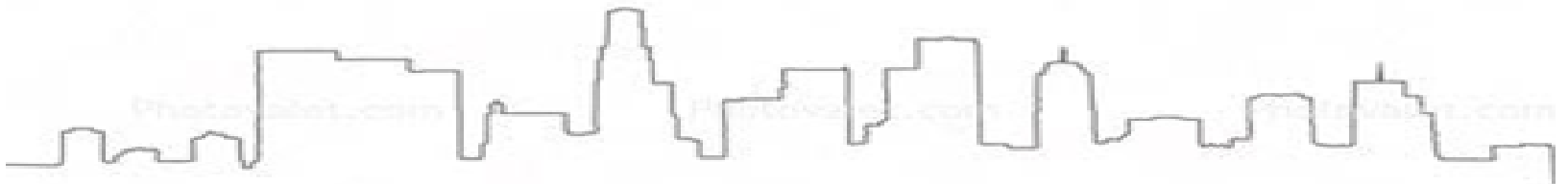
For mixed-finance, HUD approval required prior to spending any public housing funds





CFFP OVERVIEW

- Section 516 of QHWRA added Section 30 to the United States Housing Act of 1937
- Over 200 Transactions
- More than 200 PHAs participated
- Approximately \$5 Billion in transactions approved
- Transaction sizes from \$100 thousand to \$800 million
- Pooled and Individual PHA Transactions





CFFP FUNDAMENTALS

➤ Financial Structure/Business Terms

- Capital Formula Funds
 - Up to 20 years, generally
 - Up to 33% of annual appropriation
 - Proceeds considered Capital Funds
- Pledge a portion of PHA's current and future years capital fund allocation as collateral for borrowing.
 - Pledge subject to Congressional Appropriations
 - No Additional Appropriations
 - No guaranty or full faith and credit of HUD or U.S. Government



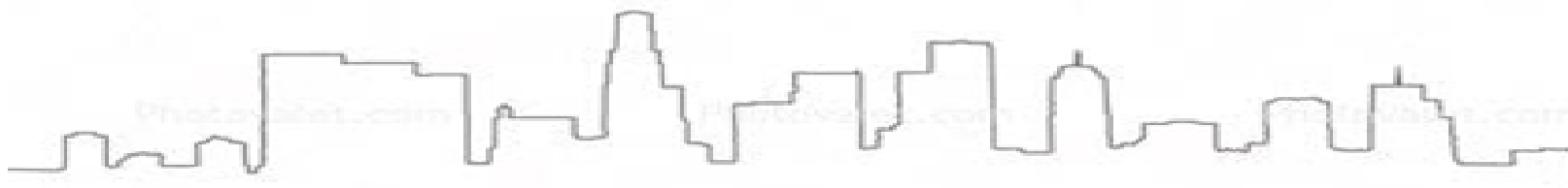
https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund/cffp



CFFP FUNDAMENTALS, CONTINUED

➤ Financial Structure/Business Terms

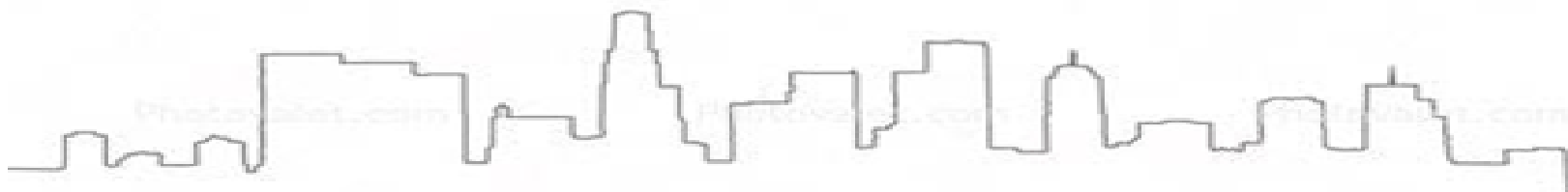
- Risk to Lenders/Investors and PHAs
 - Appropriations
 - Performance
 - Poor Planning/Implementation
- CFFP Proceeds Are Considered Capital Funds
 - All Capital Fund program statutes, regulations, ACC, and HUD notices apply to CFFP
 - PHA Planning
 - Use of Proceeds – Annual Statement/Budget
 - Use of Capital Funds for Debt Service – 5 Year Action Plan (Annual Statement if Applicable)





CFFP SUBMISSION REQUIREMENTS

- See “How to Apply” CFFP Web Page for list of required https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund/cffpphaapply
- Streamlined Submission Requirements
 - Per 24 CFR § 905.507 HUD has instituted streamlining of CFFP submissions for certain sized transactions and depending on PHAS status of the PHA (ie High Performer vs Standard Performer).
 - Reference the “How to Apply” CFFP webpage or
 - Contact the Office of Capital Improvements for further info





WHAT DO I WANT/NEED TO DO?



Step 1

- Conduct PNA or other needs assessment tool, for entire portfolio for term of proposed financing



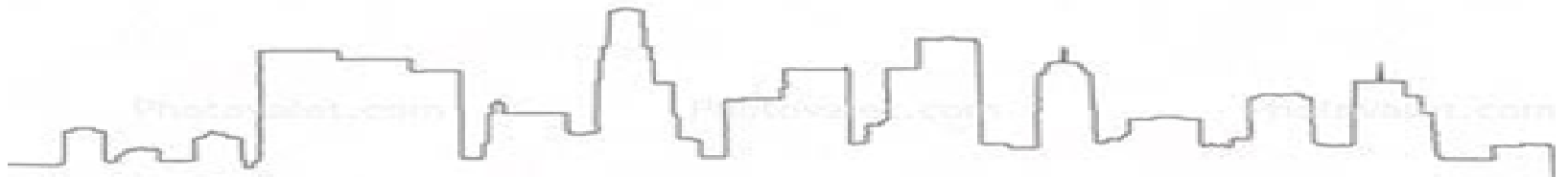
Step 2

- Identify priority need projects, size, scope, and cost estimate



Step 3

- Prepare portfolio schedule to help determine future Capital Fund resources





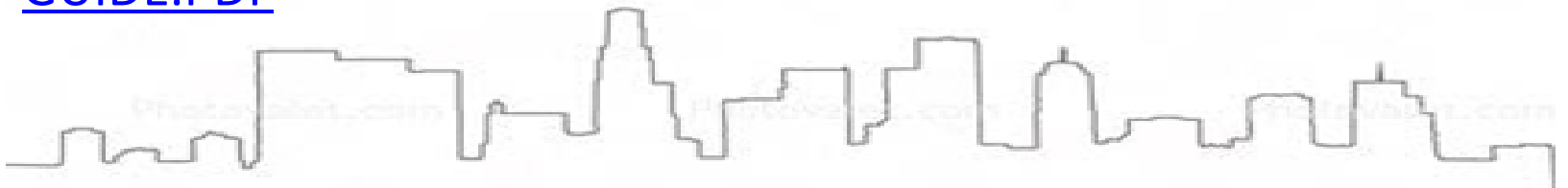
OTHER ALTERNATIVE FINANCING PROGRAMS

- **Public Housing Mortgage Program (PHMP)** – allows PHAs to put a mortgage/rider on public housing real estate
 - May be in first position on non-dwelling property
 - Must be subordinate to DOT on dwelling property

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

- **Operating Fund Financing Program (OFFP)** – allows PHAs to borrow against a portion of its Operating Fund reserves as collateral for development or modernization of public housing.

<https://www.hud.gov/sites/documents/OPFUND-FINANCING-GUIDE.PDF>





QUESTIONS

For general questions or comments send an email to
PIHOCl@hud.gov

For more information on Public Housing
Development see Chapter 9 and for Security
Interests and Financing Activities see Chapter 11
of the Capital Fund Guidebook:

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

