1. **What is this request?**

For fiscal year 2013, the Department requests $2.07 billion for the Public Housing Capital Fund to address development, rehabilitation, modernization and preservation needs of the Public Housing portfolio. While funding the Capital Fund at the requested level of $195 million over the fiscal year 2012 appropriation will not enable PHAs to meet all existing capital and accrual needs for fiscal year 2013, funding at this level will provide PHAs with some ability to prevent their housing stock from falling into a state of obsolescence, disrepair, and/or removal from inventory. Moreover, it will enable PHAs to continue to take advantage of the Capital Fund Financing Program (CFFP) and leverage private investment and tax credits to meet their rehabilitation, preservation, and energy efficiency needs. This appropriation addresses the capital needs of the existing stock of Public Housing and its estimated value of $162 billion.

By Congressional direction, the Department commissioned a Capital Needs Assessment (CNA) study, similar to the one performed in 1999, to update the data on the projected needs. This CNA study, which was completed in 2010, estimates the level of immediate needs nationally and annual accrual needs over a 20-year period, based upon assessment of a statistically valid sample of public housing developments. The 2010 CNA study places the existing need or backlog at up to $26 billion and the accrual need at $3.4 billion per year.\(^1\) The Capital Fund Program is necessary to address the backlog and accrual need of the Public Housing stock, given that it is the only Federal program that deals directly with the preservation, and rehabilitation of Public Housing.

Reliable funding of Public Housing helps ensure units have the subsidy needed to effectively operate and manage properties and also serves as a platform for preserving the existing portfolio, which is critical given the current supply/demand ratio imbalance. The disproportionate

---

Public Housing Capital Fund

supply/demand ratio, coupled with the recent economic hardships facing millions of Americans that include shrinking incomes, underemployment, and lack of employment, has placed incredible upward pressure on the demand for affordable housing. Without the stability that Public Housing provides, many low-income families would face a tremendous burden in housing costs that could lead to homelessness. The unbalanced supply/demand ratio demonstrates the critical importance of adequately funding the Public Housing program and preserving this invaluable public asset.

The ever-rising price tag of the backlog demands a long-term strategy that actively engages the private sector. Even at historical funding levels of approximately $2.5 billion annually over the last decade, there has been a net loss of 100,000 Public Housing units from 2000 through 2010, representing an average loss of approximately 10,000 units annually. To adequately address the backlog and fiscal constraints, the Department recognizes that it must find alternative funding sources other than direct capital grants to meet these needs. Therefore, HUD is continuing the Rental Assistance Demonstration (RAD) initiative with the intent of providing a vehicle for PHAs to address the very large backlog of capital needs that has accumulated over the years. Under the demonstration, PHAs would essentially exchange operating and capital subsidies under the Public Housing program for long-term Section 8 project-based rental assistance contracts. Property-based Section 8 contracts would provide PHAs access to private financing to renovate their properties, consistent with other Federally assisted housing programs. Funding the Capital Fund at a lower level would undermine the capacity of PHAs to address their properties’ capital needs through conversion under HUD’s Rental Assistance Demonstration (RAD), which is described thoroughly in a separate justification. Though Congress provided the authority for PHAs voluntarily to convert to project-based section 8 funding under RAD, Congress provided no additional, incremental subsidy to facilitate such conversions. Properties convert at their existing subsidy levels, which — in the interest of preservation — must be demonstrably adequate to address capital needs without undermining long-term operating sustainability. To the extent existing subsidy levels are reduced, fewer public housing properties will be eligible to be preserved through RAD conversions.

Of the $2.07 billion requested, approximately $1.97 billion will fund Modernization Grants for Public Housing; up to $20 million will be set aside for the Emergency and Disaster Reserve; approximately $15 million will assist with the Financial and Physical Assessment support for the Department’s rental housing assistance programs; approximately $5 million will assist with the costs of Administrative and Judicial Receiverships; and up to $50 million will be set aside for the Jobs-Plus Pilot Initiative.

The Capital Fund program is a comprehensive, formula-driven program that serves as the primary source of financing for public housing rehabilitation and development. The Public Housing Capital and Operating Fund programs support the Department’s mission by assisting PHAs in providing safe, decent, and affordable housing to approximately 1.1 million families, 60 percent of whom are fixed income seniors and/or disabled persons. The Capital Fund Program utilizes housing as a platform for improving the quality of life for lower-income families and those battling homelessness, while contributing to building and maintaining sustainable communities. In addition, the Capital Fund program encourages and supports efforts toward helping residents achieve economic security and self-sufficiency. Consistent with this period of constrained resources and surging demand, the Department also continues to move in the overall direction of “doing more with less” by providing public housing agencies (PHAs) with greater flexibility in the use and administration of existing
Public Housing Capital Fund

resources, through the provisions described below. Many of these provisions build upon lessons learned from the PHAs participating in the Moving-to-Work (MTW) program, authorized under Section 204(a) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P. L. 104–134). MTW PHAs enjoy broad flexibility to combine funding sources and waive requirements in order to provide housing assistance and services to low-income families.

1. Operating Fund /Capital Fund Flexibility. The Quality Housing and Work Responsibility Act of 1998 (QHWRA) established two distinct funding streams for public housing, the Operating Fund and the Capital Fund. The Operating Fund provides for the operation and management of public housing, and the Capital Fund supports the development, financing, and modernization of public housing developments. With key exceptions, Operating and Capital Funds have separate use authorities and are generally not fully fungible for PHAs with more than 250 units. This bifurcated funding stream creates statutory distinctions that are unnecessarily difficult to implement and regulate. The Administration will submit authorizing legislation to consolidate the Operating Fund and Capital Fund programs, which will complete the transition to asset management, simplify the program, and reduce administrative burden. As a first step towards consolidation, the Budget provides all PHAs with full flexibility to use their operating and capital funds for any eligible capital or operating expense. This general provision is budget neutral.

2. Consolidated Opportunities for Resident Enrichment (CORE). In this tight economic environment, it is critical that PHAs, including MTW PHAs, have flexibility in order to meet the needs of their resident communities. While it is necessary for HUD and PHAs to focus their resources on housing, it is also HUD’s responsibility to ensure that public housing and Section 8 Housing Choice Voucher families have access to the necessary resources that will help them become self-sufficient or, in the case of elderly or people with disabilities, to remain successfully housed. The best way to ensure that families remain successfully housed, and ultimately obtain non-Federally assisted housing where possible, is to ensure that all public housing and Section 8 Housing Choice Voucher residents are connected to the appropriate support systems in their communities.

In order to provide PHAs with much needed flexibility so that they can use housing as a platform for improving the quality of life for their public housing and Section 8 Housing Choice Voucher families, HUD is asking for permission to provide PHAs with the authority to create the Consolidated Opportunities for Resident Enrichment (CORE) flexibility. This flexibility, which is a consolidated fund of a certain percentage, to be determined by the Secretary, of the assistance received under each of the Operating Fund, Capital Fund, and Section 8 Housing Choice Voucher administrative fees for resident supportive service purposes such as service coordination, case management, direct services where the communities lack them, administration of service programs and including but not limited to eligible resident supportive and self-sufficiency service activities listed in Housing Choice Voucher activities found under Section 8, Capital Fund activities found under Section 9(d)(1)(E), (H) and (I); Operating Fund activities found under Section 9(e)(1)(C), (D), (H), and (K); activities for services found under Section 34 (b)(1)-(6); a PHA’s Moving-to-Work Plan and PHA resident supportive and self-sufficiency services permitted under HUD regulations.
Public Housing Capital Fund

It is expected that combining these funds will result in cost efficiencies, freeing up resources so that PHAs can successfully use housing as a platform for improving quality of life. PHAs will be given flexibility to combine these funds and use them for the purpose of improving outcomes for all residents, including children, families, elderly, and disabled, who receive housing assistance through either Section 8 or 9. This consolidated approach also provides PHAs with flexibility to address the specific needs of the residents in their communities. As a result, PHAs would be better equipped to promote positive resident outcomes related to education, health, economic security and self-sufficiency, and safety.

In order to use these consolidated funds for this purpose, the PHA may not be designated pursuant to section 1437d (j)(2) of the United States Housing Act of 1937 or 24 CFR § 985.103 as a troubled public housing agency, and (in the determination of the Secretary) should be operating and maintaining its public housing in a safe, clean, and healthy condition. PHAs that choose to fund activities using this flexibility will be required to provide the following in their PHA Plan: evidence of meaningful resident and community participation, the results of a needs assessment that identifies the issue that it is trying to solve, the action plan for how the PHA will use the CORE flexibility to address the needs, and the outcome measures the PHA will track to ensure the outcomes improve.

This approach to consolidated resident service activities is budget neutral, and HUD is not requesting any additional funds for this purpose. PHAs can choose to use funds that are appropriated to the Operating Fund, Capital Fund, and Section 8 Housing Choice Voucher administrative fees for this purpose. Further, this approach streamlines how both HUD and the PHAs operate, as it does not require a burdensome competition and enables PHAs to have a consolidated approach to resident services for all of its residents.

3. Family Self-Sufficiency (FSS). The Department requests the authority to combine the funding for Public Housing and Housing Choice Voucher FSS program coordinators into a new account, which will result in program streamlining and will permit coordinators to provide better and more uniform services for families assisted through the Public Housing Housing Choice Voucher, and Project-Based Rental Assistance programs.

4. Consortia. The Department’s fiscal year 2013 Budget requests to amend the definition of a “public housing PHA” to include a “consortium of PHAs”. Currently, there is no statutory provision for PHAs to form consortia for the purposes of administering Public Housing programs, as there is currently for the purposes of administering tenant-based assistance. Changing the definition to include a “consortium of PHAs” will benefit PHAs that combine operations by reducing their administrative costs and achieving operating efficiencies, pursuant to the issuance of guidance. It could also have other benefits, such as allowing PHAs to form consortia as a step toward eventual consolidation, or joining consortia as a strategy for PHAs to get out of their “troubled” designation.

The Department also pursues the authority to implement a Rent Policy Demonstration to determine the effectiveness of various rent policies intended to encourage employment and increases in income among assisted families, including Public Housing families. Again, this Demonstration would build upon lessons learned in the MTW program; many PHAs participating in that program have, for example, implemented variations on the earned income disregard in order to facilitate families’ transition to work.
Public Housing Capital Fund

The current housing crisis underscores the broad impact housing has on peoples’ lives. The importance to families and communities of quality, stable, affordable rental housing has never been more apparent. Reliable funding for the Public Housing program establishes a stable foundation for residents, thus supporting their efforts to achieve their goals and increasing their economic security and self-sufficiency. Increased flexibility in the use of this funding will provide PHAs with greater latitude in responding to the housing needs in their local communities.

A leading cause of homelessness and worst-case housing needs is the lack of affordable housing available to the lowest-income households. Between 2007 and 2009, the number of renters experiencing worst-case housing needs jumped by more than 20 percent—from 5.91 to 7.10 million. As noted in the “Worst Case Housing Needs 2009 Report to Congress,” competition for affordable units has played the biggest role in the increase of worst-case needs, contributing to approximately 41 percent of the increase noted above. Competition for affordable units leads to displacement, absorption of vacancies, and upward pressure on rents. Supply and demand factors caused the mean gross rent for very low-income renters to increase by more than 10 percent between 2007 and 2009; in addition, the number of units affordable to them dropped by 370,000. It is clear, that for low-income families, public housing is essential to the prevention of homelessness. In many cases, families without access to public housing are at risk of homelessness or face other severe rent burdens that adversely affect their lives. By assisting over 1.1 million units across 3,100 PHAs, the Capital Fund program continues to work to meet the ever-growing need for affordable housing. The Department’s fiscal year 2013 funding request would provide the funding needed to continue the Department’s progress toward reducing homelessness, maximizing and leveraging Federal resources, and promoting energy efficient buildings and location-efficient communities that are healthy, affordable, and diverse.

Emergency/Disaster Reserve

The Department is requesting $20 million for an emergency/disaster reserve. PHAs that confront an emergency situation or a non-Presidentially declared natural disaster are eligible to apply for and receive funds from the Emergency/Disaster Reserve provided that they comply with certain requirements (e.g. funds provided because of a disaster are only available to the extent that needed repairs are in excess of reimbursement from insurance and other sources, such as the Federal Emergency Management Agency (FEMA)). As a result of the repeal of Section 9(k) of the U.S. Housing Act of 1937, HUD is no longer authorized to provide funding to PHAs suffering from Presidentially declared disasters and is not requesting any funding for this purpose. PHAs that suffer damage as a result of Presidentially declared natural disasters are eligible to receive funding from the FEMA under the Robert T. Stafford Relief Act.

---

2 These worst-case needs households are defined as very low-income renters who do not receive government housing assistance and who either paid more than one-half of their income for rent or lived in severely inadequate conditions, or both. Worst Case Housing Needs 2009 Report to Congress, Summary, U.S. Department of Housing and Urban Development | Office of Policy Development and Research.
Public Housing Capital Fund

Administrative and Judicial Receiverships

The Department is requesting $5 million to support the costs of administrative and judicial receiverships. These funds will allow the Department to provide contract support and assist recovering PHAs by supporting operational expenses related to the administration of receiverships. The Department enters into an administrative receivership when a PHA has systemic, long-standing, and severe management, financial, and physical problems. Due to the severity of these problems, extraordinary levels of expertise and resources are necessary to improve the quality of life for PHA residents. When the Department places a PHA in an administrative receivership, the Department can take control of all or part of a PHA’s management and operations depending on the source of the PHA’s deficiencies. A Federal or State court establishes a judicial receivership when it determines that the existing issues with regard to the PHA are so severe as to make it necessary to intervene in a PHA’s management and operations on behalf of its residents.

The Department has provided significant technical assistance to the administrative receiverships through both HUD subject matter experts (SMEs) and HUD-funded contractor support in the following areas: financial operations, recovery services, development advisory services, Public Housing restoration, construction and redevelopment programming, Public Housing modernization, energy service contracting, organizational assessment and restructuring, Public Housing and Section 8 program implementation, asset management conversion, Recovery Act program execution, and PHA training. These technical assistance interventions have resulted in enhanced PHA monitoring and oversight provisions to ensure timely obligation and expenditure of funds, improved agency operations, effective implementation of mixed finance redevelopment initiatives, necessary organizational restructuring of PHA staff and management, and the repositioning of PHA assets to advance greater affordable housing opportunities for PHA residents.

Financial and Physical Assessment Support

For fiscal year 2013 the Department proposes $15.345 million for Financial and Physical Assessment Support for Rental Housing Assistance programs. Assessment activities are primarily done by the Real Estate Assessment Center (REAC) which provides the Office of Housing and the Office of Public and Indian Housing (PIH) with timely and accurate assessments of HUD’s real estate portfolio using physical and financial management assessments. Additional financial and physical assessments are done to support field offices’ activity.

The Office of Public and Indian Housing – Real Estate Assessment Center (PIH-REAC) Physical Assessment Subsystem (PASS) manages the physical assessment protocols required to evaluate the overall physical condition of PHA projects and Multi-Family (MF) properties that receive assistance, or are insured under the FHA mortgage insurance programs. The physical condition of properties in which HUD has a financial interest, such as those mentioned above, are evaluated through periodic inspections conducted by independent contract inspectors and quality assurance inspectors that are certified in the reporting of physical condition using HUD’s Uniform Physical Condition Standards (UPCS). REAC is responsible for inspecting the physical condition of approximately 30,000 multifamily properties and 7,200 public housing projects. The inspection program is to ensure that housing provided by HUD is in decent, safe, and sanitary condition.
Public Housing Capital Fund

PASS trains and certifies inspectors; coordinates the procurement of inspections for MF assisted properties and PHA projects; ensures appropriate inspection scheduling for both PHA and MF properties; provides property specific on-line reporting of UPCS inspection results through HUD Secure Systems; provides quality assurance reviews for 100 percent of inspections conducted; arranges for correction and rescheduling of inspections that are deemed outside of standard, incomplete or deficient; calculates all property inspection scores; and responds to technical review and database adjustment appeal requests from PHAs and MF properties.

The PIH-REAC Financial Assessment Subsystem for Public Housing (FASS-PH) is responsible for assessing the financial condition of approximately 3,100 PHAs that receive HUD funds to manage and operate units of public housing for low-income residents. In addition to evaluating financial health, FASS-PH conducts various analyses to aid in the improvement of PHAs’ financial outlook. These functions assist HUD in distinguishing between PHAs that are financially stable and compliant from those that present a high degree of financial risk to HUD. FASS-PH helps measure the financial condition of PHAs and assesses their ability to provide safe and decent housing. FASS-PH also provides PIH-REAC with a complete database of PHAs’ financial data. The system provides PHAs with the ability to submit financial information to PIH-REAC via a secure Internet connection. REAC also verifies the income of Public Housing residents to ensure housing subsidies are paid accurately. The assessments performed by REAC and the data provided to other program areas renew public confidence in government by helping to make decent, safe, and sanitary housing a reality for millions of American families.

Job-Plus Pilot Initiative

The Department’s fiscal year 2013 Budget request includes up to $50 million to fund the Jobs-Plus Pilot Initiative, an evidence-based strategy for increasing the employment opportunities and earnings of public housing residents through a three-tiered program of employment services, rent-based work incentives, and community support for work. This proven model helps public housing residents secure and retain employment, keep more of the income they earn, and receive the full benefit of work incentives such as the Earned Income Tax Credit (EITC). A randomized experiment evaluation of the Jobs-Plus demonstration in three demographically-diverse sites found that, on average, participants had an additional $1,300 in earnings every year from 2000 to 2006 – and these earning increases were durable beyond the period of the intervention.

To scale up this successful model, HUD will award competitive grants to partnerships between high-capacity PHAs and local workforce investment boards or other agencies and organizations that provide supports to help public housing residents obtain employment and increase earnings. The grants will target PHAs and housing developments with enough work-eligible residents to achieve economies of scale and will prioritize broad and diverse local partnerships that cut across sectors, agencies, and funding streams. Based on cost estimates from the previous demonstration of the Jobs-Plus model, HUD anticipates that the Jobs-Plus Pilot Initiative will reach over 30,000 work-eligible public housing residents. HUD intends to fund only those partnerships that demonstrate the capacity to implement all elements of the Jobs-Plus model effectively.

Along with this budget request, the Capital Fund program typically carries enacted funds from prior fiscal year(s). These carryover amounts are relatively small, representing approximately 2 percent of the budget. Carryover amounts are common for each line item within the
Public Housing Capital Fund

account, with each having a different reason for carrying over from prior years. The following provide explanations for carryover for individual line items:

- **Modernization Grants** – There is usually a very small amount of carryover for modernization funds. Carryover occurs when PHAs decline funding, fail to meet certain requirements or the Department receives other recaptures through the course of the year. Given the capital fund formula is run annually, funds realized after the formula run are included in the following year’s formula run;

- **Emergency/Disaster Grants** – This set-aside provides funds for PHAs to apply in the event they face an unforeseen emergency or disaster. It’s difficult to predict when these funds will obligate as PHAs applying for the funds are required to meet certain criteria and they can only apply for assistance for emergencies/disasters that occurred during the fiscal year of the appropriation (e.g., to be eligible for assistance using fiscal year 2013 funds, the disaster/emergency must occur during fiscal year 2013);

- **Receiverships** – Given that PHAs enter into receivership for varying reasons (physical, financial and management related), these funds are used to help the agency recover. Identifying a specific timeline for the obligation of these funds is slightly more difficult because of the uniqueness of each PHA’s circumstances and their associated contracts.

- **Physical /Financial Assessments** – Given the technical nature and complexity of REAC procurement actions, thorough reviews of contracts are required prior to award to ensure the mechanisms are in place to produce accurate assessments of HUD’s real estate portfolio.

In fiscal year 2013, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; technical assistance; capacity building and information technology. Departmentwide, no more than $120 million is estimated to be transferred to the Transformation Initiative Fund account in fiscal year 2013, although transfers could potentially total up to $214.8 million. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

**2. What is this program?**

The Public Housing Capital Fund program helps provide housing options to those that cannot afford, or will not be served by housing in the private market. The Public Housing Capital Fund addresses affordable housing needs by awarding funds annually via a formula to approximately 3,100 PHAs across the country. PHAs may use Capital Fund grants for development, financing, rehabilitation, and preservation of Public Housing.

In addition to formula funding, the Capital Fund, through the Capital Fund Financing Program (CFFP) provides PHAs with the ability to borrow funds from banks or issue bonds using future Capital Fund appropriations for payment of debt service. This allows PHAs to leverage Capital Funds in order to accelerate improvements that would otherwise be postponed into the future. Since the Capital Fund program is
Public Housing Capital Fund

the primary funding source for the development and rehabilitation of Public Housing, this program is vital to meeting the ever-growing need for quality, affordable rental housing.

The Capital Fund Program is authorized by § 9(d) of the United States Housing Act of 1937, codified at 42 U.S.C. § 1437g (d). The statute requires the grants be made according to a formula. This formula was created through negotiated rulemaking and is codified at 24 C.F.R. § 905. Enacted on October 21, 1998, the Quality Housing and Work Responsibility Act of 1998 (QHWRA) provides substantial revisions to the laws governing the public housing and Section 8 programs. QHWRA substantially and permanently amended the 1937 Act.

Statutorily permissible uses of Capital Fund Formula grants include the following:

- Development, financing, and modernization projects, including the redesign, reconstruction, and reconfiguration of public housing sites and buildings (including accessibility improvements) and the development of mixed-finance projects;
- Vacancy reduction;
- Addressing deferred maintenance needs and replacement of obsolete utility systems and dwelling equipment;
- Planned code compliance;
- Management improvements;
- Demolition and replacement;
- Resident relocation;
- Capital expenditures to facilitate programs to improve the empowerment and economic self-sufficiency of public housing residents and to improve resident participation;
- Capital expenditures to improve the security and safety of residents;
- Homeownership activities;
- Improvement of energy and water-use efficiency by installing fixtures and fittings;
- Integrated utility management and capital planning to maximize energy conservation and efficiency measures; and
- Debt service that may have been incurred to finance the rehabilitation and development of public housing units.

For example, Capital Funds enable PHAs to modify existing units by lowering kitchen cabinets and counters, for instance, to make them fully accessible for seniors or persons with disabilities, thereby helping them to live independently. PHAs have used Capital Funds to create community facilities for the delivery of supportive services such as after-school enrichment programs for youth, medical services for elderly residents, or job training programs for youth and adult residents. This funding enables PHAs to make large-scale improvements such as new roofs and the replacement of plumbing and electrical systems to increase energy efficiency while also injecting funding into the economy, creating much-needed, quality jobs. Capital Funds have facilitated the transformation of communities by removing blighted Public Housing through renovation or demolition and redevelopment. In short, Capital Funds provide the resources for PHAs to rehabilitate and maintain the functional integrity of its Public Housing Stock, thereby providing safe, decent, and affordable homes to our country’s lowest-income families.
Public Housing Capital Fund

**Moving-to-Work**

Moving-to-Work (MTW) is a demonstration program that provides PHAs the opportunity to design and test innovative, locally designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their Federal funds. MTW PHAs are expected to use the opportunities presented by MTW to inform HUD about ways to better address local community needs.

The MTW program is authorized by Section 204(a) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P.L. No. 104-134) (MTW statute). The MTW statute provides that an agency participating in the MTW demonstration program may combine Public Housing Operating and Capital funds provided under Section 9 of the U.S. Housing Act of 1937 (the “1937 Act”) and voucher program funds provided under Section 8 of the 1937 Act “to provide housing assistance for low-income families, as defined in section 3(b)(2) of the 1937 Act, and services to facilitate the transition to work on such terms and conditions as the agency may propose and the Secretary may approve.” Currently, there are 33 PHAs classified as MTW agencies.

The MTW language above is intended to allow for the use of appropriated funds beyond what is authorized by Sections 8 and 9 of the 1937 Act, provided that the MTW agency uses its combined funds to provide housing assistance for low-income families, as defined in section 3(b)(2) of the 1937 Act, and services to facilitate the transition to work, whether or not any such use is authorized by Sections 8 or 9 of the 1937 Act, and provided such uses are consistent with other requirements of the MTW statute and have been proposed in an agency’s Annual MTW Plan and approved by HUD.

Several MTW agencies have used their ability to combine funds for both the development and rehabilitation of affordable units. In most instances, these MTW agencies have utilized their combined funds to address capital needs and thus extend the useful life of its Public Housing properties. Some have augmented Replacement Housing Factor Funds, Low-Income Housing Tax Credits and other funds to provide gap financing for mixed-finance developments.

**Goals and Accomplishments**

The Capital Fund is essential to achieving this Administration’s goals related to increasing occupancy in public housing, decreasing energy costs, and leveraging Federal resources.

- Given high unemployment rates, increased rental prices, and the overall economic crises our country faces, access to affordable housing is crucial to preventing homelessness and reducing worst-case housing needs. The Agency Performance Goal regarding rental housing addresses this issue by encouraging HUD programs to meet more of the growing need for affordable rental homes by serving 5.38 million families by the end of fiscal year 2011, 207,000 more than in fiscal year 2009. Over the past 2 years, Capital Fund programs, including the Capital Fund Formula, Replacement Housing Factor, American Recovery and Reinvestment Act (The
Public Housing Capital Fund

Recovery Act), and Recovery Act Federalization, have contributed to this goal by enabling HUD to serve an additional 23,204 families.

- A clean energy economy is vital for America to compete in the new century. To achieve this goal, the Department must work toward expanding energy-efficient housing options for people of all ages, incomes, race and ethnicities to increase mobility and lower the cost of housing. To partially address this goal, the Agency Performance Goal regarding energy efficiency states that HUD will complete cost-effective energy, green and healthy retrofits of 159,000 public, assisted, and other HUD-supported affordable homes by 2011. The Capital Fund, through the use of Recovery Act funds, has contributed to achieving this goal by making over 60,000 units/unit equivalents more energy efficient.

- Given the scarce Federal resources available, PHAs must leverage Federal funds with outside investment. One of the programs created to achieve this purpose is the CFFP. HUD has approved approximately 138 CFFP transactions involving more than 212 PHAs. The total amount of loan and bond financing approved to date is approximately $3 billion, benefiting approximately 70,000 units. The CFFP has evolved such that PHAs are further leveraging their Capital Fund dollars by utilizing the CFFP to obtain Low-Income Housing Tax Credits. Approximately $2 billion worth of tax credits have been leveraged using CFFP funds. These are significant accomplishments given the complexity of CFFP transactions.

Staffing

<table>
<thead>
<tr>
<th>FTE</th>
<th>2011 Actual</th>
<th>2012 Estimate</th>
<th>2013 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters</td>
<td>119</td>
<td>118</td>
<td>118</td>
</tr>
<tr>
<td>Field</td>
<td>175</td>
<td>175</td>
<td>180</td>
</tr>
<tr>
<td>Total</td>
<td>294</td>
<td>293</td>
<td>298</td>
</tr>
</tbody>
</table>

Nine additional staff is requested in fiscal year 2013.

Several offices and associated staff support the Public Housing Program, including the Capital Fund Program. Dedicated staff handle Capital Fund program and compliance issues, including ensuring obligation and expenditure deadlines are met, or, if not, sanctions are imposed. Capital Fund staff award not only Capital Funds, but also funds to address needs in the aftermath of emergencies and non-Presidentially declared natural disasters. Capital Fund staff also work on the review and awarding of safety and security grants for PHAs, as well as the awarding of funds for the development of education and training community facilities that, in conjunction with local partners, offer programs for either childhood or adult education. Staff work on the awarding of Replacement Housing Factor funds for units which have been demolished, as well as the subsequent use of the funds to develop replacement housing.

Other dedicated personnel support the awarding and monitoring of annual Capital Fund grants that provide vital resources to enable 3,100 PHAs nationally to undertake modernization and development projects. Supporting the Capital Fund program involves the accurate and
Public Housing Capital Fund

timely calculation of formula grants, processing of formula grants for each PHA from award to close-out, monitoring for statutory and regulatory compliance, and providing on-going technical assistance, program policy and guidance. Through staff efforts, PHAs are better able to understand and comply with program requirements. As a result, funds are spent on eligible purposes, and within established timelines. Capital Fund staff interact with both Field Offices and PHAs to maximize the effectiveness of modernization and rehabilitation funding. Capital Fund staff also administer and monitor the financial management system used to manage the PHAs’ formula grants and associated budgets. Another major workload item performed by staff includes administering the Capital Fund Financing Program. Such work has allowed PHAs to leverage over $3 billion in complex private financing deals, and enhanced the ability to do more comprehensive and timely rehabilitation, thereby increasing housing occupancy. Through various alternative financing programs, PHAs are able to leverage private resources to augment Federal funding levels. Additional staff functions include workload associated with the MTW Demonstration. Staff develops guidance and evaluates proposed initiatives for the MTW Demonstration. Staff also conducts mandatory site visits to ensure proper program management and performs oversight responsibilities related to the MTW program. As a result, PHAs participating in the MTW program have been able to more flexibly and effectively utilize their funds, and achieve both operational efficiencies and develop innovative strategies that both improve the lives of the residents they serve and provide a framework to determine new approaches to meeting local community needs.

Public Housing Program staff in both Headquarters and Field Offices ensure the effective use of accurate, timely and reliable information by which to assess the condition of HUD’s Public Housing portfolio. Field Office staff especially plays a key role in monitoring for compliance, providing expert technical assistance, reviewing proposed changes to the Public Housing stock, and collecting data from PHAs. Data compiled by staff helps to ensure safe, decent and affordable housing and helps to restore public confidence by identifying waste, fraud and abuse of Federal dollars. This data allows PHAs to be better managers and stewards of the Public Housing inventory and allows HUD to more easily identify potential problem situations for PHAs. As a result of these efforts, the Department has been able to establish and then achieve documented success as measured by increased levels of occupancy, and substantive improvements in energy efficiency and the use of green initiatives. The Department has focused attention on key measures of success, quantified through explicit Agency Performance Goals. These goals, with related supporting measures and outputs, serve to direct and then document the results of each program area. Through an explicit effort at collaboration and coordination, the various functional areas within PIH and across other Departmental and agency programs work together with shared objectives.

The specialized components and multiple functions performed both within the Capital Fund and in collaboration with other program areas complement each other and have contributed directly to the continued success of the Public Housing Program. Collectively, Headquarters and Field Office personnel are all focused on the goal of maximizing the access of clean, safe and affordable housing to millions of Americans who face worst-case housing needs.

Reductions in workforce would jeopardize the effectiveness and efficiency of Public Housing investments. The Capital Fund program already must enlist assistance from additional staff to complete the program’s core functions to ensure that the work is completed accurately and within statutorily mandated timeframes. In the absence of adequate staff, the program faces the vulnerability that funds may not be
Public Housing Capital Fund

correctly and timely computed and awarded. Additionally, with reduced staff, it would be unable to provide the level of technical assistance and monitoring necessary to more ably identify instances of waste, fraud, and abuse of Federal dollars. Furthermore, the lack of engineer support adversely impacts completion and implementation of the new Physical Needs Assessment tool which will enable PHAs and HUD to better track capital needs and improve program efficiency. Any decrease in staff would severely limit staff’s ability to properly evaluate proposed MTW initiatives, conduct mandatory site monitoring visits, manage any additional MTW agencies, or perform important and increasingly sought-after data analysis.

Our data clearly indicates that there is a direct correlation between the number of on-site technical assistance visits and the performance of PHAs within any given Field Office portfolio. The establishment of explicit objectives and then the direct measurement of the Department’s achievements through its Agency Performance Goals is a direct example of the effective use of data to achieve specific outcomes. The downward fiscal pressure on all PHAs this fiscal year is the greatest in ten years or more. The key PHA performance factors of effective governance and financial management have improved this past year as a direct result of an intense effort to provide effective on-site technical assistance—an area where Field Office staff proves critically important. A dramatic reduction in travel funds will most certainly diminish this gain, and when coupled with the significantly reduced funding that PHAs will receive, it is very probable that we will see a significant rise in Troubled and failed PHAs. The repositioning workouts that will be required to keep families from losing their vouchers and Public Housing units are dependent upon on-site consultations with community leaders and other entities that will be asked to assume the day-to-day management of failed PHA programs. Moreover, some Departmental initiatives, such as Agency Priority Goals for affordable housing and energy efficiency, will be very difficult if not impossible to obtain without sufficient travel funds to provide expert technical assistance to PHAs.

3. Why the program is necessary and what will we get for the funds?

The fiscal year 2013 Budget comes forth at a time of tightly constrained resources, and it reflects this fact. The Administration is focused on ensuring that America wins the future and makes strategic investments in our communities, but also takes responsibility for our deficit. For HUD, that meant developing a budget consistent with three core principles:

1. Continuing to provide critical support for the housing market, while bringing private capital back into the market;
2. Protecting current residents and improving the programs that serve them; and
3. Proposing no new initiatives, while continuing to invest in initiatives that have been part of our budget for the past 2 years and are critical to winning the future.

We must invest in affordable housing, because the demand for such housing has surged. As a consequence of the recent recession and foreclosure crisis, increasing numbers of families face shrinking household incomes and a lack of employment opportunities. The number of unassisted renters paying at least 50 percent of their income toward housing is at an all-time high; from 2007 to 2009, the number of households in this “worst-case” category increased by more than 20 percent — the largest increase since we began tracking renters’
Public Housing Capital Fund

housing cost burden. Wait times for housing assistance are also at an all-time high; as a result, many communities have simply closed their waitlists.

The public housing program is among the few sources of deeply affordable rental housing; some 1.1 million households reside in public housing. The housing ranges from low-density, scattered-site housing to multifamily dwellings and is located in a broad range of communities and neighborhoods across the country, including rural, suburban, and central city locations. Without the stability that public housing provides, families served by the program would face a tremendous burden in housing costs that could eventually become insurmountable, resulting in homelessness. As the following table shows, more than 70 percent of households living in public housing have incomes less than 30 percent of the area median income (AMI); nearly 60 percent are elderly or disabled, or both; and 40 percent are families with children.
Maintaining our Public Housing inventory in a livable condition requires public investment. The Public Housing Capital Fund program is the only Federal resource that is directed toward the preservation and rehabilitation of housing for approximately 1.1 million households comprised of our country’s most vulnerable population, with 60 percent of residents being elderly and disabled. More than half of our country’s Public Housing stock was constructed prior to 1970. As a result, our Public Housing units require significant rehabilitation work to ensure that they are safe, decent, and sustainable units. If the Department is not diligent about addressing these capital needs, we will no doubt be faced with increased levels of homelessness and those suffering from worst-case housing needs. While funding the Capital Fund program at the requested level will not enable PHAs to meet all existing capital needs and accrual needs for fiscal year 2013, funding at this
Public Housing Capital Fund

level will provide PHAs with an ability to prevent their housing stock from falling into a state of obsolescence and disrepair. Moreover, funding the Capital Fund program at the requested level will enable PHAs to continue to take advantage of the CFFP and leverage private investment and tax credits to meet their rehabilitation, preservation, and energy efficiency needs.

Capital Funds are Necessary to Address Backlog and Accrual Needs

By Congressional direction, the Department commissioned a Capital Needs Assessment (CNA) study, similar to the one performed in 1999, to update the data on the projected needs. This CNA study, which was completed in 2010, estimates the level of immediate needs nationally and annual accrual needs over a 20-year period, based upon assessment of a statistically valid sample of public housing developments. The 2010 CNA study places the existing need or backlog at up to $26 billion and the accrual need at $3.4 billion per year. The Capital Fund Program is necessary to address the backlog and accrual need of the Public Housing stock, given that it is the only Federal program that deals directly with the preservation, and rehabilitation of Public Housing.

The Department is refining its Physical Needs Assessment (PNA) tool which will enable PHAs to track capital needs in a format that allows the Department to aggregate the immediate need and projected future accrual need on a continuous basis. This new tool and associated rulemaking will provide PHAs with a vital project-based strategic planning tool that will promote more efficient use of Capital Funds at the PHA level. The PNA for the first time will provide the Department with real time data encompassing the entire inventory with which to evaluate progress at addressing the backlog and accrual needs. As a Transformational Initiative, this new PNA tool will significantly improve the Department’s ability to assess the impact of the Capital Fund, and will provide a significant additional data point to the periodic CNA study.

Capital Funds Help Preserve Public Housing

Capital Funds are necessary to address the increase in the number of people seeking affordable housing. Public Housing is one of the few options for many of the nation’s lowest-income families and helps prevent those with worst-case housing needs from slipping into homelessness. As previously noted, between 2007 and 2009, there was a 20 percent increase in those suffering from worst-case housing needs. Although demographic changes and the on-going depressed state of the economy are partially to blame, the main contributor to the increase in worst-case housing needs is the lack of affordable housing. To protect the substantial Federal investment in the Public Housing inventory and to respond to the growing demand for affordable rental housing, HUD must continue to make standard life-cycle improvements to the Public Housing inventory, while also rehabilitating or replacing distressed units. Without substantial investment in the inventory through the Capital Fund program, HUD will continue to lose affordable housing units to obsolescence and other states of disrepair. As the demand for housing assistance has never been greater, all existing funds that assist in preserving the long-term viability of Public Housing are greatly needed.

---

Public Housing Capital Fund

Capital Funds Help Leverage Non-Federal Resources

The Capital Fund Financing Program (CFFP) provides PHAs with the ability to borrow funds from banks or issue bonds using future Capital Fund appropriations for payment of debt service. This financing program provides PHAs with the ability to address the immediate needs of their aging housing stock, enables PHAs to leverage resources, and ultimately reduces Public Housing’s dependence on Federal funding. The benefits of continuing to fund the Capital Fund at the requested level and thereby ensuring the viability of the CFFP are key to the overall success of Public Housing. Through the CFFP, PHAs have been able to leverage over $5 billion for the rehabilitation of Public Housing, by using $3 billion in Capital Funds and $2 billion in tax credits. In order for PHAs to continue leveraging funds such as tax credits, they must have access to the gap financing (the difference between a PHA’s capital improvement needs and their available resources) the CFFP provides. If PHAs are unable to utilize Capital Funds, they will lose the ability to take advantage of tax credit opportunities as well as other opportunities for outside investment. In this budgetary environment, it is imperative that PHAs have the ability to leverage Federal resources. If the Capital Fund appropriation decreases significantly, the CFFP will undoubtedly lose investor confidence and likely cease to function.

The Department’s stance is that holding appropriations at the requested level will help restore market confidence in the viability of CFFP bond issuances as a long-term investment vehicle. It is vital to the credit ratings of the PHAs having issued bonds through the CFFP that the viability of the program is maintained. Furthermore, the Department considers investor confidence essential to the successful implementation of the Rental Assistance Demonstration because of the involvement of private capital markets.

4. How do we know this program works?

The Capital Fund has Created Thousands of Jobs

As a result of the 2009 American Recovery and Reinvestment Act (the Recovery Act), HUD programs received $13.6 billion to create jobs and jump start the economy. Of that $13.6 billion, the Capital Fund received $4 billion—$3 billion for Formula Grants and $1 billion for Competitive Grants. In accordance with statutorily imposed deadlines and requirements, through the Capital Fund Formula, 3,134 grants were issued for a total of $2.9 billion and, through the Competitive Grant process, 408 grants were issued for a total of $995 million. The Capital Fund was able to utilize the Recovery Act funds to create thousands of jobs across the country.

The Capital Fund Expenditures Contribute Significantly to Local Economies

As outlined in a “Final Report Assessing the Economic Benefits of Public Housing” (“Final Report”), produced by Econsult Corporation in 2007, direct spending by public housing authorities on capital improvements, maintenance and operations total approximately $8.1 billion per year. This direct spending generates an additional $1.2 billion in indirect economic activity in these communities.

---


5 Id.
Public Housing Capital Fund

The Capital Fund Helps PHAs Leverage Resources

Since the first transaction in November 2000, HUD has approved approximately 138 CFFP transactions involving more than 212 PHAs. The total amount of loan and bond financing approved to date is approximately $3 billion, benefiting approximately 70,000 units. The CFFP has evolved such that PHAs are further leveraging their Capital Fund dollars by utilizing the CFFP to obtain Low-Income Housing Tax Credits. Approximately $2 billion worth of tax credits have been leveraged using CFFP funds. These are significant accomplishments given the complexity of CFFP transactions.

Capital Funds have historically been used to leverage other sources of funds to create public housing units. Since fiscal year 2006, $1.12 billion in Capital Funds has been invested in mixed-finance transactions to leverage $3.64 billion in private and other public funding sources. Therefore, each $1 of Capital Funds leveraged $3.25 in private and other public funds. A total of 99 PHAs closed 194 mixed-finance transactions during this 5-year period. These are significant accomplishments given the complexity of CFFP and mixed-finance transactions.

The Capital Fund Helps Protect the Value of the Existing Public Housing Stock

Public Housing constitutes an economic and social asset that cannot be created or sustained by the private market. As noted in the Final Report, replacing a typical public housing unit in 2007 would cost approximately $134.8 thousand. Factoring in related land costs, it would take approximately $162 billion to replace the existing 1.2 million units of Public Housing. Capital Funds are essential to protecting the economic value of our country’s Public Housing inventory and serving the country’s vulnerable populations.6

The Capital Fund Develops and Builds Green, Sustainable, and Accessible Communities

The Capital Fund enables PHAs to not only preserve and rehabilitate Public Housing units, but also to build energy-and cost-efficient Public Housing and to develop green and sustainable communities. Select examples are summarized below.

- **Denver Housing Authority (DHA).** The South Lincoln Homes site is located just southwest of downtown Denver in the heart of the La Alma/Lincoln Park neighborhood. The neighborhood sits only one mile away from downtown Denver. The 10th and Osage light rail station is adjacent to the South Lincoln Homes site, connecting residents to the rest of the city. Although the La Alma/Lincoln Park neighborhood teems with potential, poverty, low educational attainment and low home ownership rates have challenged the stability of the neighborhood. The physical and social needs of South Lincoln and La Alma/Lincoln Park coupled with the public/private interest in the neighborhood make the South Lincoln project ripe for reinvestment. To complete redevelopments such as South Lincoln Homes, DHA has utilized public/private ventures, complex multi-layered financial structures and leveraged Capital Funds through energy performance contracts. As the initial phase of redevelopment, the South Lincoln Homes high-rise has become one of DHA’s Transit Oriented Developments. As a result of the Capital Fund and the ability of DHA to leverage resources,

---

Public Housing Capital Fund

South Lincoln homes serves as a benchmark project to demonstrate: energy efficiency; healthy, safe living environments; lower utility costs, conservation of materials and other resources; utilization of renewable energy resources; and the enhancement of the health of the local storm water system. The redevelopment is designed around the Leadership in Energy and Environment Design (LEED) Platinum designation and is estimated to yield an approximate 50 percent reduction in energy consumption.

- **Miami Dade Public Housing Agency (MDPHA).** After spending two years under HUD receivership, in early 2009, MDPHA engaged McCormack Baron Salazar as its developer on the HOPE VI Scott/Carver development project. MDPHA applied for and received a competitive grant provided through the Recovery Act for the construction of energy efficient, green communities. Today, MDPHA is constructing two portions of Phase II of its redevelopment plan simultaneously—one with HOPE VI funds and one with its Capital Fund Recovery Competition (“Competition”) grant.

MDPHA has modified its Competition site design to realize robust energy efficiencies with a no-nonsense, no-frills approach. MDPHA’s strategy is pioneering the future of Public Housing development in making replicable energy-efficient improvements. Many of the energy efficient and green improvements on the Competition site has led MDPHA and McCormack Baron Salazar to incorporate those improvements on the HOPE VI portion of the development, demonstrating that these improvements will produce cost savings that make sense across the entire development.

- **Santa Fe Civic Housing Authority (SFCHA).** Just shy of downtown Santa Fe, New Mexico, Villa Alegre will stand as the city’s first multifamily, affordable housing development. In fact, Villa Alegre will be only the second LEED Platinum affordable housing development in the State and the first in the State to be developed by a civic housing authority. The SFCHA estimates the project will create 40 percent of the energy it consumes. The site already has generated a significant number of jobs, with 150-plus workers on site every day. Along with Capital Fund Recovery Competition funds, the Authority utilized Low-Income Housing tax credits, the Tax Credit Assistance Program, and New Mexico Sustainable Building tax credits.
## PUBLIC AND INDIAN HOUSING PUBLIC HOUSING CAPITAL FUND

### Summary of Resources by Program

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formula Grants</strong></td>
<td>$1,931,165</td>
<td>$16,757</td>
<td>$1,947,922</td>
<td>$1,938,334</td>
<td>$1,790,000</td>
<td>$9,588</td>
<td>$1,799,588</td>
<td>$1,979,655</td>
<td></td>
</tr>
<tr>
<td><strong>Emergency/Disaster</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve</td>
<td>19,960</td>
<td>11,099</td>
<td>31,059</td>
<td>13,156</td>
<td>20,000</td>
<td>12,904</td>
<td>32,904</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td><strong>Resident Opportunities and Supportive Services</strong></td>
<td>49,900</td>
<td>46,755</td>
<td>96,655</td>
<td>96,508</td>
<td>50,000</td>
<td>87</td>
<td>50,087</td>
<td>...</td>
<td></td>
</tr>
<tr>
<td><strong>Administrative</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivership</td>
<td>8,803</td>
<td>7,685</td>
<td>16,488</td>
<td>4,041</td>
<td>5,000</td>
<td>12,447</td>
<td>17,447</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td><strong>Financial and Physical Assessment Support</strong></td>
<td>15,314</td>
<td>17,100</td>
<td>32,414</td>
<td>10,581</td>
<td>10,000</td>
<td>21,833</td>
<td>31,833</td>
<td>15,345</td>
<td></td>
</tr>
<tr>
<td>Tenant Opportunity</td>
<td>...</td>
<td>153</td>
<td>153</td>
<td>...</td>
<td>...</td>
<td>153</td>
<td>...</td>
<td>...</td>
<td></td>
</tr>
<tr>
<td>Jobs-Plus</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>50,000</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>...</td>
<td>8,234</td>
<td>8,234</td>
<td>4,440</td>
<td>...</td>
<td>3,772</td>
<td>3,772</td>
<td>...</td>
<td></td>
</tr>
<tr>
<td>Capital Fund Training and Education Facilities</td>
<td>14,970</td>
<td>35,000</td>
<td>49,970</td>
<td>48,210</td>
<td>...</td>
<td>6,759</td>
<td>6,759</td>
<td>...</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,040,112</td>
<td>142,783</td>
<td>2,182,895</td>
<td>2,115,270</td>
<td>1,875,000</td>
<td>67,543</td>
<td>1,942,543</td>
<td>2,070,000</td>
<td></td>
</tr>
</tbody>
</table>

I-20
The fiscal 2013 President’s Budget include proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the Public Housing Capital Fund Program to carry out capital and management activities for public housing agencies, as authorized under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) (the “Act”) [$1,875,000,000] **$2,070,000,000**, to remain available until September 30, [2015] **2016**: Provided, That notwithstanding any other provision of law or regulation, during fiscal year [2012] **2013** the Secretary of Housing and Urban Development may not delegate to any Department official other than the Deputy Secretary and the Assistant Secretary for Public and Indian Housing any authority under paragraph (2) of section 9(j) regarding the extension of the time periods under such section: Provided further, That for purposes of such section 9(j), the term “obligate” means, with respect to amounts, that the amounts are subject to a binding agreement that will result in outlays, immediately or in the future: Provided further, That up to [$10,000,000] **$15,345,000** shall be to support [the] ongoing Public Housing Financial and Physical Assessment activities [of the Real Estate Assessment Center (REAC)]: Provided further, That of the total amount provided under this heading, not to exceed $20,000,000 shall be available for the Secretary to make grants, notwithstanding section 204 of this Act, to public housing agencies for emergency capital needs [including safety and security measures necessary to address crime and drug-related activity as well as needs] resulting from unforeseen or unpreventable emergencies and natural disasters excluding Presidentially declared emergencies and natural disasters under the Robert T. Stafford Disaster Relief and Emergency Act (42 U.S.C. 5121 et seq.) occurring in fiscal year [2012: Provided further, That of the total amount provided under this heading $50,000,000 shall be for supportive services, service coordinator and congregate services as authorized by section 34 of the Act (42 U.S.C. 1437z-6) and the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.)]] 2013: Provided further, That of the total amount provided under this heading, up to $5,000,000 is to support the costs of administrative and judicial receiverships: Provided further, That from the funds made available under this heading, the Secretary shall provide bonus awards in fiscal year [2012] **2013** to public housing agencies that are designated high performers: Provided further, That up to **$50,000,000 of funds made available under this heading shall be used for a Jobs-Plus Pilot initiative modeled after the Jobs-Plus demonstration**: Provided further, That the Jobs-Plus Pilot initiative shall provide competitive grants to partnerships between public housing authorities, local workforce investment boards established under section 117 of the Workforce Investment Act of 1998, and other agencies and organizations that provide support to help public housing residents obtain employment and increase earnings: Provided further, That the Secretary may waive or specify alternative requirements for any provision of the United States Housing Act of 1937 (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment) upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective implementation of the Jobs-Plus Pilot initiative: Provided further, That the Secretary shall publish by notice in the Federal Register any waivers or alternative requirements, pursuant to the preceding proviso no later than 10 days before the effective date of such notice. (Department of Housing and Urban Development Appropriations Act, 2012.)
Public Housing Capital Fund

**Changes from 2012 Appropriations**


Eliminates supportive services and service coordinators authorized by section 34 (ROSS).

Eliminates use of emergency/disaster reserve for “safety and security measures.”