



**BEYOND FORMULA
FUNDING:
THE NEXT FRONTIER**

SESSION GOALS

- Revisit Comprehensive Asset Management Approach
- Deeper look at two innovation areas:
 - FORMULA FUNDING
 - FACILITY MANAGEMENT
- How good planning & teamwork will stretch your \$\$\$
- Preview of coming attractions

COMPREHENSIVE ASSET MANAGEMENT APPROACH

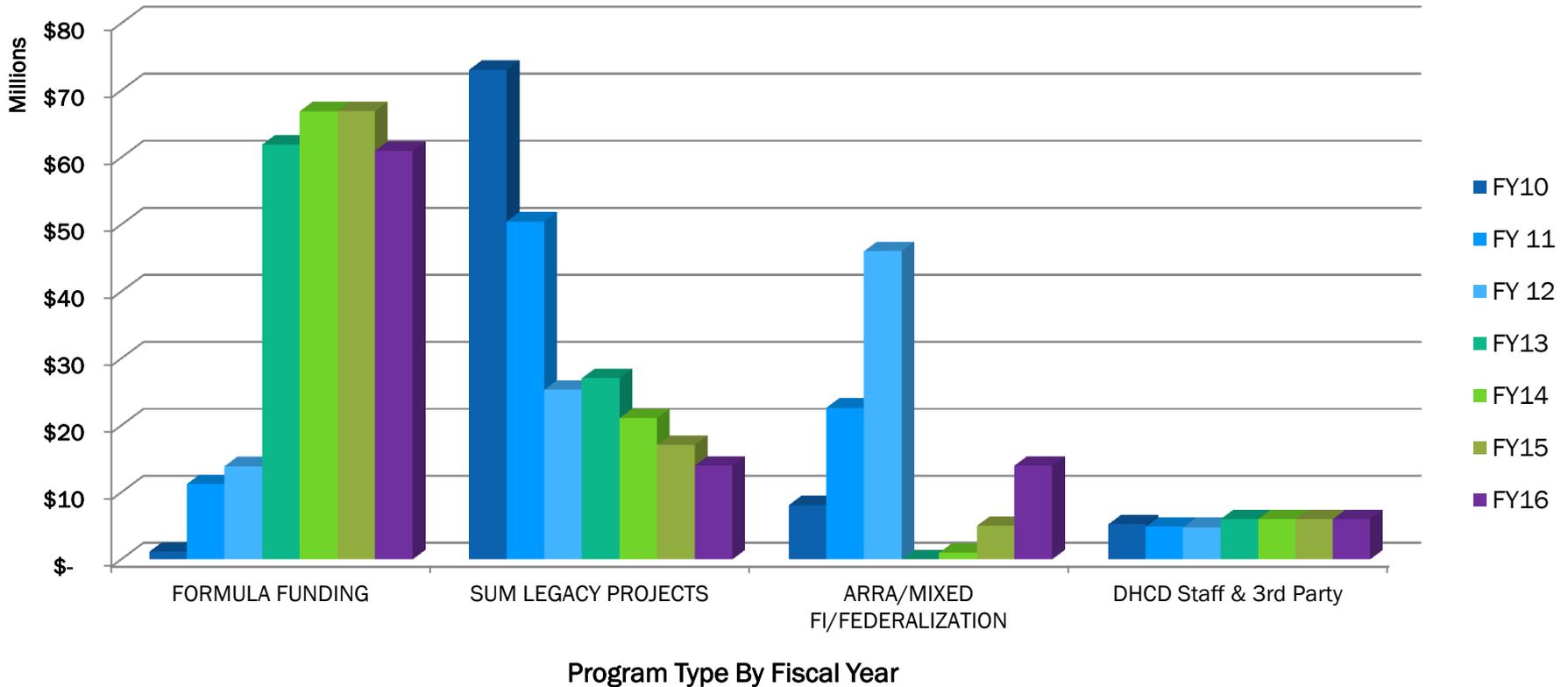
- Keep occupied as many units as possible
- Optimize life cycle investments with:
 - building maintenance strategies that extend the useful life of components and
 - capital improvements that meet DHCD design guidelines & construction standards
- Reduce energy, water usage and pursue other capital & operating efficiencies; and
- Invest in projects that leverage additional public and private resources.

FORMULA FUNDING & CAPITAL IMPROVEMENT PLANS

- How bond funds being spent overall
- Profile of FF projects
- How much outside funding is being leveraged
- Lessons from first batch of 2nd round capital plans
- Facility Condition Index (FCI) – Are scores improving?

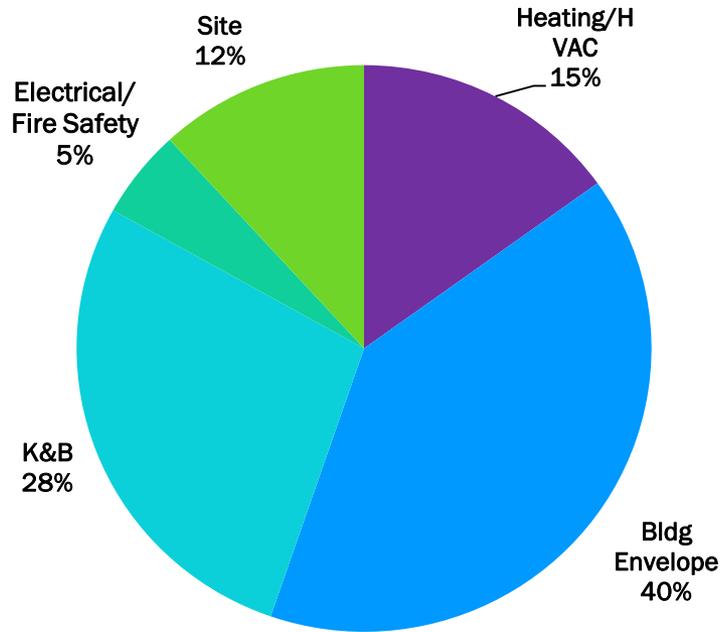
3 YEARS BACK & 3 YEARS OUT

Capital Program Spending FY10 - FY16

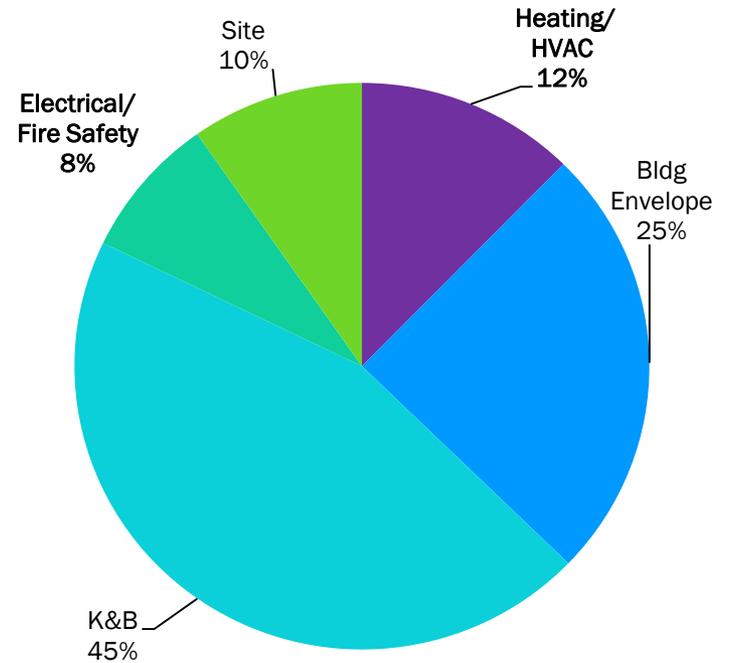


TYPE OF PROJECTS BEING FUNDED

FY 13



FY 14

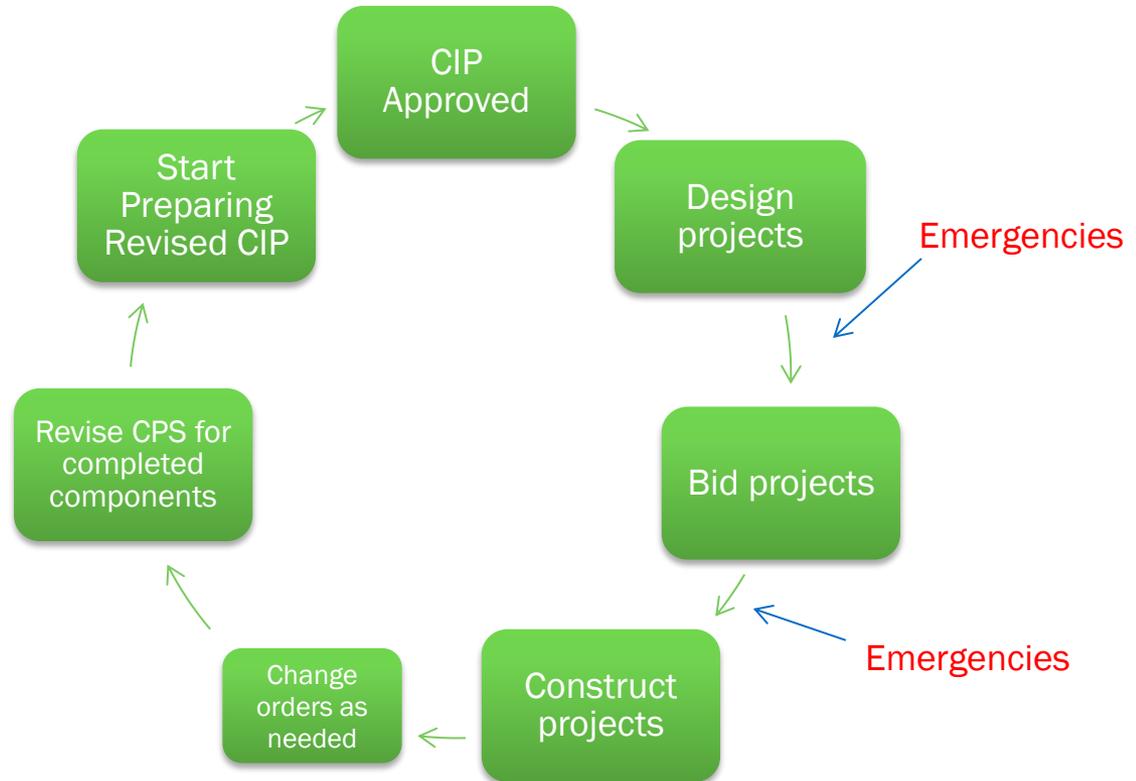


SUPPLEMENTAL RESOURCES LEVERAGED YEARS 1-5

Type	Amount	Constraints?
Formula Funding	\$193 M	CIP
<i>DHCD Programs</i>		
Sustainability	\$2 M/yr	Energy & water saving
DOER/renewables	\$ 2 M	Renewables
Special Initiatives	\$ 6+ M	Vacancy, H&S, Mixed Fi
<i>Internal</i>		
Operating Reserves	\$2.0 M	
<i>External</i>		
CDBG	\$ 3 M est. to date	Various
CPA	\$1.2 M est. to date	Various
Utility Energy Efficiency	\$12-20 M	Gas & electric upgrades

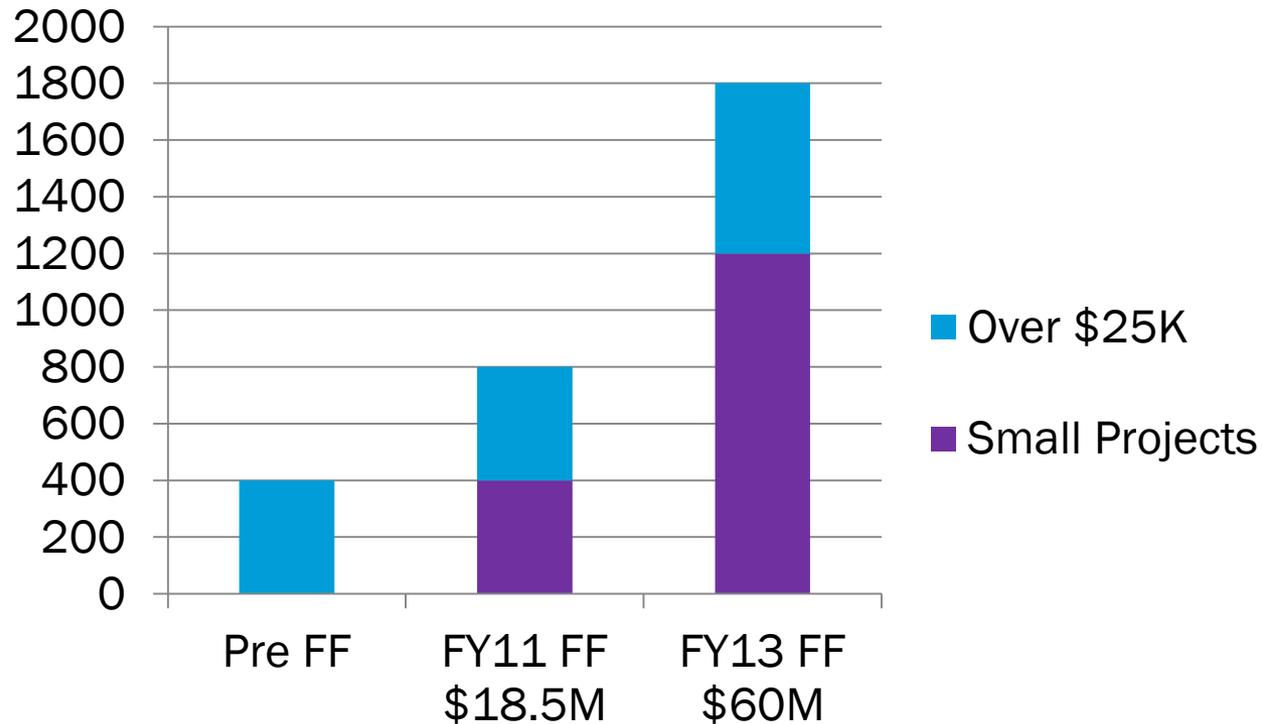
CAPITAL PLANNING & CONSTRUCTION CYCLE: ROUND 2 HAS BEGUN!

- *Q1 CIPs have been updated*
- *Larger projects are rolling forward*
- *Alternate plans more common in Round 2*



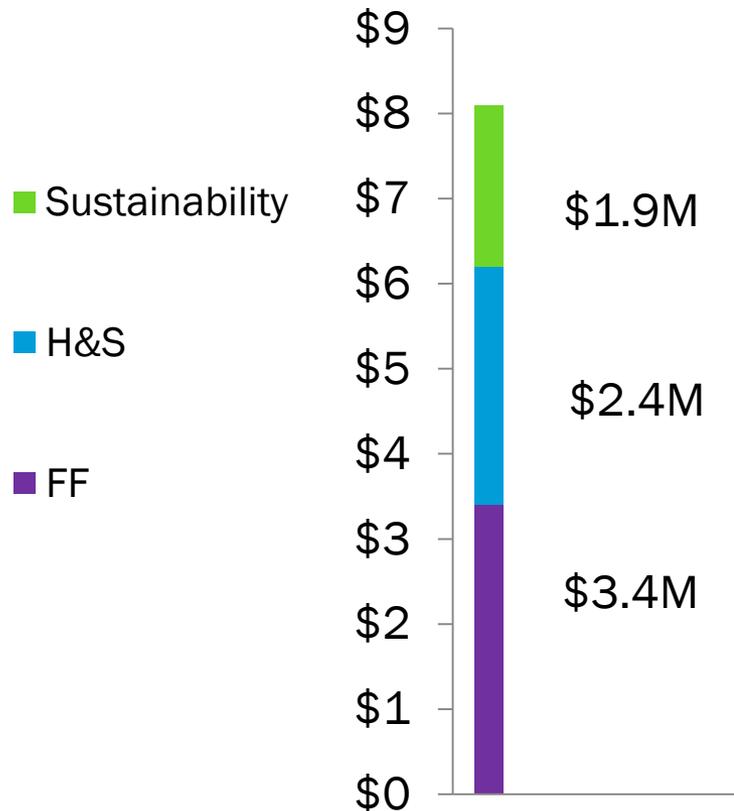
WITH FORMULA FUNDING –

THE NUMBER OF PROJECTS PROLIFERATE!



TIME FOR THE SMALL PROJECT SPRINT!

\$8.1M to spend by June 30!

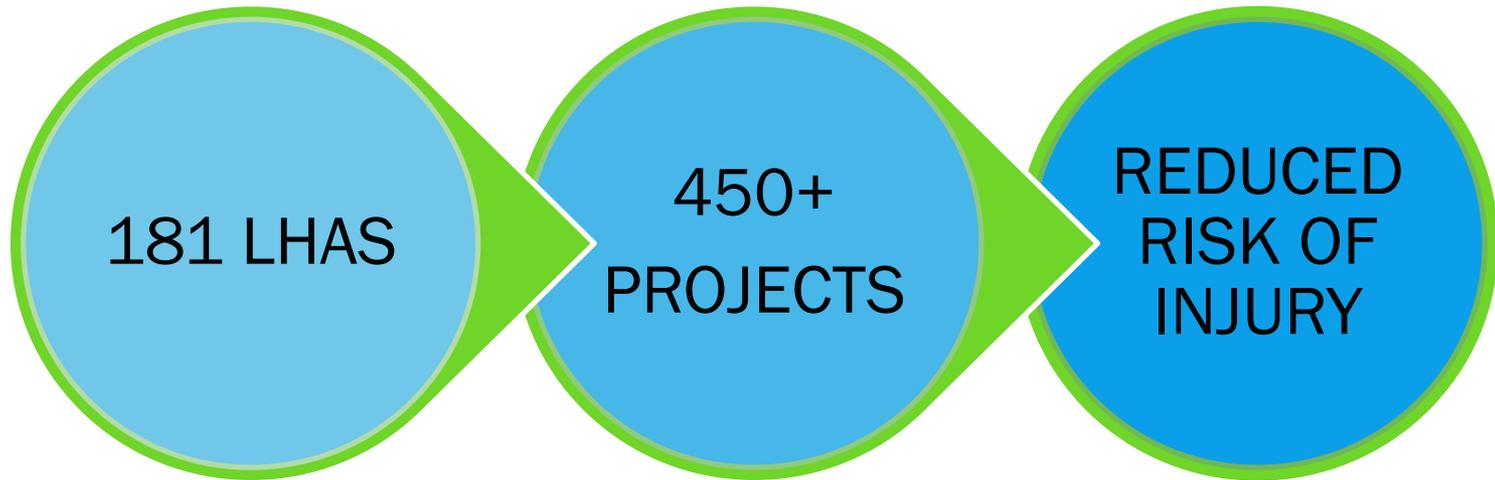


You still have time for jobs under \$10,000 - sound business practices

- *Write a scope of work*
- *Request prevailing wage rates on line*
- *Use Front Ends on DHCD web page – all required forms in one place!*
- *Solicit quotes, select lowest qualified bidder*
- *Have selected contractor sign Owner/Contractor Agreement*
- *Issue Notice to Proceed, and process payment when work is complete*
- *Update CPS and complete DHCD certification.*

HEALTH AND SAFETY INITIATIVE

\$3.3M AWARDED IN FY13



OPERATIONS MANAGEMENT'S INTERACTION WITH CAPITAL

Realizing operating savings opportunities

- **Unification of capital planning cycle with the operating budget cycle**, appropriate allocation for maintenance vs. capital needs
- **Federalization** - started in 2009; finishing up 2013
- **Facilities Management Tools & Trainings**
 - Inspection Training Program – on going, over 750 LHA staff trained at 100 LHAs
 - Preventative maintenance monthly schedule

OPERATIONS MANAGEMENT'S INTERACTION WITH CAPITAL

Focusing on Occupancy

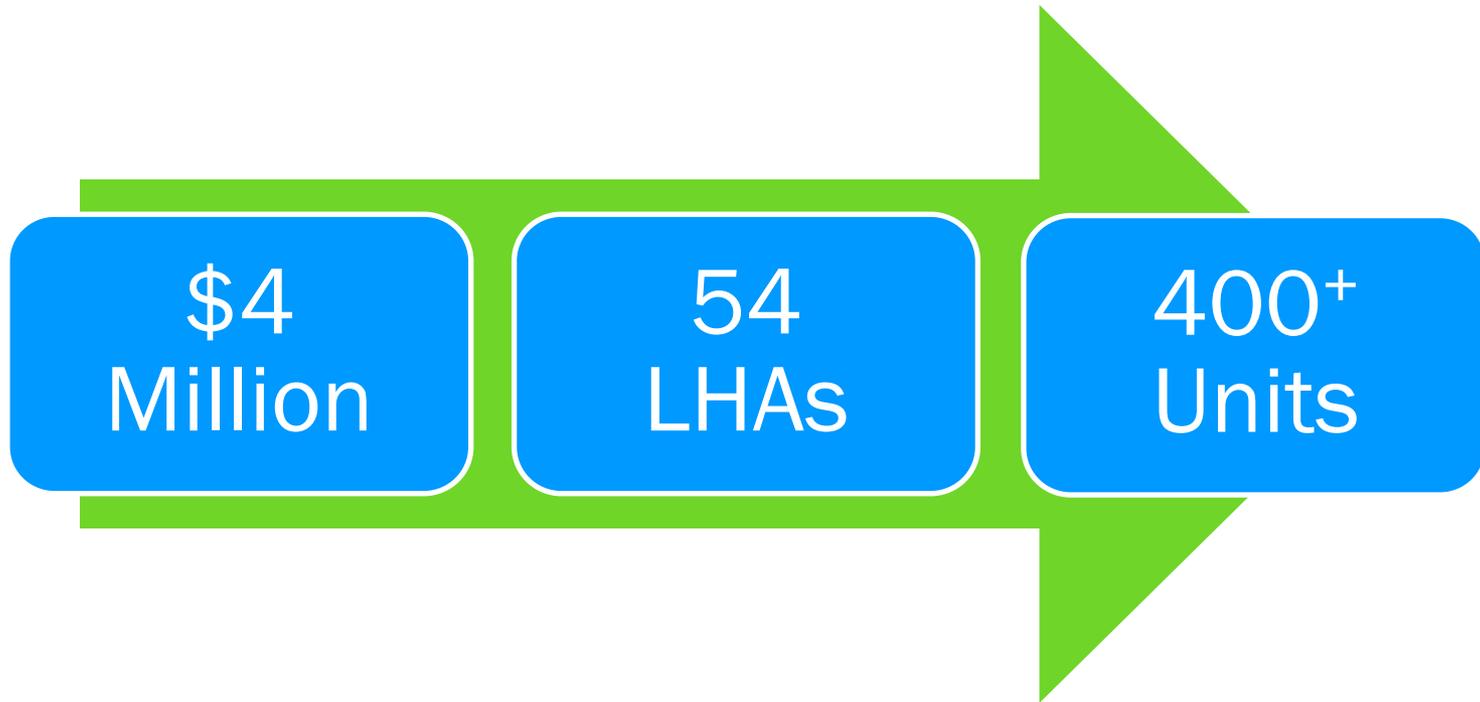
- Implementation of the Vacancy/Occupancy Policy effective January 1, 2013
- Vacant Unit Turnover Initiative – multiple rounds, 400+ units
- FMS worked with 40+ LHAs for 332 units in addition to Vacancy Initiative Units

Beginning Routine Condition Assessments

- Starting June 2013, roll out over 18 months



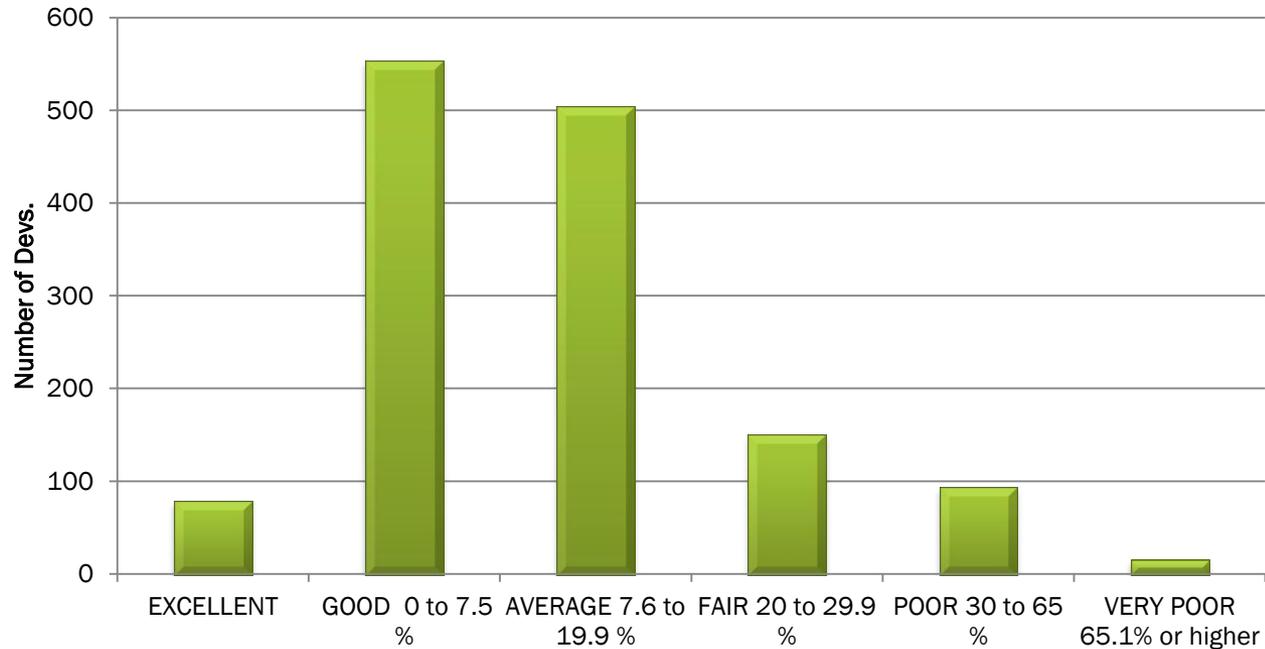
VACANT UNIT TURNOVER INITIATIVE - FY12 & 13



Increased the income of LHAs statewide by \$135,000/month or \$1.6 million/year.

FACILITY CONDITION INDEX: HOW CAN WE BOOST THE HIGH SCORERS?

FCI Distribution of Developments



HIGH LEVERAGE ASSET PRESERVATION PROGRAM

CORE PRINCIPLES

Preserve as many units as possible

- 75% funds to projects requesting maximum of \$65k/unit
- 25% funds to projects requesting maximum of \$165k/unit

Prioritize developments & communities w/greatest need

- Eligibility limited to developments w/FCI of 15.0%
- Prioritize communities w/highest demand for public housing

Leverage outside sources of funding

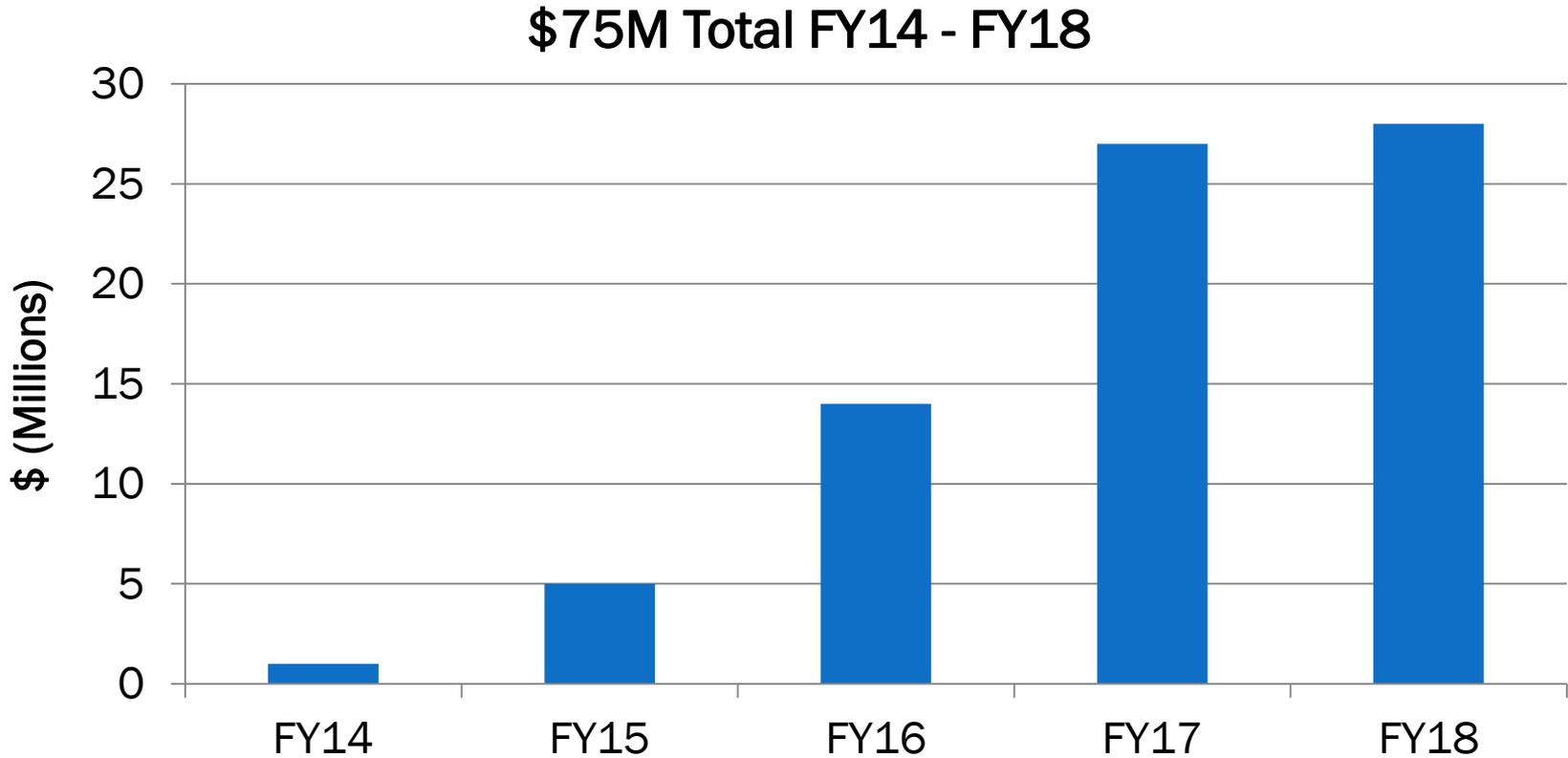
- Requires minimum match of \$0.50 per DHCD dollar



HIGH LEVERAGE ASSET PRESERVATION PROGRAM (HILAPP) ELIGIBLE DEVELOPMENTS

PROGRAM GROUP	15% FCI or higher	
	Developments	Units
Ch. 167	4	40
Ch. 689	55	251
Ch. 667	57	2878
Ch. 200	14	2124
Ch. 705	267	1669
TOTAL	397	6962
% of PORTFOLIO	29%	16%

HIGH LEVERAGE ASSET PRESERVATION PROGRAM (HILAPP) FUNDING RAMP UP



HIGH LEVERAGE ASSET PRESERVATION PROGRAM (HILAPP) APPLICATION PROCESS

May 20

- DHCD publishes guidelines and app

May 31

- Brief Letter of Interest

June 19

- App Deadline

July 19

- Supporting Documentation Due

August

- Semifinalists notified

October

- Predevelopment grant awards



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- ***JOIN US IN THE RESOURCE ROOM!***