

## **PHA Five-Year Capital Fund for Public Housing**

According to the HACoLA annual plan and the funding from the stimulus package, HACoLA has between \$25 to \$28 million available for public housing capital improvement projects.<sup>8</sup> These funds must be committed and spent within certain time frames or the funds will be subject to recapture by HUD. In particular, the stimulus funds must be committed by March 17, 2010 and 60% must be spent by that date.<sup>9</sup> Thus we would like to know, when, how and for what these funds will be committed and spent. For what projects will funds be spent in 2009?

The current HACoLA Capital Fund Five-Year Action Plan, which is attached to the HACoLA Annual Plan list for fiscal year 2009 and for fiscal year 2010 projects worth only \$5,980,536 for each fiscal year. HUD has noted that PHAs may have to revise their Capital Fund Five-Year Action Plans so as to expend the additional stimulus funds. HACoLA is going to have to do that. HUD further states that PHA need only provide a 10 day notice for a hearing on the revised Capital Fund Five-Year Action Plan. Please provide Legal Aid Foundation of Los Angeles, attention Louis Rafti, Neighborhood Legal Services, attention Shirley Sanematsu and the National Housing Law Project, attention Catherine Bishop, with the earliest possible notice of such a revised plan and the hearing date.

The stimulus funds must be spent on a priority basis for the following purposes.

- rehabilitation of vacant units,
- contracts that may be awarded subject to bid within 120 days (i.e., “shovel ready”), and
- capital projects already underway or included in the HACoLA’s Five-Year capital fund plans.

Thus we would like to know the following information

- Number, location and estimated cost of repair of each vacant public housing unit.
- An estimate of the time to put out to bid contracts for the repair of these vacant units.
- The number, types and dollar value of contracts that may be awarded subject to bid in the next 120 days. If contracts may not be put out to bid within 120 days, what is the

---

<sup>8</sup> HACoLA states that it had available from FY 2007 grants, \$5,665,390. HACoLA should receive approximately the same amount from FY 2009 appropriations. The Five-Year Action Plan, Part I: Summary, which is attached to the Annual Plan also states that there is a “carry over to future years” of \$15,288,464 for fiscal year 2009 and \$12,057,934 for fiscal year 2010. In addition, HACoLA was recently allocated \$7,401,512 from the stimulus package. (See attached information).

<sup>9</sup> PIH Notice 2009-12, Information and Procedures for Processing American Recovery and Reinvestment Act Capital Fund Formula Grants (March 18, 2009). Note also that “if a PHA fails to obligate any of its other Capital Fund grants during this time period, an extension of the obligation deadline for that grant will not be granted based solely on the justification that the PHA was engaged in obligating [the stimulus funds.]”

realistic time table for awarding contracts for the repair of public housing soon and within the next year?

- The number, types and dollar value of capital contracts underway.
- The date for the hearing on HACoLA's revised Capital Fund Five-Year Action Plan.

Finally, HUD will soon announce the competitive application process for the distribution of an additional one billion dollars of capital funds from the stimulus package. In reviewing the capital needs that HACoLA currently has and the funds available to HACoLA, does HACoLA have a need for additional capital funds? Could HACoLA spend such additional funds quickly if awarded?

All of the capital funds are subject to Section 3, which provides for employment and economic opportunities for low income persons especially recipients of federal housing assistance. In particular, Section 3 requires that 30% of all new hires by HACoLA and by contractors of HACoLA pursuant to work contracted for with HUD funds must be low income individuals. In addition, Section 3 requires that 10% of the total dollar amount of all construction and maintenance contracts must be with Section 3 businesses.

Thus, we would like to know what HACoLA is doing to ensure that in the next fiscal year and for all current contracts, the contractors for work to be performed with capital funds are complying with Section 3, the number of low income individuals who will be hired to work on those contracts and the estimated dollar amount of contracts that will be available and entered into with Section 3 businesses. In addition, we would like to know if HACoLA anticipates hiring any new staff in the coming year and what it will do to ensure that 30% are low income individuals, including program participants.



614 Grand Avenue, Suite 320  
Oakland, California 94610  
Telephone: 510-251-9400  
Fax: 510-451-2300  
nhlp@nhlp.org  
www.nhlp.org

August 15, 2006

Darrell G. Tuckness  
Acting Executive Director  
Housing Authorities of the City and County of Fresno  
1331 Fulton Mall  
Fresno, California 93721

Dear Mr. Tuckness:

The National Housing Law Project and Central California Legal Services submit these comments to Fresno's City and County Housing Authorities 5-Year Plan (FY 2007-2011) and Annual Plan (FY 2007). In light of Section 3 of the Housing and Community Development Act of 1968, these comments are limited to: (1) the hiring/training of very low- and low-income residents of Fresno; and (2) the contracting opportunities afforded to businesses that are owned by very low- and low-income residents of Fresno.<sup>10</sup>

Fresno's City and County Housing Authorities (FHA) provide services to nearly 45,000 people; and while the area median income in Fresno is \$50,800, the average income for families served by FHA is a mere \$12,000 for a family of four. Certainly there are numerous interrelated issues that have led to these discomfoting statistics. Nevertheless, most will agree that the solution largely rests with the broad need to provide greater employment, contracting, and training opportunities to low-income individuals and small businesses throughout the area.

---

<sup>10</sup> As defined by HUD, a very low-income resident is an individual residing within a household with a cumulative income at or below 50% of Area Median Income (AMI). Similarly, a low-income resident is an individual residing within a household with a cumulative income at or below 80% of AMI. 24 C.F.R. § 135.5 (2006).

It is our belief that HUD's Section 3 program is an ideal tool for achieving this goal. And although the proposed 5-Year Plan and 2007 Annual Plan have expressed the need to increase the number and percentage of employed persons residing in FHA assisted housing, these same plans fail to discuss what role Section 3 could play in this process.

The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.<sup>11</sup> The implementing regulations set forth numerical goals for hiring and training opportunities for low- and very low-income individuals (30% of new hires must be low- or very low-income individuals of the county) by the recipient of housing and community development funds and any contractors.<sup>12</sup> In addition, the regulations set forth goals for contracting by FHA or by its contractors with Section 3 businesses.<sup>13</sup> The goals for contracting with Section 3 businesses are 10% of all contracts for building trades work arising from construction and rehabilitation and 3% for other contracts.

In recent years, FHA has received a considerable amount of funds from HUD for housing rehabilitation, housing construction, and other public construction projects; consequently triggering a number of corresponding Section 3 obligations.<sup>14</sup> Thus, while FHA's Resident Employment Program represents a positive first-step, the scope and overall effectiveness of the program must be improved upon. For example, greater strides could be made if FHA fully integrated and actively promoted Section 3 through its Family Self-Sufficiency program.<sup>15</sup> Therefore, at a minimum, FHA should bolster its Section 3 program by expressly incorporating Section 3 monitoring and reporting procedures into its 5-Year and Annual Plan processes. In addition, we urge FHA to develop a comprehensive resident outreach strategy for its Section 3 program. The failure to adopt at least the minimum Section 3 goals and to enforce and monitor

---

<sup>11</sup> 12 U.S.C.A. § 1701u(b) (2006).

<sup>12</sup> 24 C.F.R. § 135.30(b) (2006).

<sup>13</sup> 24 C.F.R. § 135.30(c) (2006).

<sup>14</sup> Through the periods of 2004-2006 the City and County of Fresno has collectively received Capital Fund allocations from HUD in the amounts of \$3,658,702; \$4,510,243; and \$3,904,302 respectively. In addition, in 2004 the City of Fresno Housing Authority received a \$20 million HOPE VI grant for a development project at Yosemite Village.

<sup>15</sup> For example, FHA's Family Self-Sufficiency program could expressly discuss the role Section 3 plays in its overall anti-poverty strategy.

compliance will make it impossible for FHA to certify compliance with Section 3, as is required.<sup>16</sup>

We appreciate the opportunity to submit these comments. If you have any questions, please contact Alaric Degrafinried via telephone (510-251-9400, ext. 102) or via email ([adegrafinried@nhlp.org](mailto:adegrafinried@nhlp.org)).

Sincerely,

Alaric Degrafinried  
National Housing Law Project

Chris Schneider  
Central California Legal Services

---

<sup>16</sup> 24 C.F.R. § 91.225(a)(8) (2006).