

Public Housing Capital Fund

In addition, the Department’s Transformation Initiative allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test ideas. Up to 1 percent of the funds appropriated for the Capital Fund may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements. Within 30 days of enactment, the Secretary will provide a detailed Operating Plan to the Committees on Appropriations with the specific activities that will be undertaken toward achieving transformation at HUD. Examples of projects that could be undertaken with Transformation Initiative in respect to the Capital Fund include: a pilot program in converting public housing to project-based assistance or the development of a public housing portfolio management system. More details on the overall transformation initiative and these projects are in the justification for the Transformation Initiative account.

**Summary Statement**

The overall level of funding requested for fiscal year 2010 will provide resources to address the \$2 billion annual capital accrual needs of the public housing inventory, estimated from the 1998 modernization needs study conducted by the Department. Since that time, the backlog of capital needs for public housing has been reduced through demolitions of more than 187,000 units of the most distressed public housing stock as well as modernization and redevelopment of thousands of units. In addition, a mandatory conversion rule has been implemented that greatly accelerates the demolition of units beyond repair. Figure F.1 shows the number of Public Housing units removed and new units (Public Housing, Vouchers, affordable non-Public Housing) by year.

In fiscal year 2008, 84.5 percent of public housing units met HUD’s physical standards, as opposed to 82 percent in 2001. More than half of public housing units were constructed prior to 1970 and require investments now to remain viable. Without this inventory, many families would face homelessness or other worst case housing scenarios. Investments in this program are projected to improve the percentage of projects that meet uniform physical condition standards and improve the homes of Public Housing tenants.

