

The American Recovery and Reinvestment Act & Public Housing: A Smart Investment in Our Economy



A publication of the National
Association of Housing and
Redevelopment Officials



Introduction

On March 18 2009, HUD distributed \$3 billion of capital funds appropriated under the American Recovery and Reinvestment Act (Recovery Act) by formula to Public Housing Authorities (PHAs) across the United States. These dollars are intended for the development, financing, and modernization of public housing and for management improvements.¹ Though the purpose of the funding is to jumpstart the economy and retain and create jobs, these dollars will also help to address the large backlog of capital needs in public housing inventory due to the historic underfunding of the Public Housing Capital Fund. The backlog in deferred public housing modernization was estimated at over \$30 billion prior to the distribution of the Recovery Act funds. Though the Recovery Act will not meet this entire backlog, it will allow PHAs to address some of their major public housing capital improvement needs.



In August 2009, the National Association of Housing and Redevelopment Officials (NAHRO) conducted a survey of its members on their use of Recovery Act funds to address public housing capital needs.² More than 500 of NAHRO's members, representing approximately 16 percent of all PHAs across the United States that received the formula-driven Recovery Act dollars, voluntarily completed the survey by its close on September 16, 2009. *An additional \$1 billion of the Recovery Act funds were awarded competitively for the Capital Fund at the end of September 2009. However, this survey only addresses the formula-driven funds that were distributed in March 2009.*³

¹ To learn more about the formula-based Public Housing Capital Fund under the Recovery Act, visit portal.hud.gov/portal/page/portal/RECOVERY/programs/CAPITAL_FORMULA

² Survey methodology: For the most part, the data compilation was performed using a standard methodology. However, this is not a scientific survey, since the survey was not administered randomly. Therefore, these results can only speak for those who participated in the survey. Additionally, responses were analyzed on an individual basis. Accordingly, some questions had more respondents than others. Lastly, this survey is based on self-reporting. No audits were conducted to verify that responses were accurate. There were however, some techniques used to identify any obvious reporting errors, which were in turn removed from the analysis.

³ To learn more about the competitive Public Housing Capital Fund under the Recovery Act visit portal.hud.gov/portal/page/portal/RECOVERY/programs/CAPITAL_STIMULUS

About the Capital Fund

Established in 1998, the Public Housing Capital Fund provides funds annually by formula to PHAs for capital and management activities, including modernization and development of public housing. To receive grants from the capital fund, PHAs submit annual plans that specify the proposed use of funds.

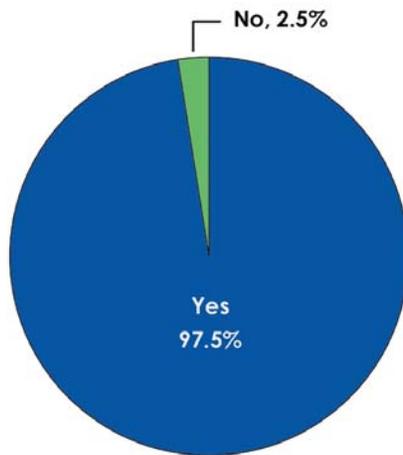
Spending on Track

Survey participants report that they are exceeding the obligation and expenditure rate, as compared to the obligation and expenditure timelines mandated by the Recovery Act.¹ Recovery Act funds must be obligated² within one year of receipt. Additionally, 60 percent of funds must be expended (spent) within two years of receipt and 100 percent of funds must be expended within three years of receipt. Survey participants reported that on average, 91.7 percent of their funds will be obligated by December 31, 2009. Nearly all survey participants expect to have all of their Recovery Act funds obligated within one year of receipt.

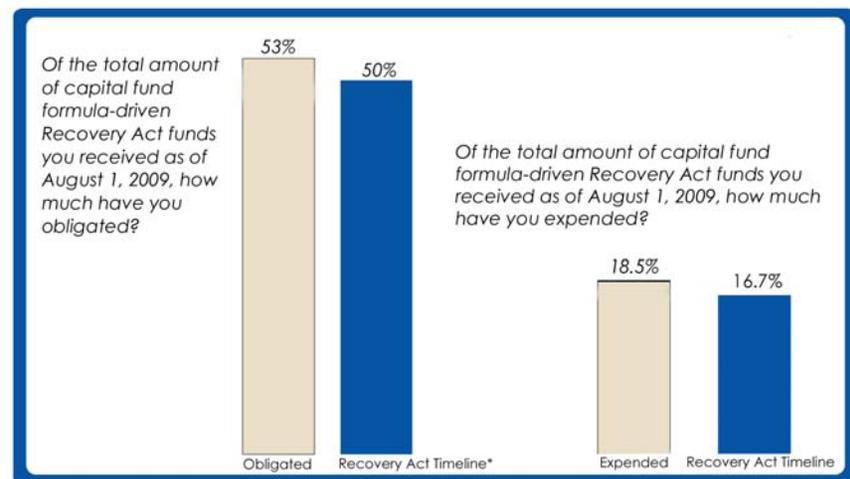
As of September 16, 2009, NAHRO survey participants had obligated, on average, 53 percent of their funds and expended, on average, 18.5 percent of their funds.

¹ To learn more about the HUD timelines, visit portal.hud.gov/portal/page/portal/RECOVERY/programs/CAPITAL_FORMULA

² The term "obligated" refers to funds that have already been allocated to a project but have not yet been spent.



Do you expect to have all your Recovery Act funds obligated within one year of receipt of funds?



* The "Recovery Act timeline" is based on how much time has passed as of September 16, 2009 in relation to the obligation deadline of March 17, 2010.

Spending on Track (continued)

Data Collection & Reporting

After award, but before gaining access to funds, the grantees must submit a plan describing how they will use their funds. PHAs must submit an annual statement that details the budget line items and projects that will benefit from the funding awarded. The Field Office receives the report, which is used to monitor the grant obligations and expenditures.⁵

PHAs, on average, expect to have all of their funds expended by the end of **June, 2010**. Since HUD requires funds to be spent by March 18, 2012, survey respondents are well ahead of the HUD -defined expenditure rate.

Though NAHRO members have been successful in utilizing Recovery Act funds, some respondents cited barriers to obligating and expending funds, including adherence to Buy American³ requirements and environmental reviews.⁴ However, the majority of participants stated they had "no difficulty" in obligating and expending funds.

In response to the question, "How much of your funds will be expended by December 31, 2009?", on average, respondents reported that

64.1%

percent of their funds would be expended.



³ To learn more about the Buy American requirement, visit www.hud.gov/offices/pih/publications/notices/09/pih2009-31.pdf

⁴ To learn more about environmental reviews, visit www.hud.gov/offices/cpd/environment/lawsandregs/laws/authorization/42usc/42usc1437x.cfm

⁵ <http://portal.hud.gov/portal/page/portal/RECOVERY/PLANS/Public%20Housing%20Capital%20Fund.pdf>

Projects Aided by Recovery Act Funds

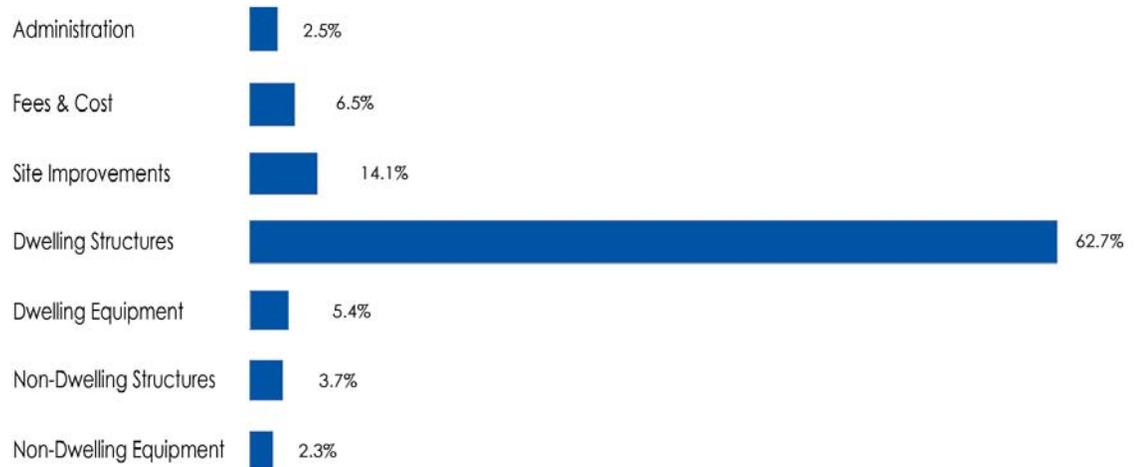
Most PHAs have decided to use Recovery Act funds to complete work from their existing 5-year plan.¹ In fact, 93.2 percent of projects that participants reported are taken from these plans. Further, 26 percent of survey respondents will use funds for projects that were already underway before receiving the Recovery Act, but required additional funds in order to complete.

Work done to the building or residential units within the building, categorized by HUD as “dwelling structures,” is by far the most common type of work that NAHRO members intend to complete, followed by site improvements.

Survey participants are completing a variety of projects. Roof repairs or other roof improvements constitute 33.5 percent of reported projects (see table at right). Other projects that were frequently cited by participants included improvements to siding and gutters, water heaters, re-flooring within tenant units and gas and water line repairs.

¹ To learn more about 5-year plans, visit www.hud.gov/offices/pih/pha/.

What activities have you or will you be undertaking with the Capital Fund formula-driven Recovery Act funds?



* Categories are based on classifications from the HUD 5-year plan.

Most Popular Projects Using Recovery Act Funds

Roof Repairs/Replacements	33.5%
Heater/AC Repairs/Replacements	32.2%
Window Replacements/Upgrades	25.7%
Parking Lot/Sidewalk Repairs	21.8%

Vacant Units

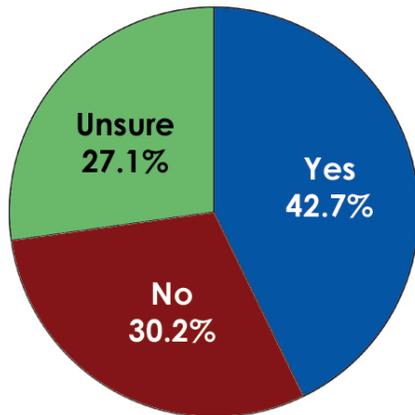
Unfortunately, because of the previous underfunding of the Public Housing Capital Fund, some units have remained unoccupied because PHAs have not been able to afford to make necessary repairs to these units. One of the priorities prescribed by the Recovery Act is to rehabilitate vacant rental units. In response to the question, “How much of your Recovery Act funds will be or have been expended on the rehabilitation of vacant units?” participating PHAs reported that on average, \$110,882 will be spent on rehabilitating vacant units.

Incentivizing Green Building & Increased Energy Efficiency

Recovery Act dollars are being used to make “green” improvements and energy-efficient upgrades. Such improvements can have substantial benefits for residents, since many spend a large percentage of their limited income on utilities. Of the projects reported, **38.5 percent** were reported to be a green improvement.

When asked about overall green improvements made with the Recovery Act funds, 42.7 percent of respondents believed they are making significant green improvements.

Have you made significant green improvements?



*“PHAs are expected to undertake activities resulting in improved energy efficiency, reduced energy costs, and a lower carbon footprint. Activities include the use of Energy Star labeled appliances, weatherization, and the use of fuel efficient heating and air conditioning systems.”**

* <http://portal.hud.gov/portal/page/portal/RECOVERY/PLANS/Public%20Housing%20Capital%20Fund.pdf>

Examples of Green Improvements

- Energy-efficient windows
- Energy-efficient heaters and A/C units
- Energy Star refrigerators and ranges
- Electrical Upgrades
- Siding replacements
- Door Replacements
- Water saving faucets
- Energy-efficient lighting
- Insulation installment
- Energy-efficient washer and dryers
- Roof replacements
- Energy-efficient water meters
- Plumbing upgrades
- Water-saving toilets
- Window weatherization
- Gas-to-electric conversion

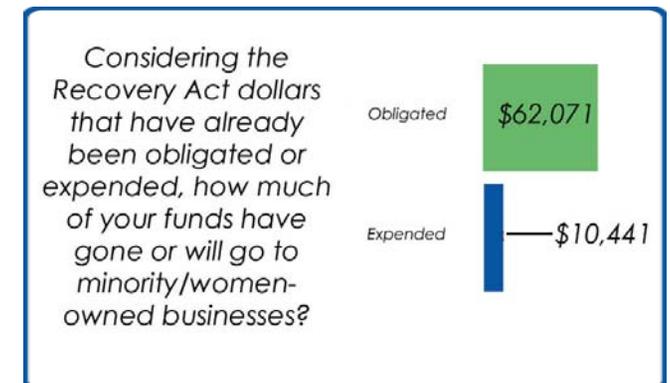
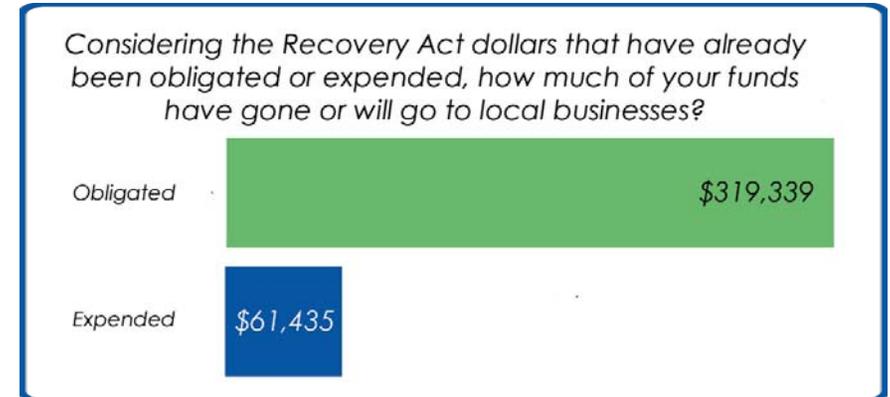


Positive Effects Beyond Public Housing

The Recovery Act funds have not only been helpful in meeting the capital needs of public housing, but have also benefited local businesses, women and minority-owned businesses and public housing residents.

By and large, funds that have been obligated and expended have gone to local employees. When asked the question, "Considering the Recovery Act dollars that have already been obligated or expended, how much of your funds have gone or will go to local contractors/businesses?", on average, participants reported that \$319,339 has been obligated to local businesses and \$61,435 has already been spent on employing local businesses.

Further, participants reported that, on average, \$62,071 has been obligated to minority- or women-owned businesses and \$10,441 has already been expended on employing minority- or women-owned businesses.



Conclusion

The results of this survey illustrate that PHAs who completed the survey are using Recovery Act dollars responsibly and efficiently. Further, they are on pace to use Recovery Act funds within the required timeframes. To continue to monitor progress of Recovery Act funds for public housing and to see the full measure of activities, readers should refer to the HUD Recovery Act website at <http://portal.hud.gov/portal/page/portal/RECOVERY>.

Questions? Comments? Please contact John Bohm, Senior Director of Congressional Relations, at jbohm@nahro.org or Cortney Watson, Advocacy Coordinator/Legislative Liaison, at cwatson@nahro.org.

The National Association of Housing and Redevelopment Officials

ABOUT NAHRO

The National Association of Housing and Redevelopment Officials (NAHRO) is the leading housing and community development advocate for the provision of adequate and affordable housing and strong, viable communities for all Americans—particularly those with low and moderate incomes. The association's membership of more than 23,000 housing and community development agencies and officials throughout the United States administers Public Housing, Section 8, HOME, the Community Development Block Grant, programs for homeless people, and more, at the local level. NAHRO's mission is to create affordable housing and safe, viable communities that enhance the quality of life for all Americans, especially those of low and moderate income, by:

- Ensuring that housing and community development professionals have the leadership skills, education, information and tools to serve communities in a rapidly changing environment;
- Advocating for appropriate laws and policies that are sensitive to the needs of the people served; are financially and programmatically viable; and are flexible and promote deregulation and local decision making; and
- Fostering the highest standards of ethical behavior, service and accountability.

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