

OACBDD

December 1, 2011

# Capital Replacement Reserves

## 2 Different Approaches



# Medina Creative Housing functions in 2 worlds





## **HUD 811 Supportive Living for Individuals with Disabilities**

### **HUD Formula for Replacement Reserves:**

- **Agreed subsidy HUD budget includes operation & capital replacement**
- **Allows diverting funds from monthly funding stream of rental revenues to fund long term repairs**
- **Owner funds capital reserves for excess amenities**

**HUD**



## Planning vs. Crisis Management

- Important to maintain financial viability of organization.
- Provide continuous upkeep of property
- Safeguard investment
- Maintain health and safety

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## Life Expectancy Chart

### Medina Creative Living

Hot Water Heaters	10 years	All Units
Carpeting	7 years	All Units
Air Condiitoning Units	10 years	All Units
Furnaces	15-20 years	All Units
Ranges	20 year	All Units
Refrigerators	10 years	All units
Washers/Dryers	10 years	All units
Dishwashers	5-7 years	All units
Interior Paintng-Enamel	5 years	All Units
Interior Paintng-Enamel	Upon Move out	Single unit
Interior Painting-Flat	3 year	All Units
Interior Painting-Flat	Upon Move out	Single Unit
Tiles/ILinoleum	5 year	All units
Window Shades, screens, Blinds	5 years	All units

If these items were in good condition at the time of move in, and it can be shown that damage, above the normal wear and tear has been sustained, then a damage claim can be submitted

# **CCAP FUNDED HOUSING**

- **Minimal County Board support via Capital Housing Contract**
- **Insufficient funds/ revenues to set aside dollars to fund capital replacement needs**



**CCAP**

# **CCAP FUNDED HOUSING**

## **Approach:**

- Wait until it breaks vs. preventative upkeep and replacement when there is access to state dollars**
- State has been flexible and looked at replacement requests on a case-by-case basis, not sure if this will continue**



**CCAP**

# **CCAP FUNDED HOUSING**

## **Recommendations:**

- Analysis of current housing stock and capital replacement needs**
- Educate local Board on need for subsidy**
- Establish an agreed budget with local Board**
- Open and maintain capital reserve escrow account**



**CCAP**