



Tearing Down the Walls

Established in 2004 with HUD, the Kentucky League of Cities (KLC) Capital Funds Loan Program (CFP) allows public housing authorities (PHAs) to complete projects all at once instead of on a piecemeal basis. With the program, Kentucky PHAs can leverage annual HUD funds as collateral to borrow larger amounts of money. In essence, PHAs are borrowing against future HUD Capital Fund grants.



www.klc.org



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Capital Funds Loan Program for Public Housing Authorities



Breaking New Ground for Public Housing



Breaking New Ground for Kentucky's PHAs:

- ◆ The PHA pledges up to one third of its annual capital fund from HUD as a source of repayment and security for the debt.
- ◆ Through its Financial Services Division, KLC will loan the money to the PHA at a fixed interest rate that is determined one week before closing. KLC will also pay the closing costs.
- ◆ Capital Funds Program (CFP) financing can be combined with other funding programs such as Tax Credit and HOPE VI.
- ◆ Renovations completed at one time have a greater impact on physical appearances and property, enhancing the local neighborhood and community at large.
- ◆ The PHA can save money by avoiding inflationary costs associated with maintaining older facilities and upgrading or preventing problems before they occur.

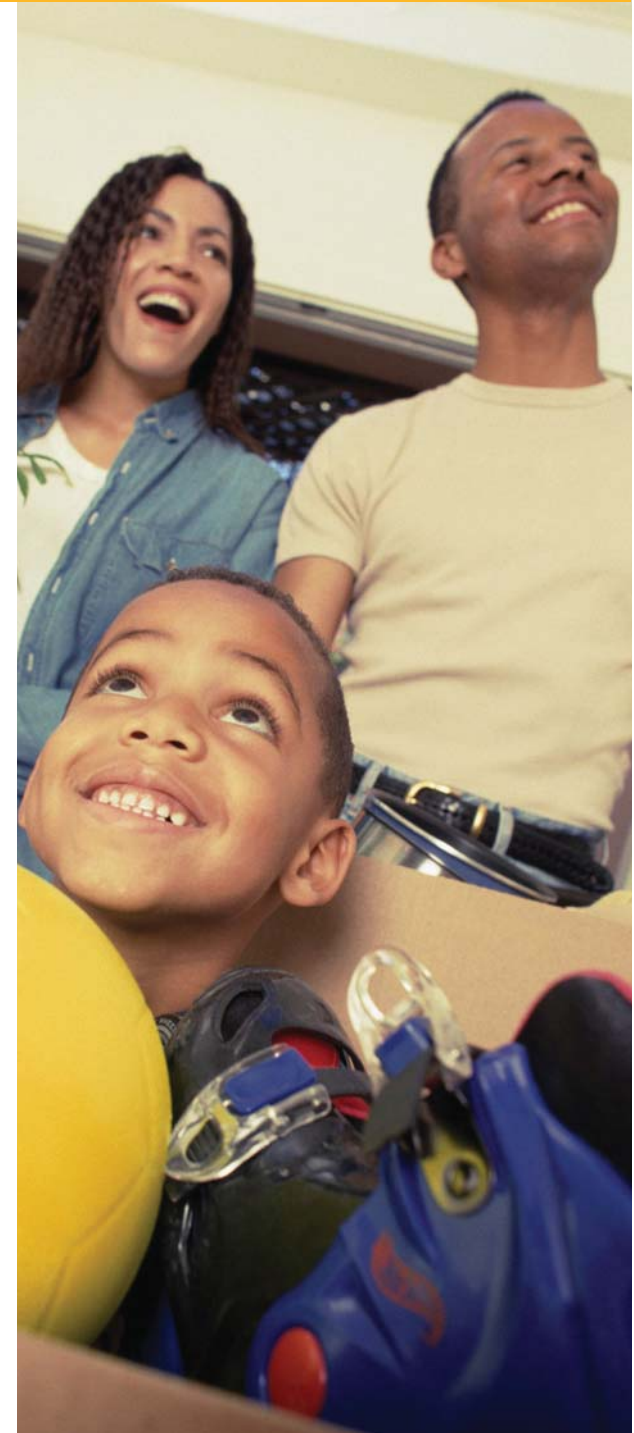


Steps to Funding

- ◆ The PHA board needs to adopt a resolution approving the financing (supplied by KLC)
- ◆ Evaluate the PHA's capital plans; decide which projects can be completed upfront and cost them out
- ◆ Get approval of the proposed CFP projects and funding schedule in the PHA's one and five year plans
- ◆ Compile the information needed for the HUD-required third-party Management Assessment (supplied by KLC)
- ◆ Have a Physical Needs Assessment prepared for five years (which may be done in-house)

How Can You Get Started?

Contact KLC's Financial Services to obtain a loan document set and discuss any questions you may have at 1-800-876-4552 or visit www.klc.org.



KLC Mission Statement: The Kentucky League of Cities strengthens cities, as the hearts of communities, by promoting innovation, leadership and quality governance.

Programs such as the Capital Funds Loan Program help build strong neighborhoods.

Other KLC Financial Services include: City Loan Program, City Bonds/Bond Pool Program, FreshRate - a homeownership down payment assistance program.