

## Capital Fund Reporting Guidance for Public Housing Agencies (PHAs) regarding PIH Notice 2020-07

*PHAs are encouraged to carefully review [PIH Notice 2020-07](#), “Implementation of Supplemental Guidance to the Federal Fiscal Year 2020 Operating Fund Appropriations”. The information below provides information related to the application of this notice in the Energy and Performance Information Center (EPIC).*

### Temporary Suspension of Edit Checks on BLI 1406 – Transfer to Operations, through December 31, 2020

The EPIC system previously imposed edit checks on Budget Line Item (BLI) 1406 – Transfer to Operations, in order to enforce statutory and regulatory limits on the flexibility to spend Capital Funds on Operating Fund eligible activities. These edit checks imposed a ceiling on BLI 1406 of 25% of the award amount for PHAs with 250 or more units as well as Troubled PHAs. As of the publication of PIH Notice 2020-07, HUD is temporarily suspending those EPIC edit checks.

### Temporary Revision to Edit Checks on BLI 1410 – Administration, through December 31, 2020

EPIC previously imposed an edit check restricting BLI 1410 – Administration to 10% of the award amount. As of the publication of PIH Notice 2020-07, the limit is temporarily raised to 15%.

### Spending Capital Funds on Conventional Operating Fund eligible activities

*Adjusting Annual Statement/Budgets:* Most PHAs already have an approved Work Activity in their Five-Year Action Plan(s) and their Annual Statement/Budget(s) that authorizes the PHA to spend Capital Funds on Operating Fund eligible activities (i.e., a Work Activity assigned to the “Operations (1406)” Work Category). PHAs in this category can take advantage of the increased flexibility to spend Capital Funds for Operating Fund eligible activities found at 24 CFR 990 by creating an Annual Statement/Budget including the Work Activity or revising their existing Annual Statement/Budget in EPIC to include this Work Activity or to increase the amount assigned to their “Operations (1406)”<sup>1</sup> Work Activity to the appropriate level. These PHAs would then remove other work activities and/or reduce the amounts assigned to other work activities in the revised Annual Statement/Budget, to offset the increase in BLI 1406. Once the PHA balances the “piggy bank” in the revised Annual Statement/Budget, it can submit it to HUD; for successful Budget submissions, HUD will spread the BLIs for the corresponding grant in LOCCS within a few business days.

*Editing/Revising Five-Year Action Plans:* Some PHAs may not have an approved “Operations (1406)” Work Activity in their Five-Year Action Plan(s) covering the grant(s) from which they

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<sup>1</sup> Eligible uses for Capital Funds put on line 1406 have not changed. Notice 2020-07 expands eligible uses for Operating Funds separately. Reporting guidance for use of Operating Funds for Coronavirus will be issued separately. PHAs wishing to use Capital Funds for Coronavirus eligible expenses are to use Work Activities under BLI 1509.

intend to spend Capital Funds on Operating Fund eligible activities. These PHAs will need to revise their Five-Year Action Plan(s) to include such a Work Activity. They will then need to submit the revised Five-Year Action Plan(s). A future system release, expected by mid-May, 2020, will modify EPIC so that newly-submitted Five-Year Action Plans will be automatically approved by the EPIC system. Until that change is implemented, PHAs will need to continue to obtain Field Office approval of Five-Year Action Plan submissions. Upon approval, the PHA will be able to follow the instructions in the *adjusting Annual Statement/Budget* paragraph above to submit the required Annual Statement/Budget to enable HUD to properly spread the BLIs in LOCCS.

### Spending Capital Funds on the Combatting Coronavirus Eligible Activities

HUD has created a new Budget Line Item, BLI 1509 - Coronavirus, in LOCCS to track Capital Fund expenditures pursuant to the eligible activities relating to preparing for, preventing, or responding to the Coronavirus as outlined in PIH Notice 2020-07. HUD has also created the following work categories in EPIC:

- Preparing for Coronavirus (1509)
- Preventing Coronavirus (1509)
- Responding to Coronavirus (1509)

PIH Notice 2020-07 provides examples of activities that might be classified under these work categories.

PHAs intending to spend Capital Funds on the Combatting Coronavirus eligible activity must edit/revise the Five-Year Action Plan(s) covering the grant(s) with unexpended Capital Funds that will be the source of funding for the activities. In the edited/revise Five-Year Action Plan(s), they must create work activities containing one of the work categories under the Preventing, Preparing for, and/or Responding to Coronavirus Work Categories associated with BLI 1509. Once PHAs have entered all of the intended work activities to combat the Coronavirus into the edited/revise Five-Year Action Plan, they must submit the Five-Year Action Plan to HUD. Normally, such submissions would be subject to Field Office review. However, an EPIC system release expected by mid-May 2020 will temporarily modify EPIC to mark all submitted Five-Year Action Plans as automatically approved by the system. This will enable PHAs to proceed to quickly add these work activities to the applicable Budgets and submit them to HUD to trigger the spread of funds in LOCCS.

As noted elsewhere in PIH Notice 2020-07, Field Offices will retain the ability to suspend grants in LOCCS or to put them on auto review as well as to require revision to Five-Year Action Plans after submission if a PHA fails to comply with programmatic requirements. HUD also reserves the right to set Five-Year Action Plans back to draft status in order for PHAs to make necessary adjustments.