

CHAPTER 3. APPLICATION PROCESSING

- * 3-1. INTRODUCTION. This Chapter sets forth the application process for PHAs and HUD field staff. Regional and Field Offices shall use the CIAP Application Processing System (CAPS), a HUD microcomputer system, to process CIAP applications.
- 3-2. FUND ASSIGNMENT. On the basis of an assignment plan approved by the Secretary, the Assistant Secretary for Public and Indian Housing assigns CIAP funds to the Regional Offices on Form HUD-185, Regional Fund Assignment, for subassignment to the Field Offices on Form HUD-185.1, Regional Fund Subassignment.
- a. After the Regional Office sets aside the amount assigned for non-Indian, large Troubled PHAs and for which the Regional Administrator has funding decision authority, the Regional Office shall immediately subassign the remaining amounts for which the Field Office Manager or Regional Administrator in co-located offices has funding decision authority.
 - b. After the Regional Administrator makes the funding decisions for the Troubled PHAs, the Regional Office shall subassign these funds to the Field Offices to complete the fund reservation process.
 - c. Any funds remaining after the funding decisions are made for the Troubled PHAs also shall be subassigned to the Field Offices either on a fair share basis if there are sufficient funds or, if there are insufficient funds, to fund the next highest ranked projects, based on a consolidated Regional ranking of projects produced from merging the Field Office rankings. See paragraph 3-23.
 - d. The Field Office is responsible for controlling the obligation of budget authority to ensure that the subassigned amounts are not exceeded. See paragraph 4-2. *
- 3-3. NOTIFICATION OF FUND AVAILABILITY. When CIAP funds become available, Headquarters shall notify in writing all PHAs as to the amount of available funds, the requirements and time frame for submission of the CIAP Application, and other pertinent information.
- 3-4. CONSULTATION.

* a. With HUD. Before preparing the CIAP Application, the PHA should contact the Field Office to discuss its modernization needs and obtain information on HUD policies and procedures. See paragraph 3-19c for up-front funding of planning costs for financially

distressed PHAs.

- b. With Residents/Homebuyers. Before submitting its CIAP Application, the PHA shall consult with residents/homebuyers, as required in Chapter 5.
- c. With Local Officials. Before submitting its CIAP Application, the PHA shall consult with appropriate local officials regarding whether the proposed modernization, excluding emergency, is financially feasible and will result in long-term physical and social viability at the project, assuming timely maintenance and replacements. The PHA shall request comments on how the proposed modernization may be coordinated with any local plans for neighborhood revitalization, economic development, drug elimination, and expenditure of local funds, such as Community Development Block Grant (CDBG) funds. In addition, the PHA shall contact the local Health Department to request information on whether any child under seven years old living in a PHA-owned unit has been identified as having an elevated blood lead (EBL) level.

3-5. COMPREHENSIVE PLAN FOR MODERNIZATION (CPM). In order for a non-Indian PHA with 500 or more units in management to be eligible to submit a CIAP Application for other than emergencies, the PHA shall have an approved CPM in accordance with Appendix 22. Before developing its CIAP Application, the PHA shall review its approved CPM. Where the CPM requires updating due to prior funding, changed conditions, or other circumstances, the PHA shall update the CPM and submit the updated CPM, preferably with its CIAP Application, but no later than the end of the Joint Review period. The Field Office shall not continue processing a CIAP Application which is not consistent with the approved CPM after the Joint Review period (see paragraph 3-7b). Non-Indian PHAs with under 500 units and IHAs are considered to meet planning requirements by submitting Form HUD-52824, Five-Year Funding Request Plan, as part of the CIAP Application (see paragraph 3-6a). The CPM includes the following:

- a. General Statement of Physical and Management Needs. A general statement of current physical and management *

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* needs for each project in the PHA's inventory. For physical needs, it is not necessary to conduct a detailed, comprehensive needs assessment against the mandatory standards, using Form HUD-52827, Physical Needs Assessment; such detailed needs assessment is not required until Joint Review. For management needs, the assessment shall be against the criteria in paragraph 2-3b and may be both project specific and PHA-wide.

- b. Five-Year Rolling Base. The five-year rolling base is reflected on Form HUD-52824, Five-Year Funding Request Plan, updated annually, and submitted as part of the CIAP Application. It shows the PHA's plan to request funds which reasonably can be expected to be made available over a five-year period, listing projects in priority order by modernization type with estimated costs.
- c. Viability Reviews. A viability review, as set forth in paragraph 3-9, for each project in the PHA's inventory. If a project is to be proposed for funding other than emergencies and comprehensive modernization in progress in the current FFY, the PHA shall review its existing viability review to determine if any revisions are required and to ensure that the project will still have long-term viability after the proposed modernization.

3-6. CIAP APPLICATION. Within the established time frame, the PHA shall submit to the Field Office, Attention: Chief, Assisted Housing Management Branch (AHMB), the CIAP Application in an original and two copies (or any lesser number of copies as specified by the Field Office). The PHA also shall send a copy of the CIAP Application to the chief executive officer, as well as any other appropriate local officials. See Chapter 5 for resident/homebuyer notification requirements. The CIAP Application is comprised of the following documents:

- a. Form HUD-52824, Five-Year Funding Request Plan, sets forth the PHA's plan to request funds which reasonably can be expected to be made available over a five-year period, listing projects in priority order by modernization type with estimated costs for each year covered by the plan. For non-Indian PHAs with 500 or more units, the five-year plan is a component of the CPM and, therefore, must be consistent with the CPM. For non-Indian PHAs with under 500 units and IHAs which are not required to develop the CPM, the five-year plan is a free-standing document. In all cases, the five-year plan must be consistent, where applicable, with *

* the Comprehensive Occupancy Plan (COP). The five-year plan covers a rolling five years and is annually updated. For each project proposed for modernization in the current FFY, attach to the five-year plan a general statement of physical and management improvement needs, which may be excerpted from the approved CPM. Complete instructions for preparing Form HUD-52824 are contained in Appendix 5, along with a completed sample of the form which may be used as a guide in preparation.

- b. A narrative statement addressing each of the technical

review factors in paragraph 3-10.

- c. For each project proposed for comprehensive modernization in the current FFY, an identification of and an estimate of the total costs of replacement of the equipment, systems or structural elements which would normally be replaced (assuming routine and timely maintenance is performed) over a 30-year period. This estimate shall include an estimate of the costs accrued for the period which ends upon the date of the PHA's next fiscal year ending date and an estimate of the costs which will accrue during each subsequent 12-month period. The estimate should be based on current costs without taking inflation into account.
- d. For each project proposed for homeownership modernization in the current FFY, a listing of the units to be included in the modernization program and, where applicable, the estimated cost attributed to each home.
- e. For modernization proposed for funding in the current FFY, excluding projects in Group 1, a Modernization Organization and Staffing Plan, stating the proposed organization, staffing and inspection of the modernization program and including the following:
 - (1) Whether a separate modernization unit has been or will be established within the PHA and the proposed duration of the unit; if so, the relationship of the unit to the existing PHA organizational structure;
 - (2) The staffing of the modernization unit or function; number, titles and salaries of technical and non-technical PHA personnel to be assigned full-time or part-time to modernization, and additional personnel to be hired; designation of a *

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* modernization coordinator or contract administrator/construction manager, if necessary; and lines of authority; and

- (3) Plans for periodic inspections by an architect/engineer (A/E), independent contractor or PHA staff to ensure work quality and progress.

- f. For IHAs and non-Indian PHAs with less than 500 units, for each project proposed for funding in the current FFY, excluding emergency and comprehensive modernization in progress, the IHA's/PHA's viability review in accordance with paragraph 3-9.

- g. PHA Report, on compliance by the local governing body with the terms of the Cooperation Agreement, or as embodied by Article VIII of the Tribal Ordinance as applicable for certain IHAs, and any additional services or facilities that the PHA plans to request from the local governing body.
- h. Form HUD-50070, Certification for a Drug-Free Workplace, as contained in Appendix 6.
- i. Form HUD-52820, PHA/IHA Board Resolution Approving CIAP Application, as contained in Appendix 7.

3-7. ELIGIBILITY REVIEW. After the CIAP Application has been logged in, the Housing Management Specialist (HMS) shall check the application for completeness before routing it to the General Engineer and other AHMB staff, as appropriate. The Field Office eligibility review shall determine if the application meets the following basic eligibility requirements and is eligible for processing or fund reservation.

a. Eligibility for Processing.

(1) PHA Modernization Capability. The PHA must have at least minimal modernization capability to carry out its proposed modernization. The Field Office shall consider the PHA's modernization pipeline of previously approved, but unobligated funds and whether the PHA can administer any additional funds.

(a) Beginning in FFY 1991, PHAs which miss any deadline date, as set forth in the latest HUD-approved Project Implementation Schedule, without a valid reason, will be eligible only for modernization under Group 1. *

* (b) For IHAs, the Indian Field Office shall review IHA performance under the Administrative Capabilities Assessment (ACA), using criteria stated in the Field Office Monitoring of Indian Housing Authorities Handbook 7440.3 REV, and supplementary issuances.

(2) Work Item Eligibility and Need. Based on the general statement of physical and management improvement needs and the Field Office's knowledge of the project's conditions, the work items, particularly emergency work items, must appear to be eligible and needed.

- (3) End of Initial Operating Period (EIOP). The project must be at least three years old from EIOP to be eligible for funding.
- (4) Status of Fiscal Audit. If award of the contract for the fiscal audit is overdue (more than 90 days after the PHA's fiscal year end) and contracting for the audit is within the PHA's control, the Field Office shall suspend further processing until the PHA has initiated the audit.
- (5) Lack of Available Funding. Where the PHA has requested funding for more projects than realistically can be funded in the current FFY, the Field Office may process only a portion of the application which has a reasonable chance of being funded and is consistent with the PHA's priorities.
- (6) Lack of Approved CPM. Where the PHA is required, but does not have an approved CPM under paragraph 3-5, the Field Office shall suspend further processing.

b. Eligibility for Fund Reservation.

- (1) Lack of Consistency with CPM. Where the CIAP Application is not consistent with the PHA's CPM, the Field Office shall notify the PHA that although the Field Office will continue processing, the PHA must submit an updated CPM before the end of the Joint Review period in order to be eligible for funding. *

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* 3-8. PROCESSING GROUPS. The Field Office shall batch the eligible projects into the following processing groups. A PHA proposing all types of modernization may have projects included in each group; the same project may be in more than one group or in the same group, but for different types of modernization. For batching purposes, the Field Office * may extract emergency or special purpose work items from comprehensive modernization proposals.

- a. Group 1. Projects having conditions that pose an immediate threat (i.e., must be corrected within one year of funding approval) to resident health or safety. Funding is limited to correction of emergency conditions, including those related to fire safety, and may not be used for substantial rehabilitation. Emergency conditions include all lead-based paint testing and abatement of units housing children under seven years old with elevated blood lead levels. Group 1 includes emergency modernization and emergency work

under homeownership modernization. Group 1 projects are not subject to the viability review.

- b. Group 2. Projects (1) having conditions which threaten resident health or safety or having a significant number (10 percent or more) of vacant or substandard units, and (2) located in PHAs which have demonstrated a capability of carrying out the proposed modernization activities under comprehensive, special purpose or homeownership modernization. Within Group 2, funding preference shall be given to:

- (1) Group 2A projects involving the correction of physical disparities under the nondiscrimination funding preference, either separately or as part of a comprehensive modernization. Specific instructions on this processing group are provided in the annual notification of CIAP fund availability. Group 2A does not apply to IHAs. *
- (2) Group 2B projects involving the subsequent stage of multi-stage comprehensive modernization, an amendment to single stage comprehensive modernization, or additional modernization after completion of comprehensive modernization. See paragraphs 3-19 and 3-20. *
- (3) Group 2C projects which are all other projects meeting the basic criteria in subparagraph b.

NOTE: All projects which meet the basic criteria of

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Group 2 are considered for funding under Group 2, regardless of whether they have lead-based paint abatement needs. Group 2B projects are not subject to the viability review. Groups 2A and 2C projects are subject to the viability review.

- c. Group 3. All other projects not in Groups 1 and 2, located in PHAs which have demonstrated a capability of carrying out the proposed modernization activities under comprehensive, special purpose or homeownership modernization. Group 3 projects are subject to the viability review.

- * 3-9 PROJECT VIABILITY REVIEW. For PHAs/projects that pass the eligibility review, the Field Office shall review the PHA's own viability review, as set forth in the CPM for larger non-Indian PHAs or in the CIAP Application for IHAs or smaller non-Indian PHAs, of each project being considered for funding in the current FFY, except projects in Groups 1 and 2B. In all cases, the Field Office shall undertake its own viability review, which consists of three Steps. *
- Step 1 is conducted during application review, Step 2 is

conducted during application review or Joint Review, and Step 3 is conducted during or after Joint Review.

- a. Step 1. Determine and document whether any of the following gross indicators are present for the project:
- (1) Vacancies of 15 percent or more of the units available for occupancy in a project;
 - (2) Estimated modernization "hard costs" for any project exceeding 25 percent of the cost guideline limit for nonelevator units (28 percent for elevator units) for construction of similar units in the area; or
 - (3) Serious locational or structural conditions which indicate that the long-term viability of the project is questionable.

NOTE: If none of these gross indicators are present, the viability review is complete; continue processing and do not go to Step 2. If any of these gross indicators are present, go to Step 2. At this point, the Field Office shall not eliminate any project for further processing solely on the basis of high costs or the need to go to Step 2 or 3 of the viability review.

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- b. Step 2. To assess the extent and severity of the project's problems identified in Step 1, examine, rate and document the magnitude of the following problems as "severe," "moderate," "mild," or "none". Where the Field Office has sufficient information, the Field Office may complete this step before Joint Review; if not, the Field Office may complete this step during Joint Review.
- (1) Major problems as to physical condition, as indicated by such factors as unit uninhabitability, density, faulty construction, inappropriateness of design for current use, structural deficiencies and major physical site flaws (e.g., erosion, flooding);
 - (2) Major problems as to location (neighborhood), as indicated by such factors as concentration of assisted housing, physical deterioration of neighborhood, industrial or commercial development which jeopardizes the suitability of the site for residential use, and adverse environmental conditions, such as air pollution; and
 - (3) Other factors that tend to show that the project is unsuitable for housing purposes, such as

resident dissatisfaction as evidenced by vacant units (high number, long duration) or a high incidence of transfer requests, lack of marketability, crime and vandalism, or other specifically identified conditions.

NOTE: If there are severe problems in one or more of the three areas described above, or moderate problems in two or more of these areas, continue the viability review and go to Step 3. Otherwise, the viability review is complete; continue processing and do not go to Step 3.

c. Step 3. Step 3 of this review is an in-depth analysis in which pertinent information may not be readily available at the Field Office. Therefore, the Field Office may perform this step during Joint Review. The Field Office shall determine and document the following factors:

(1) Primary causes of any problems identified in Step 2 and whether such problems will be corrected by the proposed modernization and other efforts in the neighborhood;

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(2) How the proposed modernization will correct those physical deficiencies of the project that currently render it obsolete as to physical condition;

(3) Whether, after the proposed modernization, the project will be suitable for operation as public housing, in accordance with applicable program standards, for a period of at least 20 years, assuming timely maintenance and replacements;

(4) Whether the proposed modernization is financially feasible, as defined in paragraph 1-3;

(5) If there is a demonstrated willingness and ability on the part of the PHA and local government to correct any management or operational problems necessary to ensure the long-term viability of the project;

(6) If the project received substantial modernization funding in the past which has failed to resolve problems at the project, how this proposal will overcome the factors that led to the failure of the previous modernization efforts; and

(7) If there is a realistic potential for the elimination or modification of neighborhood or environmental conditions that jeopardize the

long-term viability of the project or for the alteration of the project to cope effectively with such conditions. Federal, State, local or private actions or commitment of funds that have been specifically committed for such neighborhood improvements will be considered in evaluating this factor.

NOTE: See paragraphs 3-23b and c and 3-25b for further processing instructions.

* 3-10. TECHNICAL REVIEW.

- a. Assessment of PHA's Management Capability. As part of its technical review of the CIAP Application, the AHMB shall evaluate the PHA's management capability against the criteria in paragraph 2-3b, including whether the PHA has managed its projects in a manner that appears to meet equal opportunity objectives. This assessment may be based on occupancy audits, engineering surveys, management reviews, etc., which are currently available within the AHMB, as well as the Annual Performance Review. *

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- * b. FHEO Review. The AHMB shall provide to the Fair Housing and Equal Opportunity (FHEO) Division a list of non-Indian PHAs submitting CIAP Applications, as well as any equal opportunity-related problems, identified by the AHMB. After consulting with Regional FHEO, as appropriate, and reviewing its own files, the FHEO Division shall identify each PHA on the list in accordance with the following categories and provide information to the AHMB by the requested time:

- (1) There are no known equal opportunity-related problems;
- (2) There are known equal opportunity-related problems, as identified; or
- (3) There are circumstances as set forth in paragraph 6-1b.

- c. Determination of PHA's Management Capability. The Field Office shall determine whether any identified management deficiencies, including those related to equal opportunity, are:

- (1) so serious as to warrant rejection of further processing, except for emergencies; or
- (2) may be corrected during CIAP processing or after fund reservation, where approved for funding; or

(3) may limit the initiation of a new comprehensive modernization to first stage funding.

d. Technical Review. After batching, the Field Office shall review and rate each eligible project for each type of modernization within Groups 2 and 3 on the following factors, in accordance with the point range specified, with one point being low.

Technical Review Factor	Point Range
Extent and urgency of need, including lead-based paint abatement and physical accessibility needs	1-20
Extent of vacancies	1-10
PHA's modernization capability	1-10
PHA's management capability	1-10 *
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* Adequacy of PHA's maintenance systems, including preventive and routine maintenance	1-10
Degree of cost-savings	1-5
Degree of resident involvement in PHA operations	1-5
Degree of PHA activity in resident initiatives, including resident management, economic development activities on behalf of residents, and drug elimination efforts	1-5
Degree of PHA-wide resident employment	1-5
Local government and resident/homebuyer support for proposed modernization	1-5
Total Maximum Score	85 points

e. Ranking and Recommendations. After technical review, the AHMB shall prepare its recommendations for Joint Review, based on project ranking within processing groups. For non-Troubled PHAs, the AHMB shall make its recommendations to the Field Office Manager or to the Regional Administrator in co-located offices. For Troubled PHAs, the AHMB shall make its recommendations through the Field Office Manager to the Regional Administrator. The AHMB shall identify any PHAs identified by FHEO as being in nonconformance or noncompliance and any projects required to complete Steps 2 or 3 of the viability review. In addition, the Field Office shall prepare brief comments as follows:

- (1) For each project in Group 1, justification of the emergency work items;
- (2) For each project in Groups 2A, 2C and 3, justification of each project's inclusion in the group; and
- (3) For each project in Group 2B, explanation of the implementation status of previously approved stages and recommendation regarding current FFY funding.

3-11. JOINT REVIEW SELECTIONS.

- a. Percentage Limit on Special Purpose Modernization. To ensure that more funds are available for comprehensive *

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* modernization, Headquarters may limit the percentage of the Regional and Field Office's allocations that may be approved for special purpose modernization.

- b. Field Office Selections. For non-Troubled PHAs, the Field Office Manager shall review the rankings and comments submitted by the AHMB and select PHAs/projects and types of modernization for Joint Review. In making the selections, the Field Office Manager shall give preference to projects in Groups 1 and 2, assuming adequate PHA management and modernization capability. The Field Office shall not exclude projects from Joint Review solely on the basis of high CIAP costs or the need to go to Step 2 or 3 of the viability review.
- c. Regional Office Selections. For Troubled PHAs, the Regional Administrator shall review the rankings and comments submitted by the Field Office and select PHAs/projects and types of modernization for Joint Review. In making the selections, the Regional Administrator shall give preference to projects in Groups 1 and 2, assuming adequate progress in developing or implementing the Memorandum of Agreement. The Regional Office shall notify the Field Offices in writing of its selections and give appropriate guidance on projects requiring Steps 2 or 3 of the viability review. The Regional Office shall not exclude projects from Joint Review solely on the basis of high CIAP costs or the need to go to Step 2 or 3 of the viability review.
- d. Notification to FHEO. Each Field Office shall forward a listing of all PHAs selected for Joint Review to the Regional Public Housing Director for forwarding to the Regional FHEO Director.

3-12. PHA NOTIFICATION. After the Regional and Field Office selections for Joint Review, the HMS shall prepare a letter to the PHA for the signature of the Field Office Manager or Regional Administrator in co-located offices, advising * whether the PHA will be considered for funding in the current FFY, as follows:

- a. Where the PHA will be considered for funding in the current FFY, the letter shall: confirm the date of the Joint Review, if already scheduled, indicate an intent to schedule the Joint Review as soon as possible, or state that the requirement for the Joint Review is being waived under paragraph 3-14; state which

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project(s) for which type(s) of modernization will be reviewed and request that the PHA contact the Field Office if the PHA disagrees with the defined scope of the Joint Review; outline required PHA activities to prepare for the Joint Review; indicate whether the project(s) is subject to Step 2 or 3 of the viability review; and list outstanding monitoring findings or * management concerns which must be resolved or addressed as management improvements either before or after funding approval. *

- b. Where the PHA will not be considered for funding in the current FFY, the letter shall state the reasons, such as the relatively low priority of its physical improvement needs. Where the reason is lack of management or modernization capability, the letter shall state the specific deficiencies and what actions the PHA will have to take or what level of management or modernization capability the PHA will have to achieve by a specified time to be considered for funding in a subsequent FFY. In addition to these reasons, if a project had questionable viability and failed Steps 1 and 2 of the viability review, the Field Office shall alert the PHA to the fact that if the same application is submitted and selected in the future for a Joint Review, it will be subjected to Step 3 of the viability review. The Field Office may informally discuss the preliminary viability review findings with the PHA in order to suggest constructive alternatives for future CIAP Applications.

3-13. STATE NOTIFICATION.

- a. Under paragraph 1-7, where the State has established a review process and has selected the CIAP to review, the Field Office shall provide the State with an opportunity to comment on all CIAP Applications proposing substantial rehabilitation, but only if the project

being substantially rehabilitated involves: (1) a change in the use of the land; (2) an increase in project density; or (3) a change from rental to homeownership. CIAP Applications proposing emergency, special purpose or homeownership modernization and from IHAs are excluded from the State notification requirements.

- b. The Field Office shall prepare one Standard Form (SF) 424, Federal Assistance, Section I only, for each covered CIAP Application. The Field Office shall batch and forward copies of the covered CIAP

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Applications and SF 424's to the State single point of contact (SPOC) for review. The comment period begins on the day after the CIAP Applications are mailed. The comment period is 60 days, plus an additional 5 days for mailing, for a total of 65 days.

- c. After the Joint Reviews, the Field Office shall submit the State comments, if any, to the Regional Office with its funding recommendations for Troubled PHAs. In response to an official State process recommendation (comments submitted by a State, but not as an official State process recommendation, need not be addressed), the Regional or Field Office must either:
 - (1) Accept the recommendation;
 - (2) Reach a mutually agreeable solution with the parties preparing the recommendation; or
 - (3) Provide the State SPOC with a written explanation for not accepting the recommendation or reaching a mutually agreeable solution; i.e., nonaccommodation. If there is a nonaccommodation, including not funding PHAs/projects prioritized by the State, the Regional or Field Office shall wait 15 days after sending an explanation of the nonaccommodation to the State SPOC before making any funding decisions.

3-14. SCHEDULING AND WAIVER OF JOINT REVIEWS.

- a. Scheduling and Notification. The HUD Modernization Coordinator is responsible for coordinating the scheduling of the Joint Reviews and for notifying the
* FHEO Division and, where relocation is involved, the Community Planning and Development (CPD) Division of the specific dates of the Joint Reviews. If the FHEO and CPD Divisions are unable to participate in the Joint Reviews, they may inform the AMHB staff in writing of their specific concerns. The HMS shall check with the * Modernization Coordinator before contacting the PHA

about a tentative date or establishing a firm date for the Joint Review.

- b. Waiver. The Regional or Field Office may waive the requirement for a Joint Review only where emergency, special purpose or homeownership modernization is involved if the Field Office has current knowledge of the specialized need(s) and proposed physical improvement(s). The Regional or Field Office may not

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waive the requirement for a Joint Review where comprehensive modernization, including the subsequent stage, is involved, except in the case of an amendment to single stage comprehensive modernization where the estimated additional cost is incidental.

3-15. PHA PREPARATION FOR JOINT REVIEW. The PHA shall prepare for the Joint Review by taking the following actions:

- a. Reach agreement with the Field Office on the specific project(s) to be covered during the Joint Review;
- b. Consult with residents/homebuyers as required in Chapter 5; and
- * c. Needs Assessments. The PHA shall complete the detailed physical and management needs assessments. If these detailed needs assessments are not consistent with the more general statement of needs set forth in the CPM, the PHA shall update the CPM and forward it to the Field Office (see Appendix 22). The CPM does not apply to IHAs or non-Indian PHAs with under 500 units.
 - (1) Physical Needs Assessment. For each project proposed for funding in the current FFY, the PHA shall complete Form HUD-52827, Physical Needs Assessment, as set forth in the Modernization Standards Handbook 7485.2 REV-1. The PHA shall identify each project's current physical needs and the physical improvements necessary to meet the mandatory standards in Handbook 7485.2 REV-1 for those needs, as well as any project specific work which is necessary or highly desirable for long-term viability. In addition, the PHA shall identify any work items necessary to comply with lead-based paint testing or abatement requirements and with physical accessibility and nondiscrimination requirements.
 - (a) For proposed new comprehensive modernization and special purpose modernization involving replacement or repair of major equipment systems, upgrading of security, or reduction

of vacant units, the PHA shall identify the project's current total physical needs on Form HUD-52827.

- (b) For proposed modernization, excluding Group 1, the PHA shall update the energy audit as

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required in paragraph 6-7.

- (c) For proposed emergency, homeownership and special purpose modernization involving increasing accessibility for elderly and handicapped families or energy efficiency, the PHA shall identify the project's current specialized physical needs, as they are eligible under the proposed type of modernization, on Form HUD-52827. For special purpose modernization involving increasing accessibility or energy efficiency, where the Field Office determines that there is evidence indicating that the project has major problems that justify a comprehensive assessment, the PHA shall identify the project's current total physical needs on Form HUD-52827.
- (d) The PHA that lacks the in-house capability to perform the assessment should contact the Field Office. In such case, the Field Office may advise the PHA, unless approved for advance planning funds, to hire an outside architect/engineer (A/E), subject to reimbursement only if the modernization is approved, or encourage small PHAs to group together for hiring outside assistance.
- (2) Management Needs Assessment. For each project proposed for new comprehensive modernization in the current FFY, the PHA shall complete a Management Needs Assessment. The PHA shall identify each project's current management needs, as assessed against the management areas set forth in paragraph 2-3b, and the management improvements necessary to meet those needs. Some management deficiencies require little or no additional funds to correct. Regardless of whether CIAP funds are required for correction, the PHA shall include any management items identified by the PHA as problems. For projects with comprehensive modernization in progress, the Field Office may require the PHA to update the management needs assessment. For a designated non-Indian Troubled PHA, management improvement needs shall be

consistent with those identified in its Memorandum of Agreement. Where the Field Office identified outstanding monitoring findings or management concerns in its letter before Joint

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* Review, the PHA shall develop a plan and timetable to resolve those findings or address those concerns.

d. For each project proposed for modernization, including emergency, in the current FFY, a copy of resident recommendations and the PHA's evaluation of those recommendations (see paragraph 5-1).

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e. Review the other points to be covered during the Joint Review as set forth in paragraph 3-18.

3-16. FIELD OFFICE PREPARATION FOR JOINT REVIEW.

a. AHMB Participation. Where comprehensive modernization is involved, both the HMS and the General Engineer shall represent the Field Office on the Joint Review. Based upon PHA size and prior knowledge of PHA management problems, other AHMB staff, as appropriate, shall

* participate. The Regional Office representative may participate in the Joint Review for a Troubled PHA. In all cases, the HMS shall serve as the team leader of the Field Office representatives. Differences of opinion between the HMS and the General Engineer shall be resolved by the Chief, AHMB.

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b. Review of Files. In preparing for the Joint Review, the Field Office representatives shall review the PHA's files, with special attention to open findings from the latest fiscal audit, management review, occupancy audit, maintenance review and utilities review. Field Office representatives should be thoroughly familiar with the status of all previously approved modernization programs and the overall operation of the PHA.

c. Confirmation with PHA. Before the Joint Review, the HMS shall check with the PHA to confirm that the PHA is ready for the Joint Review; i.e., has taken all of the actions required in paragraph 3-15. If the PHA is not ready, the HMS shall cancel the Joint Review and reschedule only if time permits.

3-17. PURPOSE, CONDUCT AND DURATION OF JOINT REVIEW.

a. Purpose. The purpose of the on-site Joint Review is to discuss the proposed modernization program, as set forth in the CIAP Application, and reach agreement on PHA needs and approach.

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- b. Initial Meeting. The Field Office and the PHA representatives should meet briefly to discuss the prearranged agreements concerning the scope of the Joint Review, PHA staff availability and other logistical matters. They also should review the CIAP Application and discuss how the proposed management improvements, if any, relate to the proposed physical improvements, the appropriateness of work items and project priorities, and the degree of cost benefits.
 - c. Duration. The duration of the Joint Review will vary, depending upon such factors as PHA size and management capability, type and complexity of the proposed modernization program, Field Office knowledge of and familiarity with the PHA's operations and management practices, status of any previously approved modernization programs, and extent to which the Joint Review would duplicate any open findings of a fiscal audit, management review, occupancy audit, maintenance review or utilities review conducted within the preceding 12 months.
 - d. Close-Out Meeting. The Field Office and the PHA representatives should meet to discuss HUD's findings and recommendations on the proposed modernization program. The close-out meeting shall include specific treatment of previously approved modernization programs where revisions to the Project Implementation Schedule may be warranted (see paragraph 7-2). Where appropriate, the Field Office representatives also may meet with the PHA Board of Commissioners.

3-18. JOINT REVIEW COVERAGE. The Joint Review shall include an on-site inspection of the property and coverage of the following points. The Field Office shall document the Joint Review by using the Joint Review Checklist in Appendix 8. The Field Office may modify the Checklist, by adding additional information where appropriate.

- * a. Based on the PHA's physical needs assessment(s), the Field Office shall review the following:
 - (1) Eligibility, need and appropriateness of the physical work items as measured against the mandatory standards, including energy conservation measures, and the project specific work items (see paragraph 3-15c(1)).
 - (2) Accuracy of cost estimates and any required contingencies; reasonableness of PHA's

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preliminary thoughts about the Project Implementation Schedule(s) which will be due 60 days after notification of CIAP application approval (see paragraph 7-2); and adequacy of method of PHA inspection of the physical work.

- (3) Where demolition, disposition or conversion is proposed, refer to the Public Housing Demolition, Disposition and Conversion Handbook 7486.1.
- b. Appropriateness of method of accomplishment (contract or force account labor). The Field Office will approve the use of force account labor only on an individual project basis, where: it is cost-effective and appropriate to the scope and type of physical improvements; and the PHA has the capacity to serve as its own main contractor and to maintain an adequate level of routine maintenance during force account activity. Under Section 107(D) of the ACC, use of force account labor requires prior HUD (Field office) approval. Since the method of accomplishment is set forth on Form HUD-52825, Comprehensive Assessment/Program Budget, this approval is given at the time of funding approval. If the PHA wishes to use force account labor after original budget approval of contract labor, the PHA must request a budget revision or the force account labor costs will be disallowed (see paragraph 10-12a).
- c. Based on the PHA's management needs assessment(s), the Field Office shall review the following:
 - (1) Thoroughness of the PHA's identification of management problems, causes and solutions under paragraph 3-15c(2), the status of PHA actions taken to correct any previously identified management deficiencies, and the eligibility, need and appropriateness of the management work items as measured against the criteria in paragraph 2-3b. In addition, any outstanding monitoring findings or management concerns previously identified by the Field Office shall be reviewed.
 - (2) Accuracy of cost estimates and reasonableness of PHA's preliminary thoughts about the Project Implementation Schedule(s) which will be due 60 days after notification of CIAP application approval (see paragraph 7-2). *

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(3) Although the PHA is not required to prepare the management needs assessment for projects proposed for emergency, special purpose or homeownership modernization, the Field Office may discuss

management improvement needs with the PHA during the Joint Review and subsequently require the PHA to address those needs without CIAP funding, as a condition of funding the physical improvements. See subparagraph u. for instructions on Troubled PHAs.

- d. Adequacy of PHA's maintenance systems, including preventive and routine maintenance, particularly as evidenced by the physical condition of projects previously modernized.
- e. Whether the proposed modernization is financially feasible and will result in long-term physical and social viability at the project.
- f. Availability of operating funds or reserves or excess Section 8 administrative fees to fund proposed work. Where the such funds will be used, including use of residual receipts, the PHA shall note these on Line 01 of Form HUD-52825. The residual receipts may only be kept for two years and are assigned to a specific Modernization Project. The Field Office shall not require reserve drawdown to the point where the PHA becomes financially troubled, without Headquarters approval. The Field Office also shall determine that there are no duplicative items in the PHA's operating budget and the proposed modernization budget.
- g. PHA need for the professional services of an A/E and/or a management consultant in further planning, designing * and implementing all or part of the proposed physical and management improvements. See paragraph 2-6a(2) regarding incurring A/E fees for detailed design work before funding approval.
- h. PHA plan for organizing and staffing the modernization program, including PHA need for a full-time modernization coordinator or contract administrator/construction manager, assignment of regular PHA staff, and hiring of additional personnel (see paragraph 7-3).
- i. PHA performance in administering previously approved programs, if applicable (see paragraph 7-2).
- j. PHA need for additional modernization funds to complete previously approved modernization programs

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(see paragraph 3-19).

- k. PHA compliance with requirements for consultation with local officials and residents/homebuyers under Chapter 5

and local support for the proposed modernization. If it is questionable whether a project has local support or, once modernized, will have long-term physical and social viability, the Field Office shall require the PHA to consult more thoroughly with local officials, including obtaining a letter of support from local officials before the funding decision is made.

- l. PHA compliance with civil rights statutes, executive orders and regulations, as applicable, under paragraph 6-1. Where there is an outstanding finding of noncompliance, the FHEO Division shall keep the AHMB informed of any change in status, as previously reported during technical review of the CIAP Application. *
- m. PHA plans to hire residents under paragraph 6-1c and provide minority and women's business or Indian enterprise opportunity under paragraph 6-2.
- n. Applicability of environmental and historic preservation requirements under paragraph 6-3.
- o. PHA compliance with flood insurance requirements under paragraph 6-4.
- p. PHA compliance with requirements to inspect, test for and eliminate lead-based paint hazards under paragraph 6-5.
- * q. PHA compliance with requirements to provide physical accessibility and to not discriminate based on handicapped under paragraph 6-6.
- r. PHA compliance with relocation and acquisition requirements under paragraph 6-7.
- s. PHA compliance with requirements to update the energy audits and undertake cost-effective energy conservation measures under paragraph 6-8. *
- t. Step 3 of the project viability review, if applicable, under paragraph 3-9c.
- u. Additional review of Troubled PHAs, to determine whether all major management deficiencies are being

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satisfactorily addressed. Where such a determination cannot be made, such PHAs will be considered only for staged comprehensive modernization funding, with the first stage focusing on funding of management improvements, or for emergency modernization. In addition, before approval of a subsequent stage of comprehensive modernization, the Field and Regional

Offices shall determine that the PHA is demonstrating satisfactory progress in correcting management deficiencies. Where a Troubled PHA may have been approved in previous years for staged comprehensive modernization without having addressed its management deficiencies, such applications shall be amended to allow for any necessary funding of management improvements.

3-19. COMPREHENSIVE MODERNIZATION APPROACH. After Joint Review, the Regional Office for Troubled PHAs and the Field Office for non-Troubled PHAs shall consider funding the proposed comprehensive modernization in one stage, or on an

* exception basis, in more than one stage, not to exceed a total of five stages. Bases for exception include a PHA's lack of management capability, as defined in paragraph 1-3, which necessitates multi-stage funding, or a total funding requirement which is large in magnitude, relative to the funding available to the Regional or Field Office.

a. Single Stage Funding. Under single-stage funding, the total amount of CIAP funds for all required physical and management improvements at the project shall be approved at one time, from funds for a single FFY, under one CIAP Application; this type of modernization is known as COMP/SS/NEW (comprehensive/single stage/new). An amendment to previously approved single stage comprehensive modernization may be necessary due to lead-based paint testing, new work items which were inadvertently omitted or unknown due to hidden conditions, or inadequate funding of previously approved work items; this type of modernization is known as COMP/SS/AMEND (comprehensive/single stage/amendment). The amendment will be under a different Modernization Project.

b. Multi-Stage Funding. Under multi-stage funding, the total amount of CIAP funds for all required physical and management improvements at the project shall be approved in the fewest number of stages that are feasible, over several different years FFYs, under different Modernization Projects, with the total number of stages not to exceed five. The first stage *

* shall include funds for A/E work and/or a portion of the physical improvements. Management improvements may be included in the first stage to the extent they are eligible costs under paragraph 2-3. To the maximum extent feasible, all equal opportunity concerns shall be addressed in the first stage.

(1) First Stage. The CIAP Application shall address all required physical and management improvements at the project. Before funding approval, the PHA

shall prepare Form HUD-52825 to address only the work items to be completed during this stage (see paragraph 3-24). This type of modernization is known as COMP/MS/1/2 (comprehensive/multistage/first of two stages) through COMP/MS/1/5 (comprehensive/multi-stage/first of five stages). When approving the first stage, the Regional or Field Office shall indicate the approximate balance of funds required to complete the comprehensive modernization, but also indicate that future funding will be subject to the availability of future funds, satisfactory progress by the PHA in obligating and expending first stage funds, PHA submission of any required additional documents, and PHA compliance with HUD regulatory and statutory requirements (see paragraph 3-25a(8)). Where the Comprehensive Grant Program is implemented before staged comprehensive modernization is completely funded, the PHA will be responsible for completing the comprehensive modernization.

- (2) Subsequent Stages. Where the PHA is requesting funding for a subsequent stage of a multi-stage comprehensive modernization, the Regional or Field Office shall determine whether the PHA has made satisfactory progress in obligating and expending prior stage funds, has submitted any required additional documents, and has complied with HUD regulatory and statutory requirements. If the PHA has not satisfied these conditions, the Regional or Field Office shall not approve the subsequent stage of funding at this time. The PHA submission for any subsequent stage should not duplicate items previously submitted. This type of modernization is known as COMP/MS/2/2 (comprehensive/multi-stage/second of two stages) through COMP/MS/5/5 (comprehensive/multistage/fifth of five stages).
- (3) Implementation. After the application for each *

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* stage is approved, the PHA and the Field Office shall agree on an implementation period that is appropriate for that funding stage, not to exceed five years for any stage from the date on which that stage is first funded. See paragraph 7-2 regarding the Project Implementation Schedule. *

- c. Advance Funding of Planning Costs. Where a financially distressed PHA requests advance funding of planning costs, as defined in paragraph 2-6, for comprehensive modernization, the Regional or Field Office may approve such costs as a separate Modernization Project. Such

approval may occur in a different FFY from when the comprehensive modernization is approved. When the comprehensive modernization will be approved in the same FFY, the Regional or Field Office shall expedite approval of the planning costs early in the processing cycle. The CIAP Application shall be limited to Form HUD-52825 covering only the planning costs to be funded and the Board Resolution. When approving planning costs as a separate Modernization Project, the Regional or Field Office shall indicate the estimated total funding that will be required for the project and its intent to approve that amount, subject to the availability of future funds, satisfactory completion of the planning, PHA submission of the CIAP Application as set forth in paragraph 3-6, and PHA compliance with HUD regulatory and statutory requirements.

- d. Treatment of Scattered Site Projects. Since a scattered site project is composed of dwelling units which are unrelated geographically, structurally or socially and which are grouped together solely for accounting purposes, the Regional or Field Office may consider comprehensive modernization for selected units within a scattered site project, provided that all physical and management improvement needs for those units are addressed.
- e. Treatment of Contiguous Projects. Two or more separate, but contiguous, projects may be funded together for comprehensive modernization.

3-20. ADDITIONAL FUNDS FOR PREVIOUSLY APPROVED COMPREHENSIVE MODERNIZATION. Under the following circumstances, the Regional or Field Office may approve additional funds for projects previously approved for comprehensive modernization. However, this flexibility may not be used to circumvent the statutory requirements for the PHA to

undertake a thorough assessment of its physical and management improvement needs and for the AHMB to review those assessments and fund modernization in a comprehensive manner.

- a. Comprehensive Modernization in Progress. For single stage or multi-stage comprehensive modernization in progress, the Regional or Field Office may approve additional funds under a single stage amendment or an additional stage, respectively, to ensure that the project will meet the mandatory standards or have long-term viability. This includes funding for new work items which were inadvertently omitted or unknown due to hidden conditions or for previously approved work items which were inadequately funded, provided that:

- (1) the work items are necessary to meet the mandatory standards or for long-term viability;
- (2) funding is not available from PHA operating funds or reserves or other sources; and
- (3) there is documentation, subject to post-review by the Regional Office or Headquarters, in the Field Office files as to the reason for approval and that the above conditions have been met.

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- b. Comprehensive Modernization Completed. Where comprehensive modernization has been completed (all funds expended), the Regional or Field Office may approve additional modernization necessary to meet new physical needs which would have been eligible for funding had the needs existed at the time the comprehensive modernization was originally funded and to comply with HUD regulatory and statutory requirements; this type of modernization is known as COMP/COMPLETED (comprehensive completed) and will be used sparingly.

3-21. LIMITATIONS ON SPECIAL PURPOSE MODERNIZATION. For each of the three types of special purpose modernization relating to major equipment systems or structural elements, security, and reduction of vacant, substandard units, the PHA may obtain special purpose modernization funding only once for a project that has not been comprehensively modernized. Subsequent funding for the same project for any additional physical improvements of these types may be provided only as part of a program which addresses all of the physical and management improvement needs of the project under a comprehensive modernization program. This *

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* limitation does not apply to a project which has been comprehensively modernized.

3-22. ENVIRONMENTAL REVIEW. After Joint Review, the HMS or the General Engineer shall conduct the appropriate environmental review required under HUD regulations (24 CFR Part 50, Procedures for Protection and Enhancement of Environmental Quality), implementing the National Environmental Policy Act (NEPA) of 1969 (see paragraph 6-3). For a project being funded for the first stage of a multi-stage comprehensive modernization, the Field Office Representative shall conduct the appropriate review on the total physical needs (all stages). For a project being funded for a subsequent stage of comprehensive modernization or a single stage amendment, include a copy of the original review in the file and indicate no update is required. These review requirements * are summarized below:

- a. An environmental assessment is required for all

modernization programs involving up to 2,500 units except where all of the following criteria are satisfied:

- * (1) Does not increase the number of dwelling units in the affected buildings by more than 20 percent. *
Increases will occur where larger size units are converted into smaller size units;
 - (2) Does not change land uses from residential to nonresidential or vice versa. The conversion of dwelling units to community, management or maintenance space or new construction of such space does not change the basic residential nature of the land use;
 - (3) Does not cost 75 percent or more of the replacement cost of the project after modernization; and
 - (4) Does not involve the demolition of a building, or parts of a building, containing dwelling units.
- b. Where an environmental assessment is required, the HMS or the General Engineer shall complete Form HUD-4128, Environmental Assessment for Subdivision and Multifamily Projects (known as the long form), which must be signed by the Director, Housing Management Division, before fund reservation. Where more than 200 units are involved, the Field Office Environmental Clearance Officer (ECO) also must sign the Form

HUD-4128. Where 200 or fewer units are involved, a copy is sent to the ECO for informational purposes.

- c. Where an environmental assessment is not required under subparagraph a, the HMS or the General Engineer shall complete Form HUD-4128.1, Compliance and LAC Conditions Report (known as the short form), which must be signed by the Chief, AHMB. The HMS shall mark "N/A" those parts that are not applicable to an existing project.
- d. An Environmental Impact Statement (EIS) must be prepared for modernization programs where called for as a result of the environmental assessment. An EIS also must be prepared for modernization programs involving 2,500 or more units, unless: (1) an environmental assessment would not be required under subparagraph a; or (2) it is determined, as a result of an environmental assessment or in preparing a draft EIS, that the program will not have a significant impact on the human environment; in that case, the HMS or the General Engineer shall contact the Field Office ECO for procedures.

* 3-23. FUNDING DECISIONS.

- a. Field Office Rerating and Reranking. After Joint Review, the AHMB shall review, rerate and rerank each eligible project for each type of modernization within Groups 2 and 3 on the technical review factors in paragraph 3-10. At this time, the Field Office may change the modernization type or processing group for a project. As a result of Joint Review, the AHMB may determine that the project does not meet the basic eligibility requirements in paragraph 3-7 or, for other reasons, determine that the project should not be recommended for funding.
- b. Field Office Decisions. For non-Troubled PHAs, after reranking the projects, the AHMB shall forward its funding recommendations, as well as any State comments under paragraph 3-13c, to the Field Office Manager, who will make the funding decisions. The AHMB shall limit its funding recommendations for special purpose modernization to the percentage limit, if any, prescribed by Headquarters (see paragraph 3-11a). The same project may be recommended for both emergency and special purpose modernization. Where a project is recommended for comprehensive modernization, it cannot be recommended for any other type of modernization *

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* because emergency and special purpose work items are included in the comprehensive modernization. The AHMB shall identify any PHAs identified by the FHEO Division as meeting the criteria of paragraph 6-1b and, therefore, eligible only for emergency modernization. In the event that projects are ranked equally, the Field Office Manager in making the funding decisions shall give further priority to projects with large family units. In addition, the AHMB shall prepare brief comments as follows:

- (1) For each project in Group 1, justification of the emergency work items;
- (2) For each project in Groups 2A, 2C and 3, justification of each project's inclusion in the group;
- (3) For each project in Group 2B, explanation of the implementation status of previously approved stages or need for additional funding if comprehensive modernization is completed, and recommendation regarding current FFY funding; and
- (4) Results of Step 3 of the viability review for any project and conclusions regarding project

viability.

- c. Regional Office Decisions. For Troubled PHAs, the Regional Office shall familiarize itself with the proposed modernization to the maximum extent possible. After considering Field Office comments and recommendations, the Regional Administrator shall make the funding decisions.
- (1) Viability Review. The Regional Office shall review all results of Step 3 of the viability review for a Troubled PHA project and the Field Office's conclusions regarding project viability. If the Regional Office wishes to change the viability determination of any project as made by the Field Office (e.g., from viable to nonviable or vice versa), the Regional Office shall document its reasons.
- (2) Additional Funding. If, due to lack of progress under the Memorandum of Agreement or other reasons, the Regional Administrator is unable to use all of the funds in the Regional Office's allocation for Troubled PHAs, the Regional Office*

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shall:

- (a) subassign the remaining funds, where they are sufficient, to the Field Offices on a fair share basis for funding decisions by the Field Office Manager under subparagraph b; or
- (b) retain the remaining funds, where they are insufficient to fair share, and request the Field Offices to forward a list of unfunded, but still recommended projects, ranked within processing group. In ranking the unfunded projects, the Field Office shall give double weight to three technical review factors: PHA's modernization capability; PHA's management capability; and adequacy of PHA's maintenance systems, including preventive and routine maintenance. The Regional Office shall merge all Field Office rankings into a consolidated Regional list and select for funding the top-ranked projects within processing group.
- (3) Notification to Field Offices. The Regional Office shall notify in writing the Field Offices of its funding decisions and viability determinations for the Troubled PHAs and any other funding decisions under subparagraph c(2)(b). The

Regional Office shall subassign these funds to the Field Offices to complete the fund reservation process.

- d. Non-Viable Projects. The Regional or Field Office shall not rank or approve for further processing any project which it determines to have any negative factors from Step 3 of the viability review. Such projects are considered to be nonviable and, therefore, ineligible for modernization funding. See paragraph 3-25b(4) regarding required consultation with Headquarters where the Regional or Field Office wishes to fund nonviable projects.
- e. Notification to CPD. After the Regional and Field Office funding decisions, the AHMB shall notify the CPD Division of any PHAs with programs being approved which involve relocation and acquisition under paragraph 6-7.

3-24. SUBMISSION OF BUDGET. After the Regional and Field Office *

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* funding decisions, the Field Office shall request the funded PHA to submit the following:

- a. Form HUD-52825, Comprehensive Assessment/Program Budget (Parts I and II), which sets forth the physical and management work items identified by the needs assessments and mutually agreed to by the PHA and the Field Office at Joint Review for each project proposed for funding in the current FFY. Complete instructions for preparing Form HUD-52825 are contained in Appendix 9, along with a completed sample of the form which may be used as a guide in preparation.
- b. For each project proposed for comprehensive modernization in the current FFY, Form HUD-52823, Project Financial Forecast. Complete instructions for preparing Form HUD-52823 are contained in Appendix 10.

* 3-25. FIELD OFFICE APPROVAL/DISAPPROVAL LETTER. After Field Office approval of the budget, the HMS shall prepare, in consultation with other AHMB staff, a letter to each PHA for the signature of the Field Office Manager or Regional Administrator in co-located offices. The letter shall indicate that PHA is being funded or inform the PHA of the reasons why it is not being funded.

- a. Where the PHA is being funded, the letter shall include the following:
 - (1) Identify each project being funding under the Modernization Project in the current FFY by type of modernization and amount;

- (2) Explain any revisions to Form HUD-52825, including any change in the approved method of accomplishment (contract or force account labor);
- (3) Provide other advice and guidance, such as understandings reached at the Joint Review on the organization and staffing of the modernization program and the Project Implementation Schedule;
- (4) Indicate that the PHA should proceed with procurement of A/E services for work which is being funded in the current FFY; *
- (5) Specify actions, if-any, that must be taken within a specified time to correct any

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outstanding monitoring findings or management concerns.

- * (6) State the extent to which the PHA is being allowed to certify under paragraph 7-1;
- (7) Where the Field Office is approving advance planning costs for financially distressed PHAs as a separate Modernization Project, see paragraph 3-19c; and
- (8) Where the Field Office is approving the first stage of a multi-stage comprehensive modernization, state the following: *

Our review has indicated that the total CIAP funds required for all currently needed physical and management Improvements at project _____ is \$_____. Of this amount, we are approving \$_____ for the first stage of the multi-stage comprehensive modernization. While we cannot presently make any legal commitment of funds for subsequent FFYs, we will make a good faith effort to provide the CIAP funding required for the next stage in a subsequent year. This good faith effort is dependent upon the availability of future funds, your satisfactory progress in obligating and expending first stage funds, your submission of additional documents as may be required in paragraph 3-6, and your compliance with HUD regulatory and statutory requirements. Your agency must not incur any liabilities in reliance on our approval of future funding.

- b. Where the PHA is not being funded, the letter shall include the following:

- (1) An explanation of the reason for the decision.
- (2) For a project determined to be nonviable, suggestions for alternatives for the future of the project. With regard to the submission of a revised proposal in the next FFY, these may include, but are not limited to:
 - (a) Emergency modernization only;
 - (b) Changes in basic design, unit distribution, or household type (elderly/nonelderly);

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- (c) Partial demolition under 24 CFR Part 970; or
 - (d) Disposition of the entire project under 24 CFR Part 970.
- (3) For a project determined to be nonviable, inform the PHA that it may request reconsideration of the proposal if:
 - (a) Relocation is infeasible because of the lack of other decent, safe, sanitary and affordable housing, including other public housing units or units in the private market affordable with Section 8 or voucher assistance; and
 - (b) No other financially feasible program of modernization available as an alternative would overcome or deal more successfully with the problem identified in the viability review.
 - (4) If a PHA does request reconsideration on the grounds set forth in subparagraph b(3) and the
* Regional or Field Office wishes to approve, the Regional Office shall request Headquarters approval to fund, with appropriate justification. If approved by Headquarters, the Regional or Field Office shall reconsider the project for funding in the current or subsequent FFY.

3-26. FAST-TRACKING EMERGENCIES. The PHA may apply for CIAP funding for emergencies at any time during the FFY. When funds are available, the Regional or Field Office may fast-track the Application to fund reservation, without holding the Application for processing in accordance with the regular processing schedule. *

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