

Capital Fund Program Awards for FY 2014

The Capital Fund Program Final Rule which decoupled the Capital Fund Annual Submission from the PHA Plan submission was published on October 24, 2013 and became effective on November 25, 2013. A Capital Fund Program Guidebook which reflects the new provisions in the Capital Fund Rule is currently under development. This provides you with interim guidance on the Capital Fund Awards process until the Capital Fund Program Guidebook is developed.

The Department will send each PHA an email (based on the addresses in the PIC system) with a link to the Capital Fund website when the Annual Contributions Contract (ACC) Amendments are available on the website. PHAs are responsible for maintaining the correct contact information for the PHA including the correct email address in PIC.

Pre submission Details for All Public Housing Agencies.

- 1. Board Resolution Required on File.** PHAs are required to have a copy of a Board Resolution on file approving the PHA's Five-Year Action Plan. Because the Capital Fund submission process is now de-coupled from the PHA plan process there will be PHAs that have not held board meetings or public consultation on the 5-year action plan for the current fiscal year at the time the Capital Fund grants are awarded. These PHAs are permitted to use the public hearing and board resolution from the most recent agency plan.
- 2. PHAs Rejecting a Capital Fund Grant.** If a PHA elects to reject any Capital Fund Program grant(s), the executive director must send a written statement to the local HUD Field Office which identifies the grant number and dollar amount of the grant(s) to be rejected. If a PHA does not send a written statement to the local HUD Field Office, the grant will be held in reservation for 90 days after the due date, after which the grant will no longer be available to the PHA.

PHAs are required to have on file at the housing authority a resolution from the Board of Commissioners rejecting the Capital Fund grant(s) for the fiscal year.

- 3. Management Improvements Cost Limits and Eligible Items.** In FY 2014, the cost limit for funds budgeted to BLI1408 Management Improvements will be reduced from 20% to 18%. Please review the eligible Management Improvements in 905.200(b)(7) of the Capital Fund Regulation, to ensure that your PHA's planned activities are eligible for this BLI.
- 4. Updated DUNS Number.** The DUNS registration in SAM is a requirement to receive Federal awards and the registration must be active. If you have an expired DUNS number, your FY 2014 Capital Fund grant will be awarded and suspended until the registration is updated. Once the DUNS registration is updated, the Field Office will release the suspension, and the funds will be available for use. Please note that the obligation end date of the FY 2014 grant will remain the same, so PHAs with expired DUNS numbers will have less than 2 years to obligate the funds.

PUBLIC HOUSING AUTHORITY SUBMISSION REQUIREMENTS

ACC Amendments

- 3 Signed and Dated Original ACC Amendments for Capital Fund Formula Grant
- (RHF PHAs only) 3 Signed and Dated Original ACC Amendments for 1st Increment RHF Grant
- (RHF PHAs only) 3 Signed and Dated Original ACC Amendments for 2nd Increment RHF Grant

Annual Budget and Capital Fund 5-Year Action Plan:

- HUD form 50075.1 (Parts 1 & II) Annual Statement – PHA must sign & date page 2 of Part 1
- HUD form 50075.2 Capital Fund 5 Year Action Plan (fixed or rolling)
- Statement of Significant Amendment

Certifications:

- Lobbying Form - SFLLL
- Certification of Compliance w/Public Hearing: (PHA must have a copy of one of the following.)

Non-Qualified PHAs - HUD form 50077 for non-qualified PHAs includes this certification

Y / N Was the public hearing conducted in FY 2014?

Qualified PHAs - A statement certifying that the PHA conducted a public hearing in compliance with 24 CFR Part 905, signed and dated by the executive director.

Y / N Was the public hearing conducted in FY 2014?

- HUD form 50071, Certification of Payments to Influence Federal Transactions
- Civil Rights Certification: (PHA must have a copy of one of the following.)
 - Non-Qualified PHAs** - HUD form HUD-50077
 - Qualified PHAs** - HUD form HUD-50077-CR

Written Statement Defining Significant Amendment/Modification (ALL PHAs): The criteria the PHA will use for determining a significant amendment or modification to the CFP 5- Year Action Plan. In addition to the criteria established by the PHA, for the purposes of the Capital Fund Program, a proposed demolition, disposition, homeownership, Capital Fund Financing, development, or mixed finance proposal are considered by HUD to be significant amendments to the CFP 5 year Action Plan based on the Capital Fund Final Rule. This should be submitted as a separate written statement.

Public Hearing Requirement (All PHAs including Qualified PHAs): PHAs are encouraged to combine the Capital Fund submission hearing with the PHA Plan hearing. If the PHA has not yet submitted its PHA plan for FY 2014 and has not held a public hearing, it may use its most recent public hearing from the

PHA plan or Capital Fund 5 Year action plan process. However, a PHA must conduct a public hearing to cover the new work items proposed for the 2014 grant(s) (typically incorporated in PHA Plan Process). The PHA can continue to perform work items in the previous year's 5 year action plan.

Civil Rights Certification: If the PHA has submitted a copy of the 50077 or 50077-CR with its PHA Plan for FY 2014, a copy of the document can be submitted.

Submission of the Capital Fund Requirements.

ACC Amendment Due Date:

- The ACC Amendments and the Annual Statement, Five Year Action Plan, must be received in the HUD Field Office by the date identified in the year specific Capital Fund Time Line which is posted to the web.
- Any ACC Amendment(s) that are received in the Field Office after the due date will have the same obligation start date.
- Consequently, PHAs that do not submit their ACC Amendment(s) by the due date will be given a second deadline to submit the signed ACC Amendment to the Field Office. If the PHA fails to meet the second deadline the funds will not be available to the PHA and HUD may dereserve these funds.

ADDITIONAL INFORMATION REGARDING THE NEW CAPITAL FUND FINAL RULE AND SPECIAL CIRCUMSTANCES DUE TO SEQUESTRATION

Resident Consultation:

The PHA is required to hold a public hearing, consult with the resident advisory board (RAB), and submit any comments received from these hearings and the consultations.

- There must be a 45 day notification given prior to the hearing.
- The Capital Fund Submission must be made available to residents and the Resident Advisory Board prior to the hearing.

PHA Plan Submission: In order to comply with the requirements of 24 CFR 903.7(g), PHAs are required to include a statement of capital improvements needed in the PHA Annual Plan. In the past, a PHA satisfied this requirement by including copies of its Capital Fund Annual Statement/Performance and Evaluation Report (HUD 50075.1) and the Capital Fund Program 5 year- Action Plan (HUD 50075.2) forms with the Annual PHA Plan. In 2013, HUD published the Capital Fund Final rule which decoupled the Capital Fund submission from the PHA Plan. However, PHAs are still required to incorporate some information on the capital improvement needs in the Annual PHA Plan.

In order to comply with this requirement, the PHA must reference in its PHA Annual Plan the most recent HUD approved Capital Fund 5 Year Action Plan. PHAs can reference the form by including the following language in Section 8.0 of the PHA Plan Template: "See HUD Form 50075.2 approved by HUD on XX/XX/XXXX." It is anticipated that the FO will have a copy of the most recent HUD approved Capital Fund 5 Year Action Plan submitted with the PHA Annual Plan on file.

For the purpose of the PHA Plan annual hearing, PHAs must provide a copy of the HUD form 50075.2 that they reference in the Annual Plan. During the PHA Plan review, HUD field office staff will not be required to review the previously approved Capital Fund 5 Year Action Plan. HUD will consider the requirement to include a statement of capital improvements needed as satisfied by the reference to the previously approved Capital Fund 5 Year Action Plan.

Performance and Evaluation Report: For FY 2014 only, in accordance with the Department's sequestration guidance, PHAs are not required to complete a Performance and Evaluation Report until grant close out.

For clarification, the Performance and Evaluation Report requirement stated in the Capital Fund Final Rule will apply to all future Capital Fund grants. PHAs that are troubled and/or not in compliance with section 9(j) of the Act and 24 CFR 905.306 of the regulation are required to prepare and submit the Performance and Evaluation Report for all open grants to the HUD Field Office at the time the ACC Amendment is submitted to the Field Office. PHAs that are in compliance with section 9(j) of the Act and 24 CFR 905.306 of the regulations are required to prepare a Performance and Evaluation Report for all open grants and keep it on file at the PHA. The P&E report may be requested by HUD at any time.

Physical Needs Assessment: In accordance with the Department's sequestration guidance, in FY 2014 large PHAs are not required to submit a PNA in order to receive Capital Fund Grants.

In order to receive future Capital Fund grants, PHAs will be required to comply with the PNA requirements found in the Capital Fund Final Rule. Large PHAs (250 units and larger) that have always had a PNA requirement must continue to perform a PNA in order to receive Capital Funds. Small PHAs (fewer than 250 units) will not be required to perform a PNA until the issuance of a Notice implementing the requirement.

Demolition and Disposition Transitional Funding

905.400(j) of the Capital Fund Regulation establishes the Demolition and Disposition Transitional Funding which provides an additional 5 years of funding for units removed from a PHA's inventory due to demolition or disposition on or after October 1, 2013. DDTF will replace RHF funding beginning in FY 2014. DDTF will be calculated in the same manner that RHF is calculated; however, it will be included in the annual Capital Fund grant and not given as a separate grant.

If the PHA has received funding for units that will replace the lost units through another program, it is not eligible for DDTF. A PHA is eligible for DDTF funding if the PHA did not receive funding for public housing from HOPE VI or other programs that would otherwise provide replacement housing. Public housing units removed from the inventory for homeownership, eminent domain, or unit conversion reconfiguration are not eligible for DDTF grants. Eligible PHAs automatically receive the 5 years of DDTF upon removal from PIC of the units approved for demolition or disposition.

The PHA may use the funding for any eligible activities under the Capital Fund Program (905.200). The funding must be obligated and expended in accordance with the requirements of the Capital Fund formula grant in which the funding has been included.

RHF vs DDTF - Major Changes

Changes	RHF	DDTF
Accumulation	Yes	No, follows same obligation and expenditure requirements as the Capital Fund formula grants
Eligible Activities	Development of Replacement Units	Modernization or Development (including homeownership)
Funding Delivery	In a separate RHF grant each FY	Included in the PHA's annual Capital Fund Grant
Years of Funding	Up to 10	5

RHF Transition

- A. PHAs that are newly eligible for RHF in 2014, for units removed from inventory after October 1, 2013, will receive DDTF included in their annual Capital Fund grant for 5 years, instead of receiving RHF grants.
- B. PHAs that received years 1-4 of a first increment RHF grant in FY 2013 will receive RHF grants for the remaining years of the first increment grants
 - o **If eligible for a second increment of RHF funding at the end of the first increment, the PHA will receive 5 years of DDTF funding to replace the 5 year second increment RHF grant.**
- C. PHAs that received years 6-9 of a Second Increment RHF Grant in FY 2013 will receive the remaining years of the Second Increment Grants

The table below should help you understand how the transition affects your specific PHA.

		RHF to DDTF Transition by FY								
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
In FY 2014 what year of funding (out of 10 years) is the PHA receiving?	Year 1	Year 1 of DDTF	Year 2 of DDTF	Year 3 of DDTF	Year 4 of DDTF	Year 5 of DDTF				
	Year 2	Year 2 of 1st Incr RHF	Year 3 of 1st Incr RHF	Year 4 of 1st Incr RHF	Year 5 of 1st Incr RHF	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace Year 5 of 2nd Incr RHF)
	Year 3	Year 3 of 1st Incr RHF	Year 4 of 1st Incr RHF	Year 5 of 1st Incr RHF	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace Year 5 of 2nd Incr RHF)	
	Year 4	Year 4 of 1st Incr RHF	Year 5 of 1st Incr RHF	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace Year 5 of 2nd Incr RHF)		
	Year 5	Year 5 of 1st Incr RHF	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace Year 5 of 2nd Incr RHF)			
	Year 6	DDTF (to replace Year 1 of 2nd Incr RHF)	DDTF (to replace Year 2 of 2nd Incr RHF)	DDTF (to replace Year 3 of 2nd Incr RHF)	DDTF (to replace Year 4 of 2nd Incr RHF)	DDTF (to replace Year 5 of 2nd Incr RHF)				
	Year 7	Year 2 of 2nd Incr RHF	Year 3 of 2nd Incr RHF	Year 4 of 2nd Incr RHF	Year 5 of 2nd Incr RHF					
	Year 8	Year 3 of 2nd Incr RHF	Year 4 of 2nd Incr RHF	Year 5 of 2nd Incr RHF						
	Year 9	Year 4 of 2nd Incr RHF	Year 5 of 2nd Incr RHF							
	Year 10	Year 5 of 2nd Incr RHF								

Additional Information. If you have any questions or you need additional information, please contact the Field Office staff in your jurisdiction. For assistance from PIH Headquarters, Office of Capital Improvements, you may email your questions to PIHOCI@HUD.gov.