

U. S. Department of Housing and Urban Development

Office of Public and Indian Housing

Special Attention of:

NOTICE: PIH 99-38 (HA)

Directors, Offices of Public
Housing; Secretary's Representatives;
State/Area Coordinators; Directors,
Troubled Agency Recovery Centers (TARCs);
Director, Office of Troubled Agency Recovery;
Public Housing Agencies

Issued: August 20, 1999

Expires: August 31, 2000

Cross References

SUBJECT: Comprehensive Improvement Assistance Program (CIAP): Federal Fiscal Year (FFY) 1999 Application Submission, Processing and Fund Reservation

PURPOSE. This Notice is to outline the policies and procedures regarding application preparation and submission by Public Housing Agencies (herein referred to as PHAs) and application processing and fund reservation/obligation by HUD for PHAs with fewer than 250 units. Federal Fiscal Year (FFY) 1999 is a transition year for these smaller PHAs from a competitive Comprehensive Improvement Assistance Program (CIAP) to a formula grant under the new Capital Fund as authorized by the Quality Housing and Work Responsibility Act (QHWRA) of 1998.

SECTION 1. FUNDING AND FUNDS DISTRIBUTION

- 1-1.** For Fiscal Year 1999, there is approximately \$366 million available for CIAP PHAs. Approximately \$6.1 million will be set aside for the East Texas housing authorities (those with less than 250 public housing units) involved in the Young vs. Cuomo civil rights case, to meet the requirements of the settlement agreement, which is subject to judicial oversight.
- 1-2.** Every eligible PHA (owning or operating less than 250 units) that responds to the notice will receive a distribution based on two equally-weighted factors: (1) A PHA's share of the total number of units eligible for CIAP; and (2) a PHA's share of the total number of bedrooms in units eligible for CIAP (with studio units counted as one-bedroom units).
- 1-3.** Since CIAP funds will not be competitively distributed, the vacancy preference cannot be implemented by providing extra points. An additional increment of funding will be provided to those PHAs that have modernization capability and demonstrate that at least 25% of their units are vacant, substandard units (where vacancies are not due to insufficient demand).
- 1-4.** Emergency modernization will continue to be funded in accordance with the existing

procedures in 24 CFR 968.104. Those PHAs in need of emergency funding should apply their formula funds and any unobligated CIAP funds to the emergency first and then apply to the OPH for any additional funds necessary to address the emergency.

- 1-5. Form HUD-185 stipulating fund assignments will be sent to the OPH Directors. The OPH must forward a copy of the HUD-185, with any attachments that accompanied it, and the Project Accounting Data forms (PADs) to the Fort Worth Accounting Office (FWAC) with all fund reservations.
- 1-6. Initial formula amounts for each eligible PHA will be based upon the latest information HUD has in its data system. Each eligible PHA will receive notification of its formula amount by letter from HUD. PHAs may qualify for additional funding based on a vacancy preference, i.e., 25 % or more of the total unit inventory is vacant and substandard. Amounts will be computed and distributed based upon the numbers and sizes of the units receiving the preference. Offices of Public Housing (OPHs) will be advised of these amounts by Lotus Notes. OPH includes Public Housing Program Centers and HUBs.
- 1-7. Effective immediately PHAs are permitted to use capital funds for any eligible capital or operating expense if: (1) the PHA is not designated as troubled; and (2) the PHA operates its public housing in a clean, safe, and healthy condition as determined by HUD (64 FR 8201, February 18, 1999). However, because in prior years CIAP funds were obtained competitively based on representations of need, HUD expects PHA's use of prior CIAP funds for operating purposes to be judicious; for example to address emergency needs. Priority for the flexible use of capital funds should be given to emergency or statutory needs and to address outstanding civil rights or other review findings.
- 1-8. The \$6.1 million dollar set-aside for the East Texas housing authorities, with less than 250 public housing, involved in the Young vs. Cuomo civil rights case will be divided based on previously unfunded court ordered requirements.

SECTION 2. PHA APPLICATION SUBMISSION AND HUD PROCESSING

- 2-1. **PHA PREPARATION OF CIAP APPLICATION.** The CIAP application is comprised of the following documents:
 - A. **Form HUD-52825, CIAP Budget/Progress Report,** in an original and one copy. (Attachment 1) Parts I, II, and III.
 - B. **Form HUD-50071, Certification for Contracts, Grants, Loans and Cooperative Agreements,** where applicable, in an original only. (Attachment 2)
 - C. **Standard Form (SF)-LLL, Disclosure of Lobbying Activities,** where applicable, in an original only. (Attachment 3)
 - D. **Form HUD-2880, Applicant/Recipient Update/Disclosure Report** in an original only. (Attachment 4)
 - E. **Form HUD-50070, Certificate for a Drug-Free Workplace,** in an original only.

(Attachment 5)

- F. Form HUD-52820, PHA Board Resolution Approving CIAP Budget**, in an original only. (Attachment 6) PHAs which are unable to hold Board meetings in time to submit a Board Resolution with their application by the submission deadline date must submit all other parts of the application by the deadline. The Board Resolution may be submitted afterward, so long as it is received in the OPH, no later than September 30, 1999.
- G. Form HUD-52820-C, PHA Approval of CIAP Applicant Certifications**, in an original only. (Attachment 7)
- 2-2. PHA SUBMISSION OF CIAP APPLICATION.** Applications for the formula amount must be received by the Office of Public Housing (OPH) (HUB or Program Center) with jurisdiction on or before close of business (COB) August 26, 1999. If the PHA submits its application for funding after COB August 26, 1999, the OPH has the discretion to reject the application where there is insufficient time for HUD processing. The PHA may obtain blank copies of any form from the OPH or via the web at www.hud.gov or www.hudclips.org (for HUD forms) and at <http://www.GSA.gov/forms> (for government-wide standard and optional forms).
- 2-3. HUD COMPLETENESS REVIEW/PHA CORRECTIONS TO DEFICIENT APPLICATIONS.** Upon receipt of the CIAP Application, the OPH shall promptly review it for deficiencies and advise the PHA of needed corrections and the date by which a response must be received.
- 2-4. FAIR HOUSING AND EQUAL OPPORTUNITY (FHEO) REVIEW AND COORDINATION.** The FHEO staff in the local HUD office must provide the Public Housing staff a list of all PHAs that are potentially ineligible to apply for funding under this program because of failure to pass the civil rights threshold requirements. Public Housing staff will compare this list with the list of applicants applying for funding. All applicants appearing on the Civil Rights Threshold List must be referred to FHEO for a final determination of the applicant's status under the Civil Rights Threshold requirements. PHAs determined by FHEO to be ineligible will be restricted in the use of CIAP funds to expenditures necessary to cure the civil rights noncompliance and to remedy emergency situations unless the PHA is implementing a voluntary compliance or settlement agreement designed to correct the areas of noncompliance. Upon receipt of notification from FHEO that a PHA is ineligible under the Civil Rights Threshold requirements, the OPH shall contact Lisa Smyth of the Grants Management Center at (202) 358-0295, extension 106 for assistance on a case-by-case basis.
- 2-5. VACANCY PREFERENCE CLAIMS.** PHAs that believe they are entitled to the vacancy preference as outlined in paragraph 1-4 of this Notice may apply for additional funding by submitting a certification to the OPH along with their CIAP application. The certification, in the form of a letter, shall provide vacancy numbers and/or percentages, information regarding deficiencies that make the units substandard, and waiting list information sufficient to justify the request. The Executive Director and the Board Chair must sign the certification. The OPH shall review the request and make a recommendation regarding its disposition. The OPH must forward all vacancy preference

requests to Carol Gilliland, US Department of HUD, Director, Formula Division, Grants Management Center, 501 School St., SW, Washington, DC 20024, no later than September 13, 1999. The Grants Management Center (GMC) will review and approve vacancy preference requests taking into consideration OPH recommendations. HUD will sub-assign additional funds from a set-aside to those PHAs deemed eligible. The PHAs and OPH will be advised of the additional funding amounts so that the PHA budget may be amended to reflect total funding.

2-6. HUD ENVIRONMENTAL REVIEW. Refer to Notice PIH 99-12 (HA), dated February 12, 1999.

- A. No Environmental Review.** No environmental assessment or review is required for the following activities when they constitute the only work items in the modernization program: planning costs, such as developing plans and specifications or carrying out a feasibility study; management improvements; and where modernization funds will be used for PHA operations only.
- B. File Maintenance.** Since developments may be proposed for modernization work on an annual basis, the OPH should maintain a separate environmental review file for each PHA and update as necessary.

2-7. HUD TRANSMITTAL OF HUD NOTIFICATION.

- A. Preparation.** The OPH shall prepare the HUD Notification in the required format. To expedite Congressional Notifications and fund reservations, the OPH may prepare the required documents using the formula amounts in advance for PHAs from which the OPH does not anticipate receiving vacancy preference claims.
- B. Transmittal.** The OPH shall transmit, by facsimile machine, the HUD Notification to the Office of Congressional and Intergovernmental Relations (OCIR) at (202) 708-1350 and shall fax or mail a copy of the HUD Notification to Lisa Smyth of the Grants Management Center (GMC) at (202) 358-0244 or 501 School St., SW, Suite 800, Washington, DC 20024. The OPH shall arrange for copies of the HUD Notification to be sent to the OPH Public Affairs Officer, where requested.
- C. Announcement.** The OPH shall announce the grant award **only after** OCIR has provided a release date. Where the OPH has not been provided a release date within three working days, the OPH shall contact OCIR to determine the status.

SECTION 3. HUD FUND RESERVATION AND OBLIGATION

- 3-1. NUMBERING OF GRANT.** Each CIAP grant (or budget) is assigned a unique Modernization Project number, which is an 13-digit alpha numeric code in the following format: Positions 1-2, State code (alpha); Positions 3-4, OPH code (numeric); Position 5, P for Public Housing; Positions 6-8, HA number; Positions 9-11, sequential Grant Number, beginning with 901; Positions 12-13, FFY (numeric); e.g., VA36P03090599.
- 3-2. HUD PREPARATION OF DOCUMENTS.** When the CIAP Budget is approved, the

OPH shall prepare and transmit the following documents within 14 calendar days:

- A. **Letter to PHA**, approving the CIAP Budget, transmitting the CIAP Amendment to the Annual Contributions Contract (ACC), and providing information on implementation requirements and the amounts of the HUD-established thresholds in the following areas: (1) A/E and other professional services contracts; (2) construction solicitations; and (3) contract modifications. The letter also shall indicate the status of the environmental review.
- B. **Form HUD-53009 or HUD-53009A, CIAP Amendment**. Prepare one CIAP Amendment for each CIAP Budget being funded. See paragraph 2-3. Form HUD-53009 is used where the revised Consolidated ACC (Forms HUD-53012A and B, dated 7/95) has not been executed. Form HUD-53009A is used where the revised Consolidated ACC has been executed. A sample Form HUD-53009A is set forth in Appendix 9.

3-3. **CIAP AMENDMENT TO ACC.**

- A. **Form HUD-53009 or HUD-53009A, CIAP Amendment**, requires low-income use of the housing for not less than 20 years from the date of the Amendment (subject to sale of homeownership units in accordance with the terms of the ACC). The Amendment sets forth the amount of the CIAP funds approved for a particular CIAP Budget or Modernization Project.
- B. **The OPH, not HUD Counsel, shall prepare the CIAP Amendment** and obtain the CIAP Amendment Number from HUD Counsel. The OPH shall obtain HUD Counsel's concurrence on the CIAP Amendment before forwarding to the OPH Director for approval.

3-4. **HUD FUND RESERVATION.**

- A. **Assembly of Documents**. The OPH shall assemble and route the documents prepared in paragraph 2-2 to the OPH Director for approval.
 1. Original and two copies of the budget approval letter to the PHA;
 2. Original and three copies of the CIAP Amendment;
 3. Original and one copy of the CIAP Budget.
- B. **Reservation Procedures**. The Notification Date is the date the transaction is recorded in the Program Accounting System (PAS).
 1. **CFO**. The Chief Financial Officer's Office (CFO) will reserve the CIAP funds. It will not be necessary for OPH to prepare form HUD-52540, Project Accounting Data (PAD), for any FFY 1999 CIAP grants.
 2. **GMC**. The GMC will be responsible for coordinating with OPH to obtain the correct information, i.e., grant number, PHA name, etc. for each CIAP grant. An electronic file will be transmitted to the CFO with the necessary information to expedite fund reservation.

C. **Reservation Confirmation.** The OPH may confirm CFO fund reservation through the Line of Credit Control System (LOCCS) screen Q41 option 2.

3-5. **HUD DISTRIBUTION OF DOCUMENTS.**

A. **Grant Approval Documents.** Immediately following fund reservation by the CFO, the OPH shall arrange for the following distribution:

1. **To the PHA,** the original of the approval letter, one copy of the approved CIAP Budget, and the original and three copies of the CIAP Amendment. Where the PHA does not have access to the Line of Credit Control System/Voice Response System (LOCCS/VRS), the Departmental system for fund requisitions, the OPH also shall forward to the PHA the following forms necessary for access:
 - a. **Form HUD-27054, LOCCS/VRS Access Authorization,** for each new user. The PHA shall send this form to the OPH for review and forwarding to HUD Headquarters, Attention: LOCCS Security Officer, P.O. Box 23774, Washington, DC 20026-3774.
 - b. **SF-1199A, Direct Deposit Sign-Up Form,** where the PHA wishes to change its bank account or where the PHA is currently receiving no grant funds from HUD. Where applicable, the PHA shall send this form to the OPH for verification and forwarding to the Fort Worth Accounting Center (FWAC), Attention: ACH Team, P.O. Box 2905, Fort Worth, TX 76113-2905.
2. **To the OPH program files,** the original of all CIAP documents submitted by the HA, including the approved CIAP Budget, and one copy of the approval letter for records purposes.

B. **PHA Action on CIAP Amendment.** The PHA shall enter its tax identification number directly on the CIAP Amendment in order that the FWAC may link the CIAP grant with established banking information already in LOCCS. Where permitted by State and the PHA's own by-laws, the PHA Executive Director may sign and return the original and three copies of the CIAP Amendment without Board Resolution; where not permitted, the Board of Commissioners shall authorize, through Board Resolution, the Executive Director to sign the CIAP Amendment.

C. **CIAP Amendment.** Immediately upon receipt of the signed CIAP Amendment from the PHA, the OPH Director shall execute the CIAP Amendment and arrange for the following distribution:

1. **To the FWAC,** the executed original of the CIAP Amendment for purposes of entering the fund obligation into PAS.
2. **To HUD Counsel's files,** one copy of the executed CIAP Amendment for official Departmental records purposes.

3. **To the OPH program files**, one copy of the executed CIAP Amendment for records purposes.
4. **To the PHA**, one copy of the executed CIAP Amendment for records purposes.
- 3-6. **BUDGET LINE ITEMS (BLIs)**. After the fund obligation (executed CIAP Amendment) has been entered into PAS by the FWAC, the OPH shall enter the original BLI amounts for development accounts 1406 through 1498 into LOCCS. Once the BLIs have been spread by the OPH, the HA may draw down funds, as needed.
- 3-7. **DECLARATION OF TRUST**.
- A. **Promptly after grant approval, HUD Counsel shall** ensure that Form HUD-52190B, Declaration of Trust, covering all of the developments in the PHA's inventory, is in place or is current. As provided under the ACC, the Declaration of Trust protects the rights and interests of HUD throughout the 20-year period during which the PHA is obligated to operate its developments in accordance with the ACC, the Act, and HUD regulations and requirements.
- B. **If a Declaration of Trust is not in place or is not current**, HUD Counsel shall advise the PHA to execute and file for record the Declaration of Trust and to provide HUD Counsel with a copy as soon as it has been recorded. The Declaration of Trust is updated only where there has been a change, such as adding land through purchase, subtracting land through disposition, restricting the property through an easement, or, in rare cases, receiving a lien on the property through HUD approval of additional debt.
- 3-8. **SPECIAL REQUIREMENTS FOR TURNKEY III DEVELOPMENTS**. Refer to 24 CFR 968.102.
- 3-9. **SPECIAL REQUIREMENTS FOR SECTION 23 LEASED HOUSING BOND-FINANCED PROJECTS**. A Section 23 Leased Housing Bond-Financed Project (BFP) is eligible for modernization only if HUD Counsel determines that the BFP has met all of the conditions set forth in 24 CFR 968.101(b)(3).

/s/

Harold Lucas, Assistant Secretary
for Public and Indian Housing

Attachments

HUD-2880
 HUD-50070
 HUD-50071
 HUD-52820
 HUD-52820-C
 HUD-52825
 HUD-53009-A