

The Office of Capital Improvements (OCI) is sending this e-mail to notify you that it has announced the award of \$2.985 billion in Capital Fund formula grant funds pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA). OCI has set up a separate web page (linked to the main OCI web page) that will provide information and updates specific to funding under ARRA. The [Office of Capital Improvements Recovery](http://www.hud.gov/offices/pih/programs/ph/capfund/ocir.cfm) web page (<http://www.hud.gov/offices/pih/programs/ph/capfund/ocir.cfm>) contains links specifying grant amounts and providing ACC Amendments for each grant. The Department calculated the formula grants in accordance with the 2008 Capital Fund formula as outlined in the ARRA. (Note: the Department withheld \$15 million of the \$3 billion allocated for formula grant funding under ARRA to fund a .5% set-aside outlined in ARRA to pay for costs associated with implementing the Act.) This announcement does not include \$1 billion in Capital Funds that the Department is to allocate through a competition. The Department will notify PHAs about the competition through a separate announcement.

Schedule:

The ARRA legislation specifies that the Department is to obligate ARRA formula grant funding to PHAs within 30 days of enactment of the legislation. In order to comply with the Congressional deadline, **PHAs are to sign ACC Amendments for the awarded funds and forward them to their respective Field Offices no later than Monday, March 9, 2009.** Normally the Department would require PHAs to submit a resolution from their governing Boards at the time that they submit their signed ACC amendments; however, given the compressed timeframe required for obligating the ARRA funding, the Department is not requiring PHAs to obtain or submit Resolutions from their governing Boards authorizing receipt of the ARRA Formula grant funds with submission of the ACC Amendment. The Department will require the Board resolution later in the process as outlined below. The Department will obligate the funds by the Congressional 30 day deadline (March 19, 2009).

PHAs can expect to see their ARRA Formula grant funding in the LOCCS system by Monday, March 23, 2009. At that time, PHAs will be able to draw funds down subject to Field Office review. **PHAs are to submit a Capital Fund Annual Statement form 50075.1 describing the specific activities that they will undertake with the ARRA Formula grant funds no later than April 10, 2009.** In addition, PHAs will be required to submit a resolution from their governing Board with their Capital Fund Annual Statement for the ARRA grant funding; in other words the Department is shifting the requirement for a Board resolution from the point at which the PHA executes the ACC Amendment to the point at which it submits its Annual Statement. Once Field Offices have received Annual Statements and Board resolutions from PHAs, they will spread the budget line items in the LOCCS system so that PHAs will be able to draw funds as they normally do.

ARRA Specific Requirements:

ARRA Formula grants are Capital Fund grants; however, they are subject to a number of ARRA specific requirements. The Department modified the ACC Amendment for ARRA Formula grants to incorporate the ARRA specific requirements. The Department is developing a Notice that will address these requirements in detail. It expects to publish this Notice in March. The most notable ARRA specific requirements are as follows:

- 1) All PHAs that are PHAS troubled are to be subject to additional monitoring and oversight by HUD and its agents/contractors as deemed appropriate and necessary in order to ensure the proper use of ARRA Formula grant funds. Note that the Department will send a separate e-mail to all PHAs considered troubled for the purpose of informing them that they are subject to this extra requirement.

- 2) The ARRA imposes additional reporting requirements beyond the standard reporting requirements for Capital Fund grants. PHAs receiving ARRA Capital Fund grants will be subject to these additional reporting requirements.
- 3) PHAs cannot transfer ARRA Capital Fund grant amounts to operations or use them for rental assistance activities.
- 4) PHAs must obligate 100% of their ARRA Capital Fund grant amounts within one year of the effective date of their grant. At the one year date any unobligated funds will be recaptured.
- 5) PHAs must expend at least 60% of their ARRA Capital Fund grant amounts within two years of the effective date of their grant. At the two year date, if less than 60% is expended, any unexpended funds will be recaptured.
- 6) PHAs must expend 100% of their ARRA Capital Fund grant amounts within 3 years of the effective date of their grant. At the three year date any unexpended funds will be recaptured.

Please note that under the ARRA the Department has no flexibility whatsoever to extend or alter the 1-year obligation deadline or the 2- and 3-year expenditure deadlines.

- 7) PHAs shall give priority to capital projects that can award contracts based on bids within 120 from the effective date of their grant.
- 8) PHAs shall give priority consideration to the rehabilitation of vacant rental units.
- 9) PHAs shall prioritize capital projects that are already underway or included in the 5-year Capital Fund Plan.
- 10) PHAs must use the funds provided in ARRA Capital Fund Formula grants to supplement rather than supplant expenditures from other Federal, State, or local sources or funds independently generated by the PHA.
- 11) The Department will require PHAs to provide a physical needs assessment as a condition of receiving an ARRA Capital Fund grant. The Department will consult with public housing industry representatives as it develops the specific guidelines associated with the physical needs assessment requirement. The Department anticipates that it will use data collected from physical needs assessments generated by housing authorities as a key data source to measure the effect of ARRA funding on the reduction of capital needs.

The ARRA statute give the Department the ability to supersede requirements relating to the procurement of goods and services arising under state and local laws and regulations: the Department has elected to invoke that provision and therefore such state and local procurement laws and regulations shall not apply to the expenditure of ARRA Capital Fund Formula grant amounts. The Department will publish further guidance on how Federal procurement requirements shall apply to these funds in a separate Notice. Until the Department publishes further procurement guidance with respect to ARRA Capital Fund grants, the current Federal procurement requirements (generally found at 24 CFR Part 85.36) continue to apply even though state and local ones do not.

DUNS numbers:

In order to properly track grant funding provided under ARRA (including but not limited to ARRA Capital Fund grants), the Federal Government is requiring that all recipients of ARRA grant funding have a DUNS number. The OCI has obtained a list of DUNS numbers previously assigned to PHAs. The OCI is publishing a table on the Office of Capital Improvements Recovery page that will list those numbers for verification. Please submit any corrections to the DUNS number list to this e-mail address

(PIHOCI@HUD.GOV) prior to March 9, 2009 so that the Department can make the appropriate correction.

Given that the Department is implementing the ARRA provisions with unusual speed given the urgency of the situation, PHAs are advised to check the [Office of Capital Improvements Recovery](#) web page frequently (perhaps on a weekly basis) to obtain updated information. The OCI will endeavor to keep PHAs informed of significant developments by e-mail as well. PHAs that have questions about ARRA Capital Fund Formula grants should submit them via e-mail to the PIHOCI@HUD.GOV e-mail account. The Department is implementing ARRA funding rapidly, but at the same time it will take steps to maintain high standards of accountability. The Department looks forward to working with PHAs to provide the necessary assistance to help PHAs meet the challenging requirements of ARRA in order to reap the benefits that ARRA promises not just in terms of economic stimulus, but also to families residing in public housing.