

Dear OHHLHC Recovery Act Grantees,

As a follow-up to our recent Recovery Act New Grantee Orientation (NGO) in Orlando, FL, we want to address a few questions you raised. If we've missed anything, please let us know. We have posted the presentation and handouts on our website at www.hud.gov/offices/lead/arra.cfm.



HEALTHY HOMES
Healthy Families | Healthy Children

Pre-Award Costs:

Since you have incurred costs associated with pre-award requirements of the Recovery Act grant negotiation period, the following serves as guidance.

- Funds are available as of the effective date of the grant/cooperative agreement (Form HUD-1044; Block 5).
- Pre-award costs will only be reimbursed for those costs incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Costs incurred for preparing your grant application are unallowable. You must request and obtain specific authorization in writing by the Grant Officer or Government Technical Representative for approval of reimbursement of any costs incurred before the effective date. For example, if your travel to the NGO was before the effective date of our grant, you should write to your GTR to request authority for reimbursement of your allowable costs.

Award Date of the Grant:

Many of you asked about the award date of your grant. You questioned whether it was permissible to incur costs associated with the grant, such as hiring staff and contractors. The answer is "Yes." The limitation on the use of these staff and contractors is that they may not take actions that could affect the environment or restrict your grant's choices of future actions that could affect the environment; for this you need a release of funds from HUD after the environmental review, as described in material we have already distributed.

All grant awards are effective per the date on your grant agreement. The remaining administrative procedure the OHHLHC was not able to do prior to the NGO was to release the money for reimbursement. Now that OHHLHC has been given permission to obligate the funds, no further procedural actions need to be taken. You are urged to establish your Line of Credit Control System (LOCCS) accounts immediately and begin requesting reimbursement for allowable expenses incurred.

Start-up Activities

It is imperative that your program begin work as soon as possible to ensure that your grant can be successfully implemented based on the time-frame allotted. For example, you may conduct program outreach, training, housing recruitment, lead-based paint inspections, lead risk assessments, and other environmental evaluations on housing that is otherwise eligible for lead hazard control or healthy homes demonstration work under your grant before receiving Office of Healthy Homes and Lead Hazard Control (OHHLHC) approval of a Request for Release of Funds. (Please see our Policy Guidance 2008-03, www.hud.gov/offices/lead/library/lead/PGI-2008-03_Activities_Prior_ReleaseFunds.pdf.) We have posted guidance on our website to assist you in expediting these and other start-up activities, at: www.hud.gov/offices/lead/lbp/startup/.

Davis-Bacon Prevailing Wage Rate Requirements:

For grants not funded by the Recovery Act, OHHLHC grant funds are exempt from Davis-Bacon requirements, but if other funds used in conjunction with OHHLHC funds are subject to Davis-Bacon, in accordance with the other program's regulations, our funds are subject to Davis-Bacon as well. The Recovery Act applies Davis-Bacon broadly. To date, we have not heard about any waivers on Davis

Bacon requirements for our Recovery Act grants. Because Davis-Bacon is a requirement under the Recovery Act (and your grant Terms and Conditions), you should be sure that you have incorporated any required increases into your labor rates. You should also set up a system for monitoring compliance. OHHLHC recommends that you contact other agencies within your jurisdiction or state that already have a Davis-Bacon system, and coordinate with them on expanding their system to accommodate you, as this could offer cost and time savings. There is also more Davis-Bacon information on HUD's Office of Labor Relations website, www.hud.gov/offices/olr/.

Your Grant and the EPA's Renovation, Repair, and Painting (RRP) Rule

During the period of your grant, specifically, starting April 22, 2010, renovation, repair and painting in target housing will be fully covered by the EPA's RRP Rule. The main change for your grant will be that firms doing lead hazard control or healthy homes interventions in target housing that involve disturbing more than small amounts of paint will be covered by the RRP Rule, as well as by HUD's requirements for your grant. The main change will be that the firms doing this work will have to be EPA- or State-certified renovation firms, and at least one worker (the supervisor) will have to be an EPA- or State-certified renovator. A set of grantee questions about the RRP Rule attached, accompanied by answers to those questions. Information on the RRP Rule is at www.epa.gov/lead/pubs/renovation.htm.

Important Items to Remember:

Some of the Recovery Act provisions are different than our regular program. Some of those requirements are highlighted below. Please refer to the New Grantee Orientation website (www.hud.gov/offices/lead/arra.cfm) for more information.

- 55% of grant funds must be expended (i.e., reimbursed to you through LOCCS, not just invoiced by you into LOCCS) prior to the end of the 24th month of your grant. The countdown starts effective the award date on your HUD-1044. You should make sure you submit your invoice into LOCCS well in advance of the 24th month to allow enough time for the GTR to review your submission, and your possibly having to revise your invoice and submit the revision, as well as for LOCCS to issue the payment.
- 100% of grant funds must be expended (i.e., reimbursed to you through LOCCS) prior to the end of the 36th month of your grant. The countdown also starts effective the award date on your HUD-1044. You should make sure you submit your invoice into LOCCS well in advance of the end of the 36th month.
- There is no close-out period following the grant. Unlike traditional grants; any funds remaining at the end of the 36th month will automatically be recaptured and returned to the Treasury. The OHHLHC recommends that all grant activities other than closing out the grant (final reporting, final invoicing, etc.) be completed before your close-out period begins, 30 days prior to the end date on your grant award agreement. (While, formally, you may continue work on contracts obligated by the 35th month of your grant into the 36th month, it will be very difficult for you to know for sure that you will have such work completed, accepted, and invoiced, and your invoice reviewed, possibly revised and resubmitted, and paid, all by the end of the 36th month.)
Know the date of the end of your grant's 35th month!

Changes to Your Budget and Work Plan

Please let your GTR know if you need to revise your grant budget or work plan. If you need to move less than 10% within budget line items of the total award, your GTR can approve this based on your written request. If it is over 10%, this will require a formal grant modification.

If you have questions, please contact your Healthy Homes Representative or your GTR.

Sincerely,
OHHLHC