

Capital Fund At Risk/Receivership/Substandard/Troubled (FR-6500-N-8)

Frequently Asked Questions 6/16/2022 version 1

Repositioning:

1. Is an Asset Management Project (AMP) eligible for funding if one building or portion of the AMP has been approved for Section 18?

No, if any part of the AMP is in a Demolition/Disposition application and hadn't been removed from inventory as of the application deadline, then the entire AMP is ineligible. If the units approved in the Demolition/Disposition application have been removed from the ACC, then the remaining units in the AMP would be eligible for this funding.

2. What happens if a PHA has a pending Commitment to Enter into a Housing Assistance Payments Contract (CHAP) application or Section 18 application?

Please reference Section III.D.3 (Additional Program-Specific Threshold Eligibility Requirements), which states that, "HUD shall consider ineligibility to start when an application for demolition or disposition of that AMP is submitted to HUD's Special Application Center or when a CHAP is issued." Please note that this refers to the AMP that is named in the application, not any AMP in the PHA's portfolio.

3. If an AMP is submitted for a RAD CHAP or SAC application for redevelopment after being awarded a grant under this NOFO, will that AMP lose eligibility for this funding?

Please reference Section III.D.3 (Additional Program-Specific Threshold Eligibility Requirements), which states that, "if the application is submitted or CHAP is issued after funds are awarded under this NOFO, the AMP will no longer be eligible for this program and remaining funds will be recaptured."

4. Is an AMP eligible if a CHAP was approved and then subsequently withdrawn after the PHA decided to remain in Public Housing?

If the PHA has an active Demolition/Disposition application at the time of the application deadline, they will be ineligible. If the CHAP has been rescinded and the PHA's PIC removal application was returned to draft status, the PHA would need to return the units to inventory. Once units are returned to inventory, the AMP would be eligible.

5. Can the AMP receiving the grant be repositioned after receiving the grant and expending the funds? Would the funds need to be repaid?

Yes, AMPs receiving the grant can be repositioned once all funds are expended and funds will not need to be repaid.

6. If the whole public housing portfolio is approved for conversion to RAD (Project Based Vouchers), does this make us ineligible for the application?

Yes, if all AMPs in the PHA's portfolio are approved for RAD, there would be no eligible AMPs for the NOFO funding.

Eligibility:

- 7. The NOFO states that eligible applicants under this NOFO are troubled, substandard, receivership or high risk PHAs. How does HUD determine whether an applicant is trouble, substandard, receivership or high risk?**

Please reference Section I.A.4 (Program Definitions), which defines each eligible category. A troubled PHA is a PHA that is designated as troubled under the Public Housing Assessment System (PHAS) pursuant to section 6(j) of the 1937 Act for its most recently released assessment of record. A substandard PHA is a PHA that is designated as substandard under PHAS pursuant to 24 C.F.R. 902.11 for its most recently released assessment of record. A high risk PHA is a PHA that is neither troubled nor substandard under PHAS but has at least one AMP that scored less than 60 percent on its most recent Uniform Physical Condition Standards (UPCS) inspection. A receivership PHA is one which HUD has taken possession or is under HUD's control, or a PHA that is subject to an appointment of a receiver (which may be another PHA or a private management entity). HUD uses the most recent PHAS designation of record at May 9, 2022 to determine a PHA's PHAS status and the most recent released UPCS inspection scores at May 9, 2022 to determine a PHA's high-risk status.

- 8. Will a PHA's PHAS designation impact the scoring of an application?**

Funding is prioritized to those PHAs where capital improvements may have the most significant impact on the PHA's PHAS designation. Points will be awarded based on the status of the PHA's most recent PHAS designation of record. Under rating factor 1, PHAs with a troubled designation will receive 20 points, PHAs with a substandard designation will receive 10 points and all other eligible PHAs will receive 0 points.

- 9. Can an eligible PHA submit an application for an AMP that scores greater than or equal to 60 percent in PASS or MASS?**

As long as a PHA meets the eligibility requirements and an AMP is not ineligible due to a CHAP under RAD or a conversion to another federal housing assistance program, such as through a Section 18 disposition or Streamlined Voluntary Conversion, a PHA may submit an application for any AMP in its portfolio. Under Rating Factor 2 (Need of AMP), AMPs with PASS scores greater than or equal to 70 will receive 0 points, and AMPs with an occupancy rate of greater than or equal to 94 percent will receive 0 points.

Vacant Units:

- 10. How will HUD-approved vacancies impact the scoring under Rating Factor 2B (Occupancy Rate) and 2C (Long-Term Vacancies)?**

Under Rating Factor 2B, HUD will use a PHA's most recently approved audited FDS submission at the time of application deadline to calculate an AMP's occupancy rate. Per PIH Notice 2021-35, the unit status categories used to calculate FDS Line items 11190 Unit Months Available and 11210 Unit Months Leased. Specifically, item 11190 represents the number of months available

for all low rent units except those unit months vacant due to special use, modernization, litigation, disasters, casualty loss, changing market conditions, demolition / disposition and conversion. As such, any HUD-approved vacancies that are excluded under item 11190 will not be included in the denominator of the occupancy rate.

Under Rating Factor 2C, HUD will use the occupancy data in the IMS/PIC system as of the date the NOFO closes to determine the percentage of units that have been vacant for 180 or more days. HUD-approved vacancies will be included in the calculation of percentage of long-term vacancies.

Miscellaneous:

11. Would we receive any points for physical score of 70/100 under the NOFO?

Please reference Rating Factor 2A (Need of AMP: Physical Condition) under Section V.A.1 for the breakdown of how those 10 points will be awarded. A physical condition score of greater than or equal to 70 in the AMP that the NOFO application refers to will receive 0 points.

12. Can this NOFO be used in conjunction with the Capital Fund Financing Program (CFFP)?

Funding from this NOFO cannot be used to repay a CFFP loan or bonds. A PHA can do a CFFP loan or bonds in conjunction with applying for this NOFO, but any loan or bonds would need to be repaid with future CFP grants.

13. We just had a REAC inspection on two AMPS, should we use the new scores?

Please reference Rating Factor 2A (Need of AMP: Physical Condition) under Section V.A.1. HUD will use the AMP's most recently released UPCS inspection score at the time of the application deadline.

14. Are the SF-424B or SF-424D forms required?

Please reference Section IV.G.1 (Application, Assurances and Certifications). The Standard Form 424 (SF-424) Application for Federal Assistance Programs is the government-wide form required to apply for Application for Federal Assistance Programs, discretionary Federal grants and other forms of financial assistance programs. Applicants for this Federal assistance program must submit all required forms in the SF-424 Family of forms, including SF-424B (Assurances of Non construction Programs) or SF-424D (Assurances for Construction Programs). Applications receiving funds for both non-construction programs and construction programs must submit both the SF-424B and SF-424D.

15. Are the obligation and expenditure timelines the same for this grant as other capital grants? How long will we have to complete the improvements if we get the funds and when would we get funds?

Yes, the obligation and expenditure timelines are the same for this grant as capital fund formula grants. Please reference Section II.D (Period of Performance). Section 9(j) of the 1937 Act applies. Unless HUD grants an obligation extension, PHAs must obligate 90 percent of the grant

award within 24 months of the date the funds are made available to the PHA and expend all grant funds within 48 months after the date on which funds become available. The estimated project start period is 11/1/2022, and the estimated project end date is 10/31/2026.

16. Will PHAs be funded at less than the amount requested in the application?

HUD intends to obligate the full \$26.5 million appropriated for the NOFO. Therefore, the last PHA to be funded will receive funding equal to the lesser of their eligibility or the remaining balance of the total funding once all preceding PHAs have been funded.

Additionally, please reference Section VI.A (Award Notices). To ensure the fair distribution of funds and enable the purposes or requirements of a specific program to be met, HUD reserves the right to fund less than the amount requested in an application.

17. Do all work-related items have to be in the PHA's Five-Year Action Plan?

Yes. Please reference Section VI.C.1 (Recipient Integrity and Performance Matters). All PHAs must update their Five-Year Action Plan and Annual Plan in Energy Performance Information Center (EPIC) after award. Plans are subject to review by the Office of Capital Improvements (OCI) and must be approved by the assigned Public Housing Field Office before funds can be obligated and work can commence.

18. Once applications are received and scored, will there be any consideration to adjust your funding request upward or lower to accommodate funding availability?

No.

19. If a PHA has emergency work currently underway, can funding from the NOFO be used to reimburse other sources of funding, such as loans from a city or county?

Please reference Section IV.F (Funding Restrictions). Awards made under this opportunity may not be used for reimbursement of incurred expenses or for activities that are already under contract.

20. Within the NOFO, the budgeting section mentions that we need to include cost estimates. When preparing these cost estimates, do we need to have actual bids from contractors, or can we use our own internal budgeting process to estimate the costs?

Please see Section V.A.1 (Rating Factors, Rating Factor 3, Applicant Capacity). Applicants must provide a narrative that demonstrates the resources the PHA will be able to commit to successfully accomplish this capital improvement effort, including confidence in the independent cost estimate (ICE) undergirding the proposed budget. Confidence in the ICE includes: (i) work items and costs will match the Annual Statement and grant narrative; (ii) the ICE is produced by the PHA or a third party such as an Architect/Engineer (A/E) firm or a city engineer; and (iii) includes labor, materials, and profit. An inadequate ICE includes work items that do not match the Annual Statement and/or narrative, does not break down costs, and is

produced by a firm that will bid on the work. Actual bids from contractors do not constitute an ICE.

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