

Frequently Asked Questions-Capital Fund Community Facilities (CFCF) Program

Q-What are the CFCF threshold requirements that applicants must include in their applications?

A-Applicants must include a program schedule; Form HUD 50075.1, Parts I and II; a firm commitment letter from each source of leverage; a firm commitment letter from at least one education and/or training supportive service provider; a visual of either the site plan or floor plan of the proposed community facility; the square footage of the proposed community facility; and a discussion of how the proposed activities will affirmatively further fair housing.

Q-What are the threshold requirements from the 2011 Notice of Funding Availability, Policy Requirements, and General Section (General Section) with which applicants must be in compliance?

A-CFCF applicants must be in compliance with the threshold requirements set out in Section II.C.2 of the General Section, which was posted on www.Grants.gov on April 4, 2011.

Q-What entities are eligible to apply?

A-PHAs with public housing units under Annual Contributions Contract (ACC) are the only eligible applicants. A PHA is eligible if it is designated as troubled by HUD and is not already under the direction of HUD or a court-appointed receiver, **if** in accordance with 24 CFR 905, it uses an Alternative Management Entity, as defined in 24 CFR 902.7 and **if** it complies with any applicable provisions of its Memorandum of Agreement executed with HUD.

Tribes and tribally designated housing entities (TDHE's), nonprofit organizations, and resident associations are **not** eligible to apply.

Q-Must applicants submit applications electronically via the website http://www.grants.gov/applicants/apply_for_grants.jsp?

A-Applicants may submit a waiver request to Jeffrey.riddel@hud.gov in order to be allowed to submit a paper application. Such a request must be submitted by 11:59:59 eastern time on July 6, 2011. See section IV.F of the CFCF NOFA. Applicants may submit a paper application only if they have been granted a waiver. Please refer to sections IV.B and F of HUD's 2011 General Section NOFA (FR-5500-N-01) for further information on requesting a waiver.

Q-How many applications may a PHA submit?

A-A PHA may submit multiple applications. Each application may request funding for only one site, and the sum of CFCF funds requested in the applications must not exceed \$5,000,000. HUD will not review any application which requests \$5,000,000.01 or more. If a PHA submits multiple applications (each for a separate site), HUD will not review any of the applications if the total of CFCF funds requested by that PHA is \$5,000,000.01 or more.

If a PHA mistakenly submits more than one application for the same site, HUD will only review the last application submitted that meets HUD's timely receipt requirements and will not consider any of the contents of any prior submittals. Applicants must ensure that their final submission is a complete application. Incomplete submittals will not be combined to form a complete application. See section IV.E of the CFCF NOFA.

Q-When must commitment letters from sources of leverage and from providers of services be dated?

A-Commitment letters must be dated on or after May 24, 2011, the date of publication of the 2011 CFCF NOFA.

Q-May a PHA use CFCF funds in a HOPE VI development?

A-A PHA may not use CFCF funds in a facility located in a development that is currently receiving a HOPE VI Revitalization grant or that was constructed, acquired, or rehabilitated using a HOPE VI Revitalization grant. See CFCF NOFA section III.C.4.f.

Q-May a PHA apply for CFCF funds to construct a new facility on land that has not received HOPE VI funding but is located directly adjacent to property that did receive HOPE VI funding?

A-Yes the PHA may apply for CFCF funding under the circumstances.

Q-If a PHA constructs a new facility with CFCF funding, may the PHA subsequently apply for HOPE VI funding on an adjacent site?

A-Future HOPE VI NOFAs would dictate the eligibility of sites for funding and whether there are any special requirements related to adjacent properties.

Q-Who is authorized to sign a CFCF application on behalf of the applicant PHA?

A-The person signing the application must be the Authorized Organization Representative (AOR). See section III.C.1.c of the CFCF NOFA. Please see Section IV B.2. of HUD's 2011 General Section NOFA (FR-5500-N-01) for information on registering an AOR.

Q-What is the maximum CFCF grant for which a PHA may apply?

A-\$5,000,000 is the maximum grant. HUD will not review applications that request greater than \$5,000,000.

If an applicant requests \$4,000,000 of which \$1,000,000 is for ineligible activities, HUD will reduce the request to \$3,000,000, the amount requested for eligible activities, and then review the application. See CFCF NOFA Additional Overview Content Information G., and sections II.B.1 and III.C.1.b.

Q-May a PHA use CFCF funds for operating or rental assistance activities?

A-A PHA may not use CFCF funds for operations or rental assistance activities and may not transfer these funds to Account 1406-Operations. See CFCF NOFA section III.C.4.a.

Q-What resources are eligible to count as leverage?

A-Applicants must have committed cash or cash equivalent resources, such as other governmental cash resources, including HUD sources, loans, and fees earned by a PHA's Central Office Cost Center (COCC) for those PHAs participating in asset management. Leverage does **not** include Capital Funds or other public housing funds and does not include in-kind services or commitments or donations of land. Leverage does **not** include any funding and/or donated services related to the education and/or job training services that will be available upon completion of the facility. See CFCF NOFA section V.A.2. d.(1).

Q-What is the required evidence for the leverage?

A-Applicants must submit a letter in writing on the letterhead of the organization providing the leverage. The letter must be signed by a person authorized to make the commitment. The letter must include the amount of the commitment and must state explicitly that the amount is dedicated to the CFCF grant activities. The commitment may only be conditioned on receipt of the CFCF grant and completion of due diligence satisfactory to the lender, investor, or other entity controlling the committed funds and on the ability of the PHA to reach a financial closing on the project for which the CFCF funds are targeted. See CFCF NOFA section III.C.1.f.(3).

Note that leverage must equal at least 5 percent of the amount requested in a grant application. The 5 percent leveraged funds is a threshold requirement. Applicants who do not demonstrate a minimum 5 percent in leveraged funds will fail the threshold requirement and will not receive further consideration for funding. The leveraged funds must comply with the definition of firmly committed and the allowable conditions described in the CFCF NOFA section III.C., “Threshold Requirements”.

Q-What evidence must the applicant include concerning partners?

A-The applicant must identify at least one education and/or training supportive service provider. The applicant must include a letter on the provider’s letterhead which makes explicit the provider’s commitment to provide the services at the proposed facility and which is signed by a person authorized to make the commitment. The commitment must describe the nature and type of services that the provider will provide. The commitment may only be conditioned on the PHA’s receipt of the grant and completion of the proposed community facility.

This is a threshold requirement. HUD will not review applications that do not include at least one commitment from a service provider that meets the above standard. See CFCF NOFA section III.C.1.f.(4).

Q-What information must the applicant submit as the property address?

A-The applicant must provide the legal street address or a legal property description. If the property is part of an existing public housing project, the applicant must provide the project number, as specified in the Public and Indian Housing Information Center (PIC). See CFCF NOFA section III.C.1.d.

Q-What evidence of site control must an applicant include if it proposes to locate the community facility on an off-site parcel?

A-The applicant must demonstrate site control through a lease agreement, ownership documentation, or other documentation as long as the documentation clearly demonstrates that the PHA will have site control of the parcel for the duration of the public housing use period required by the United States Housing Act of 1937 (the Act). If the applicant submits an option to purchase the site, the option may only be conditioned on the PHA’s receipt of the grant. The option must provide that the PHA will have site control of the parcel for the duration of the public housing use period required by the Act. See CFCF NOFA section III.C.3.d.

Q-What information must the applicant submit concerning the description of the proposed facility?

A-The applicant must submit a schematic design and drawings of the site plan or floor plan.

This is a threshold requirement. HUD will not review applications which do not include a visual that meets the above standard. See CFCF NOFA section III.C.1.f.(5).

Q-What is the time frame for completion of the facility?

A-The facility must be operational within 48 months of the date of execution of the ACC amendment. This means that the facility must have received all required certificates of occupancy from local and/or state agencies. See CFCF NOFA section III.C.2.c.

Q-Is a PHA allowed to assess a fee to its residents for use of the services at the Community Facility?

A-It depends on what are the services. For example, if the public housing resident meets with the service coordinator to go over available training or other services, there can be no fee for that consultation if HUD is providing a ROSS grant to the PHA for the service coordinator. Similarly, if the PHA has ROSS funds, Capital Funds or Operating Funds obligated to providing resident services (see section 34 of the 1937 Act for ROSS services and 968.112(g)(2) for Capital Fund resident services), there can be no additional fee collected from the residents (i.e., no being reimbursed twice – from HUD and from the resident). If the service is computer training in the Neighborhood Networks (NN) center, there can be no separate fee because Capital Fund is paying for the initial development and operating costs, and the Operating Fund is covering the costs of operating the computer center and the activities related to the NN initiative. Examples of where PHAs may charge fees would be for day care services provided in public housing facilities or for services to non-residents. PHAs must have a plan for the use of community facilities that provides equal access to residents and resident groups. PHAs must establish reasonable rental fees. Rental fees would become program income and must be used for public housing purposes. Nonrental income is subject to section 9(l) of the 1937 Act.

Q-Is a PHA allowed to use Community Development Block Grant funds to meet the 5% leverage requirement?

A-Yes, CDBG funds may count as leverage. See CFCF NOFA section V.A.2.d.

Q-Is a PHA allowed to use EDI funds to meet the 5% leverage requirement?

A-Yes, as long as the PHA is not pledging Public Housing assets as security, it may use EDI funds as the leverage. See CFCF NOFA section V.A.2.d.

Q-Is a PHA allowed to use its Capital Funds via BLI 1406 to pay for operating costs of the Community Facility?

A-Yes, all PHAs may use up to 20 percent of their annual Capital Funds for activities that are eligible under the Operating Fund (section 9(e) of the United States Housing Act of 1937) and that could include operating costs at the community facility. See section 9(g)(1) of the United States Housing Act of 1937. PHAs with less than 250 public housing dwelling units may use more than 20% of their annual Capital Funds for eligible Operating Fund purposes provided the PHAs are operating and maintaining their public housing in a safe, clean and healthy condition and are not designated as a troubled PHA. See section 9(g)(2) of the United States Housing Act of 1937.

Q-Is a PHA allowed to place the community facility in a portion of the Asset Management Project (AMP) that is not impacted by a future HOPE VI grant?

A-An AMP may include a number of developments or projects including a HOPE VI project. However, a PHA may not apply to construct, acquire, or rehabilitate a community facility in a development that is currently receiving a HOPE VI Revitalization grant or that was constructed, acquired, or rehabilitated using a HOPE VI Revitalization grant. See CFCF NOFA section III.C.4.f.

Q-Are Housing Choice Voucher users considered public housing residents under the NOFA?

A-No, Housing Choice Voucher users are not public housing residents for purposes of complying with the NOFA's language that "the facilities are for the predominant use of PHA residents." See CFCF NOFA section I.A.

Q-If the CFCF structure is located on public housing development property owned by the public housing authority, can it serve public housing residents from nearby developments that are further than ½ a mile away, or only public housing residents at those developments that are within ½ mile?

A-The facility can serve public housing residents that are from developments that are further than ½ mile away. CFCF funds cannot be used to provide transportation to and from the facility.

Q-What is the definition of “firmly committed” for letter(s) of commitment for the leverage?

A-Each letter may be conditioned only upon receipt of the CFCF grant by the applicant PHA, upon completion of due diligence satisfactory to the entity that controls the funds committed as leverage, and upon the ability of the applicant PHA to reach a financial closing for the intended community facility. If the commitment letter contains any other conditions, then the letter is not acceptable. In addition, each commitment letter must be on the letterhead of the entity providing the funds and must be signed by a person authorized to make the commitment. Any application that does not have acceptable letter(s) of commitment for at least 5% of the CFCF grant amount requested will not meet threshold. See CFCF NOFA III.C.1.f. (2) - (3) and V.A.2.d.

Q-What is an acceptable program schedule?

A-A program schedule should include at least 6 milestones: receipt of the award letter from HUD; execution of the ACC amendment; commencement of construction, acquisition, or other activities; completion of construction, acquisition, or other activities; obligation of 90% of the funds; and expenditure of 100% of the funds. Submission of an acceptable program schedule is a threshold requirement; applicants that fail to include an acceptable program schedule will not be considered for funding.

PHAs must obligate 90% of the funds within 24 months of the date funds are made available (which is the date of execution of the ACC amendment) and must expend 100% of the funds within 24 months of the obligation end date.

Here is an acceptable schedule:

Receipt of the award letter	May 1, 2011
Execution of the ACC amendment	May 21, 2011
Obligation of 90% of the funds	May 1, 2013

Commencement of construction, acquisition, et. al.	May 2, 2013
Completion of construction, acquisition, et. al.	April 30, 2015
Expenditure of 100% of the funds	May 1, 2015

Here is an acceptable timeline:

Receipt of the award letter	Day 1
Execution of the ACC amendment	Day 50
Obligation of 90% of the funds	Day 600
Commencement of construction, acquisition et. al.	Day 750
Completion of construction, acquisition, et. al.	Day 1400
Expenditure of 100% of the funds	Day 1500

Q-May a PHA receive CFCF funding for a site that was the subject of a HOPE VI award if no HOPE VI funds were used at the site for demolition, construction, or rehabilitation. The HOPE VI funds were expended at the site solely for CSS services.

A-Yes, a PHA could receive CFCF funding at such a site.

Q-May the space in the Community Facility be used as an Early Childhood Activities facility offering a variety of early childhood programs without being used as a Daycare Center?

A-Yes, day care is allowable but is not a mandatory use if the facility is providing a variety of early childhood programs.

Q-May CFCF funds be used to make physical improvements to leased space?

A-An applicant may use CFCF funds to make physical improvements to leased space. The lease terms must comply with Section II.C of the CFCF NOFA.

Q-Please clarify what is intended regarding operation of the facility for 10 years following the last payment from the operating funds? What operating fund payments does this refer to?

A-If the CFCF-funded facility becomes part of a public housing project, then it may receive the benefits of Operating Fund subsidy (e.g., Operating Fund could be used to pay utilities at the facility) and by the use of Operating Fund for the CFCF facility, the facility would become restricted to public housing uses for 10 years following the last payment of Operating Fund to the PHA by HUD.

Q-If an applicant indicates that it will lease a site that is located within ½ mile of the nearest public housing development, must the applicant submit a lease indicating that the applicant will have site control of the property for the duration of the public housing period required by the U.S. Housing Act of 1937?

A-Yes, the applicant must submit a lease. If the applicant does not submit a lease in this circumstance, the application will be rejected.

Q-What is the meaning of “implemented” in the section of the NOFA which states, “This subfactor evaluates whether applicant’s development plan demonstrates that the project is ready to be implemented within eighteen months of the date funding is made available”?

A-“Implemented” means that the project has executed all contracts required for rehabilitation and/or construction of the facility, that the project has received all building permits and other local and state approvals required prior to construction, and that the project has firm commitments for all funding sources that will provide financing for the acquisition, rehabilitation, construction, and/or associates soft costs such as architectural and engineering fees. See CFCF NOFA section V.A.2.c.(2)(b).

Q-What is the meaning of “implemented” in the section of the NOFA which states, “This subfactor evaluates whether the applicant’s operational plan demonstrates that the proposed services will be ready to be implemented shortly after development activities are completed, but not to exceed three months following completion of development.”

A-“Implemented” means that the supportive service provider(s) has hired the staff who will provide the services and has funds firmly committed for the first year of operations at the facility. See CFCF NOFA section V.A.2.c.(4)(c).

Q-May an applicant use CFCF funds to purchase learning facility equipment?

A-Applicants who are providing an educational facility may use the CFCF funds for ordinary and routine classroom equipment such as tables, desks, chairs, filing cabinets, and book shelves. However, applicants cannot use CFCF funds for purchase of books, computer software, and other supplies related to the course of instruction.