

Clarification of Capital Fund-troubled PHAS Designation

In accordance with the PHAS rule, timeliness of obligation of capital funds is a threshold for scoring the Capital Fund program (CFP) indicator. If a PHA does not timely obligate 90 percent of any of its outstanding Capital Fund grants and is sanctioned by HUD under Section 9(j) of the U.S. Housing Act, that threshold is not met.

When this threshold is not met, the PHA receives a score of zero for the CFP obligation sub-indicator and is not eligible for points for the occupancy sub-indicator. This results in the PHA receiving an overall CFP indicator score of zero and a Capital Fund-troubled designation. Note that this remains the case for the fiscal year ends for which PHAs will be awarded five points for the occupancy sub-indicator as provided in the July 2, 2014 **Federal Register** Notice (79 FR 37766).

If a PHA is sanctioned and designated Capital Fund-troubled in a fiscal year for which the PHA was previously considered small PHA deregulated, that PHA is no longer considered small PHA deregulated for that fiscal year.

A PHA will be designated Capital Fund-troubled under PHAS when the Office of Public Housing Investments informs REAC that the PHA was in noncompliance with Section 9(j) and a sanction was applied to a CFP grant.