

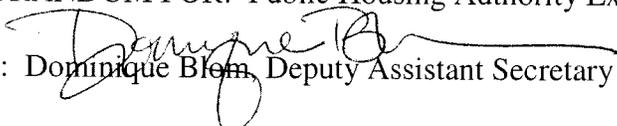


U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

MAY - 5 2008

MEMORANDUM FOR: Public Housing Authority Executive Directors

FROM:  Dominique Blom, Deputy Assistant Secretary for Public Housing Investments, PI

SUBJECT: Distribution of the Capital Fund Program Fiscal Year (FY) 2008 Capital Fund Appropriations

This memorandum describes the Capital Fund Program awards for FY 2008 including the Capital Fund Program formula grant and, where applicable, the Replacement Housing Factor (RHF) grant(s) for your public housing agency (PHA). To assist PHAs, the following items have been posted to the HUD PIH website. You are encouraged to thoroughly read the guidance information on the website to ensure quick and efficient distribution of Capital Fund Program awards:

- a map identifying the Capital Fund Program grant award(s);
- processing guidance; and
- a timeline of key processing dates.

The HUD PIH website is located at:

<http://www.hud.gov/offices/pih/programs/ph/capfund/index.cfm>

We recommend that you bookmark this website for future reference. The Department is also sending each PHA an email (based on the addresses in the PIC system) with a link to the website indicating that the Annual Contributions Contract (ACC) Amendments are available on the website.

Performance Reward. In FY 2008, the Department is providing PHAs that are High Performers with a performance reward of 5 percent along with the funds recaptured from PHAs that failed to comply with Section 9(j) of the United Housing Act of 1937, as amended (the Act), and 24 CFR 905.120. The Department provided PHAs that were High Performers with a 3 percent performance reward beginning in FY 2002 through FY 2006. The increase of the PHA performance reward from 3 percent to 5 percent is authorized under 24 CFR 905.10(j) of the Capital Fund regulations. For more information on the performance reward see the processing guidance posted to the website.

Signing the ACC Amendment. You are required to print the Annual Contributions Contract (ACC) Amendment for each of your grants from the HUD PIH website noted above.

The executive director or the designee of the executive director must sign and date three originals of each ACC Amendment. By signing the ACC Amendment the PHA is agreeing to comply with the Capital Fund Program statute (i.e., Section 9 of the Act and the regulations including 24 CFR Parts 905, 968, and 941). Section 9(j) of the Act and 24 CFR 905.120 require that a PHA obligate 90 percent of a Capital Fund grant within 2 years of the date the funds are made available and expend 100 percent of the grant within 4 years of the date the funds are made available. Failure to meet the obligation or expenditure deadlines will result in penalties for the PHA. Since RHF grants are funded with the Capital Fund appropriation, these grants are also subject to the statutory and regulatory requirements on obligation and expenditures.

ACC Amendments and the Revised Annual Statement. PHAs must submit three original signed and dated ACC Amendments for each Capital Fund grant(s) along with a revised Annual Statement to the local HUD Field Office. These documents must be received in the HUD Field Office by June 6, 2008. Any ACC Amendments that are submitted to the Field Office after the due date will be obligated by the Department. However, the PHAs must be aware that the obligation start date of June 13, 2008 will not be modified for these grants. Consequently, PHAs that submit their ACC Amendment after the specified time will have less than 24 months to obligate 90 percent of the Capital Fund grant and less than 48 months to expend these funds.

If a PHA elects to reject any Capital Fund grant(s), the executive director must send a written statement to the local HUD Field Office by June 6, 2008 which identifies the grant number of the grant(s) to be rejected.

RHF Plan Due Date – June 30, 2008. PHAs receiving the first tier of Second Increment RHF in FY 2008 are required to submit their Second Increment RHF Plans to the local HUD Field Office for approval on or before June 30, 2008. PHAs eligible for a new tier of second increment funding that are already receiving second increment RHF funding have the option of updating their existing second Increment RHF Plan to address the new funding or submitting a new Second Increment RHF Plan.

Finally, if you have any questions or you need additional information, please contact the Field Office staff in your jurisdiction. At the Headquarters level, you may contact Regina McGill of the Office of Capital Improvements, at 202-708-1640 or send your questions to the Office of Capital Improvements mailbox at PIH.OCI @ HUD.gov.