HOPE VI DEMOLITION GRANT
MANAGEMENT AND MONITORING FOR FIELD OFFICES

Grant management responsibilities for all HOPE VI Demolition grants (grants for demolition of public housing, relocation, and related activities only) have been assigned from HUD Headquarters to Public Housing Directors and Program Center Coordinators in applicable Field Offices. Because the activities eligible under a HOPE VI Demolition grant are undertaken in the same manner as they are under HUD’s Modernization programs, it is appropriate that Field Office staff monitor those activities and provide assistance to Grantees.

The HOPE VI Program has not been delegated to Field Offices, and as the funds are officially assigned to Headquarters, some activities, particularly with regard to fund obligation, must be performed by the Office of Public Housing Investments (OPHI) in Headquarters. This document describes the process of setting up HOPE VI Demolition grants and the responsibilities of various HUD staff in monitoring them. This guidance supersedes any related chapters in any “HOPE VI Guidebook” (which has now been discontinued in favor of posting on the web) as well as relevant guidance in Notice HUD 95-10, which has expired.

I. GRANT SETUP

A. Grant Award and Obligation of Funds

After making grant selections, OPHI reserves the funds and notifies the recipient Public Housing Agencies (PHAs) by letter, providing each applicable Field Office with copies of the award letters in their jurisdictions. OPHI then transmits a copy of the Grant Agreement and four copies of the signature page for each grant. Grantees are asked to originally-sign each of the four signature pages and return them directly to OPHI for execution by the Assistant Secretary. Once the Assistant Secretary executes the obligating documents for Public and Indian Housing, OPHI:

1. Sends one copy to HUD’s Fort Worth Accounting Center, which uses the document to obligate grant funds.

2. Keeps one copy for its files.

3. Sends two copies to the applicable Field Office. The Field Office Grant Manager keeps one copy and sends the other copy to the Grantee.

B. Budget

Along with the Grant Agreement, OPHI will send each Grantee a copy of the approved HOPE VI Demolition budget for the new grant. The budget (Form 52825-A) is the one from the original grant application. If OPHI has approved the budget, either as submitted or approved it with revisions, OPHI will indicate the amount of each individual Budget Line Item (BLI) on the approved budget form. Once HUD’s Accounting Center obligates the funds, the Field Office will enter grant funds into LOCCS in accordance with those BLIs. If OPHI cannot approve individual BLIs, e.g., if OPHI approved a grant in an amount less than requested, the approved budget will indicate only a total amount awarded. In this case, the Grantee must revise its budget and submit it to its Field Office Grant Manager for approval. See Section IV (A)(1) on budget revisions.
C. **Grantee Financial Instructions**

Grantee Financial Instructions are posted to the HOPE VI Home Page: [www.hud.gov/hopevi](http://www.hud.gov/hopevi). This document explains how to submit banking information, become authorized in LOCCS, and make requests for funds. Grantees are asked to submit Direct Deposit forms and LOCCS authorization forms to their Field Office Grant Manager for processing. PHAs with existing HOPE VI grants do not need to resubmit their banking or LOCCS information unless they wish to request a change in bank account or authorize different users.

II. **FIELD OFFICE ADMINISTRATION**

A. **Field Office Staff LOCCS Access**

Once Fort Worth has obligated HOPE VI Demolition grant funds, the Field Office Grant Manager should enter the budget into LOCCS. If the Field Office Grant Manager and Financial Officer (if different) do not have LOCCS access for HOPE VI (program area URP), he or she must complete the HUD 27054-A to obtain Field Office Administration Access. The 27054-A is available on the HOPE VI Home Page. (Note that even though HOPE VI grant numbers include the letters “URD,” the Program Area for HOPE VI is “URP.”) Each new authorized HUD user will receive a LOCCS user ID in the mail.

If the Field Office Grant Manager/Financial Officer already has a LOCCS user ID, mark the Add/Change Authority box on the form and enter the current user ID. Fax the completed form directly to LOCCS Security at (202) 708-4350. OPHI staff will retain access in LOCCS and are available to continue administering LOCCS drawdowns (upon the approval of the Field Office Grant Manager) until Field Office Grant Manager/Financial Officer is authorized.

B. **Field Office LOCCS Administration**

Once grant funds are obligated, Field Office Grant Managers are responsible for the following actions and activities for their respective HOPE VI Demolition grants:

1. Spread the funds into BLIs in LOCCS.
2. Review the Grantee’s quarterly report (see below) and enter receipt of each report into LOCCS.
3. When warranted, override LOCCS edits to permit draws larger than five percent of the total grant amount per month.
4. If necessary, override LOCCS edit to permit a drawdown of more than 110 percent for a BLI. If the voucher is paid, make sure that the Grantee submits a budget revision to correct this problem in the future.
5. Review and approve budget revisions and record changes in LOCCS.
6. As requested by the Grantee, make realignments to drawdowns to reflect actual expenditures.
7. When warranted, suspend payments to a Grantee from LOCCS and remove the suspension when corrective action has been taken.

8. As appropriate, cancel a voucher request that has been approved for payment (waiting to be paid). This may only be done on the same day the request is called in.

9. If requested, with proper justification, extend grant term by entering a revised obligation end date.

10. Close out grant in accordance with the HOPE VI Demolition Closeout Procedures.

For assistance administering LOCCS, Field Office Grant Managers may contact the OPHI HOPE VI Demolition Grants Coordinator (Caroline Clayton) or the HOPE VI LOCCS Administrators (Hazel Braxton and LaShawn Pinkney) with any questions.

III. REPORTING REQUIREMENTS

A. Quarterly Reports

HOPE VI Demolition Grantees must submit a Quarterly Report within 30 days of the quarters ending March 31, June 30, September 30 and December 31 each year until the grant has closed out. Each Field Office Grant Manager must determine the information required from his or her Grantees. OPHI has not issued a quarterly report format for HOPE VI Demolition grants. The kinds of information that might be requested include:

1. Current budget (Form 52825-A);
2. Number of families relocated (during the reporting period and cumulative total);
3. Status update on schedule, including date of demolition notice to proceed and projected completion date;
4. Number of buildings and units removed by bedroom size (for the reporting period and cumulative total);
5. Contract Change Order approvals and contract extensions; and
6. Any other information requested by the Field Office Grant Manager.

The Field Office Grant Manager/Financial Officer is responsible for entering receipt of the Report into LOCCS each quarter in order for Grantees to continue receiving funds. Field Office Grant Managers will use data from the report to enter demolition statistics into PIC, ensure that operating subsidy is reduced accordingly, monitor use of Housing Choice Vouchers for relocation, and ensure that budget items are appropriate.

B. Cumulative Obligation and Expenditure Data

1. Nature of Report
In addition to submitting a Quarterly Report, Grantees must also enter cumulative totals directly into LOCCS each quarter. LOCCS gives the Grantee the option to enter or change previously entered cumulative obligation and expenditure data without drawing down, or to continue the drawdown without entering the data. The total cumulative obligation and expenditure amounts must be reported for each grant for which funds are being requested. If no obligation or expenditure activity has occurred since the last quarterly update, the Grantee must reenter the existing cumulative obligation and expenditure data in order for LOCCS to acknowledge data entry for the most recent previous quarter.

a. **Obligations** refers to the cumulative amount of commitments that have been entered into, i.e., contract execution for contract labor, materials or services; start and continuation of physical work by force account labor; and start and continuation of administrative expenses. Contract execution means execution of the contract by both the Grantee and the contractor.

b. **Expenditures.** When funds have been obligated, the Grantee is expected to show reasonable progress as evidenced by increasing fund expenditures each quarter at a rate that would allow completion within the time frame set forth in the approved implementation schedule. Grantees may request construction funds only when payment is due and after inspection and acceptance of the work. The Grantee generally is required to distribute funds within three working days of receipt of the funds from HUD.

2. **Data Entry Deadlines and LOCCS Oversight**

Grantees must enter Cumulative Obligation and Expenditure Data during the month following the due date of the Quarterly Report. One month after each Quarterly Report due date, Grantees will not be allowed to continue the drawdown unless they have entered the cumulative obligation and expenditure data for the previous quarter. For example, for the quarter ending December 31, the required data for the month of January must be entered. If the data has not been entered by January 31 and the Grantee attempts to requisition funds on February 1, LOCCS will not process the requisition the required data has been entered.

If funds have not been requested during a previous quarter or quarters, the Grantee will not be allowed to request funds until it has entered the cumulative obligation and expenditure data for the most recent previous quarter. For example, if funds have not been requested during the quarters ending March 31 and June 30, but the Grantee needs to request funds in July, LOCCS will not process the request until the required data has been entered for the quarter ending June 30. If there has been no change in the obligated and expended amounts, the Grantee will reenter the existing cumulative obligation and expenditure data in order for LOCCS to acknowledge data entry for the most recent previous quarter.

3. **Initial Data Entry**

For the initial drawdown for a particular grant, the procedure set forth in paragraph 2 above applies. If the cumulative obligation and expenditure data for the most recent previous quarter are zero, enter zeroes for both amounts. For
example, if the Grant Agreement was executed in January and the first funds under
the grant are being requested in March, enter zeroes for the quarter ending
December 31, even though the Grant Agreement was not executed as of that date.

4. Data Entry Edits
   a. If the entered cumulative obligation or expenditure amount is less than the
      prior quarter’s obligation or expenditure amount, LOCCS will ask whether
      the entered amount is correct. If the amount is incorrect, correct the
      amount. For example, the obligation amount may decrease due to a
      contract modification, reducing the fixed price of the contract.

   b. If the entered cumulative obligation amount is greater than the grant
      amount, LOCCS will ask for a corrected amount. The obligation amount
      cannot exceed the grant amount.

   c. If the entered cumulative expenditure amount is greater than the obligation
      amount, LOCCS will ask for a corrected amount. The expenditure amount
      cannot exceed the obligation amount.

IV. DEMOLITION GRANT MONITORING

A. Grant Changes
   1. **Budget Amendments.** A Grantee requesting a budget amendment, i.e., a
      redistribution of grant funds between Budget Line Items, must submit its proposed
      budget, using the HOPE VI Budget Form, to its Field Office Grant Manager. The
      Grant Agreement provides that Grantees may request up to 110 percent of any BLI
      (except the Administration BLI) without HUD approval. However, under no
      circumstances may expenditures exceed the limits established by the applicable
      NOFA (e.g. $6,000 per unit for demolition) as described in the next section.
      Although the total HOPE VI Grant amount may not be increased, Grantees are free
      to use other sources of funds for necessary, reasonable, and eligible costs that
      exceed the amount of the HOPE VI grant.

      The Field Office Grant Manager will review the budget for reasonableness of costs
      and eligibility of activities. HOPE VI Demolition grants may only be used for
      demolition (including hazard abatement) of public housing units and related
      nondwelling structures under the ACC, relocation to move residents out of units
      that will be demolished, self-sufficiency activities for these residents, and the
      establishment of a lawn. Grant funds may not be used for site improvements such
      as playground equipment, parking lots, streets, etc. Once the Field Office Grant
      Manager has approved the budget, he or she must sign and return a copy to the
      Grantee and record the appropriate changes in LOCCS.

   2. **Grant Limitations.** Changes in grant budgets must be consistent with the
      guidelines used when the grant was originally awarded. Those guidelines are:

      a. FY 1996:
         - indirect costs no more than 20 percent of direct costs
         - no more than $3,000 per unit for relocation
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• no more than $15,000 per unit overall

b. FY 1997:
   • indirect costs no more than 10 percent of direct costs
   • no more than $3,000 per unit for relocation
   • no more than $5,000 per vacant unit
   • no more than $6,600 per occupied unit

c. FY 1998:
   • no more than $5,000 per vacant unit
   • no more than $6,600 per occupied unit

d. FY 1999:
   • no more than $5,000 per vacant unit
   • no more than $6,600 per occupied unit
   • reasonable costs to demolish nondwelling facilities

e. FY 2000:
   • no more than $5,000 per unit for demolition
   • no more than $3,000 per occupied unit for relocation and self-sufficiency activities
   • reasonable extraordinary site costs
   • reasonable costs to demolish nondwelling facilities

f. FY 2001:
   • no more than $5,000 per unit for demolition
   • no more than $3,000 per occupied unit for relocation and self-sufficiency activities
   • at least half of the funds requested for relocation must be used to provide mobility counseling and other services to promote the self-sufficiency of displaced residents
   • reasonable extraordinary site costs
   • reasonable costs to demolish nondwelling facilities

g. FY 2002 and FY 2003:
   • no more than $6,000 per unit for demolition
   • no more than $3,000 per occupied unit for relocation and self-sufficiency activities
   • no extraordinary site costs
   • reasonable costs to demolish nondwelling facilities

3. **Leftover Funds.** After carrying out the demolition, relocation and self-sufficiency activities proposed in its original application, a Grantee may find that it has unexpended grant funds. Grantees may request approval to use any leftover funds to demolish additional **public housing units**. Funds may not be used for relocation, extraordinary site costs apart from demolition, or demolition of nondwelling facilities. The units may be in the same public housing project or in a different project. The units targeted for additional demolition must be approved for demolition either through a HUD-approved Section 18 demolition application
or a HUD-approved Section 202 Conversion Plan. The amounts expended per unit must also conform to the grant limitations of the original grant, as described in Section IV(A)(2) of this document. The Grantee should submit requests in writing to the Field Office Grant Manager with a description of the proposed activity and an implementation schedule. The Field Office Grant Manager may approve the use of unexpended grant funds to demolish additional units. HOPE VI grant funds may be used only for eligible Demolition grant activities (i.e. leveling the site and establishing a lawn), and the Field Office Grant Manager must ensure that the appropriate environmental review is completed before demolition occurs. The Field Office Grant Manager should send a copy of the approval letter to OPHI. If the approval results in an extension of the Grant Agreement, OPHI will update the obligation end date in LOCCS.

4. **Reduction in the number of units to be demolished.** If the Grantee wishes to reduce the number of units to be demolished, the amount of the HOPE VI Demolition grant must be reduced accordingly. (For example, HOPE VI Demolition grants awarded in FY 1996 and 1997 were awarded based upon demolition applications that had not yet been approved and the SAC ultimately approved a lesser number of units.)

The revised grant amount must be calculated using the same grant limitations as the original grant amount. OPHI, the Field Office Grant Manager, and the Grantee will work together to arrive at a revised budget and scope of the grant. The final written approval of the reduced amount will come from OPHI, and OPHI will prepare the Assistance Award/Amendment form (HUD-1044) to recapture the funds.

5. **Substitution of units to be demolished.** If the Grantee wishes to demolish other units than those that were proposed in the original application due to extenuating circumstances, it must submit a request in writing to OPHI (not the Field Office Grant Manager). OPHI may approve such requests if the substitute units would have qualified for the HOPE VI Demolition grant in the same manner as the original units during the award competition (e.g. The application deadline for the FY 2002 competition was June 3, 2003. If a FY 2002 grant was awarded for units that have a section 18 demolition approval and the grantee now wishes to use the funds to demolish different units, the substitute units must also have received a section 18 demolition approval prior to June 3, 2003.). The PHA’s request must also identify the extenuating circumstances

6. Any other changes proposed by a Grantee must be submitted to the Field Office Grant Manager for review. The Field Office Grant Manager will consult OPHI as needed on a case-by-case basis.

B. **Grant Duration**

In general, HUD expects demolition grant activities to be completed within two years from the date the grant agreement is executed. As described below, however, the required completion dates vary depending on the year the grant was awarded. Each grant is subject to its HUD-approved Program Schedule, and the project’s HUD Grant Manager must approve any changes to that schedule. If necessary, Grantees must submit an
extension request in writing to the Field Office Grant Manager. The request must justify why an extension is warranted and establish a revised deadline. Field Offices should send a copy of any extension approval letters to OPHI so that the obligation end date may be adjusted in LOCCS.

1. **FY 1996-1998** Grantees were not given a specific deadline to complete demolition activities, and there have been some significant delays in some of these grants. However, the NOFA did state that grantees should proceed expeditiously and HUD may withdraw funds from grants that do not so. Thus, Field Office Grant Managers must be proactive in emphasizing the importance of getting units down expeditiously. (A deadline of 18 months from execution of the ACC Amendment was given in the FY 1998 confirmation of award letter, but this deadline was not stated in the NOFA, nor in the ACC Amendment.)

2. The **FY 1999** HOPE VI Demolition Grant Agreement required that Grantees commence demolition within six months of Grant Agreement execution deadline and complete demolition within two years from the date of Grant Agreement execution.

3. The **FY 2000** NOFA requires that Grantees complete the proposed demolition within two years from the date of Grant Agreement execution.

4. The **FY 2001** NOFA requires Grantees to start construction within six months from the date of Grant Agreement execution and complete the demolition within two years from the date of Grant Agreement execution.

5. The **FY 2002** NOFA requires that Grantees complete the proposed demolition within two years from the date of Grant Agreement execution. Please note that FY 2002 funds have expenditure deadlines established by Congress that cannot be altered. FY 2002 funds must be expended by September 30, 2008.

6. The **FY 2003** NOFA requires Grantees to start within six months from the date of Grant Agreement execution and complete the demolition within two years from the date of Grant Agreement execution. Please note that FY 2003 funds have expenditure deadlines established by Congress that cannot be altered. FY 2003 funds must be expended by September 30, 2009.

C. **Grant Closeout**

Field Office Grant Managers are responsible for working with Grantees to close out their grants. Procedures and forms are provided on the HOPE VI website in the Demolition grants section. It is important that Field Office Grant Managers enter all changes in unit counts into PIC and adjust operating subsidies accordingly. Field Office Grant Managers should send OPHI copies of the closeout documentation.