

# SECTION 2

## HOPE VI REVITALIZATION AND DEMOLITION GRANT ADMINISTRATION



## HOPE VI BUDGET GUIDANCE

### I. GENERAL BUDGET GUIDANCE

#### A. Introduction

This document provides detailed information for HOPE VI Grantees to use when developing and revising their program budgets. All guidance is applicable to Revitalization, Planning, and Demolition HOPE VI grants, unless specific other instructions are provided. Included are examples of eligible costs and where they should be placed in the budget; however, none of the lists of activities are meant to be exclusive. If a particular activity cost is not listed or if an expense is unclear, Grantees should request assistance from their HOPE VI Grant Manager.

#### B. HOPE VI Budget Form

HOPE VI program budgets are submitted on Form HUD-52825-URP, Parts I and II. The HOPE VI grant amount is divided into Budget Line Items (BLIs), as provided on Part I of the Budget Form. On Part II, those BLIs are broken down into specific costs or work items, in accordance with these guidelines and the Chart of Accounts, as detailed below.

#### C. HOPE VI Program Area

The original name of the HOPE VI Program, as created in FY 1993, was the Urban Revitalization Demonstration, aka URD. Grantees will find the initials URD in their HOPE VI grant numbers. However, the Program Area in LOCCS is URP, for Urban Revitalization Program. Unfortunately, because these letters have been programmed into the LOCCS mainframe computer, they cannot be changed to reduce the resultant confusion.

#### D. Chart of Accounts

This Budget Guidance chapter supplements the Public and Indian Housing Low-Rent Technical Accounting Guide, HUD Guidebook Number 7510.1, issued on May 7, 1996. The Accounting Guide explains financial management standards, identifies the types of financial information Grantees must maintain, and provides a **Chart of Accounts** that describes the eligible expenses for each BLI. Pages IV-28 through IV-50 of the Accounting Guide are attached to this document for the convenience of Grantees. Each PHA is encouraged to obtain a copy of the Accounting Guide from its local HUD Field Office, as it provides assistance in preparing all HUD public housing program budgets.

E. Capital Costs vs. Supportive Services

In addition to dividing grant funds into BLIs, Form HUD-52825-URD also provides columns that differentiate between capital costs and community and supportive services (CSS) costs. These columns assist in determining whether the costs for CSS programs fall within the grant's CSS spending limit. Physical improvement costs necessary to provide facilities primarily intended for the delivery of CSS programs and economic development opportunities for residents of the targeted development are NOT included in the cap. Those limits are:

1. FY 1993 - 1996 Grantees may use not more than 20 percent of their grant for CSS programs and related administrative expenses.
2. FY 1997 Grantees are limited to no more than \$5,000 per unit for CSS programs and related administrative expenses, based on the higher of:
  - a. the number of currently occupied units in the project to be revitalized, or
  - b. the number of Replacement Units after revitalization, as defined in Section II.K.3 of the FY 1997 NOFA.
3. FY 1998 Grantees are limited to no more than \$5,000 per unit for CSS programs, based on:
  - a. the number of households in occupied units in the project to be revitalized at the time of application submission, and
  - b. the estimated number of new households that are expected to occupy replacement units after revitalization.
  - c. For Elderly grants, \$5,000 per household for human services programs to address quality of life and other social needs, particularly as related to aging in place and assisted living.
4. FY 1999 Grantees may budget up to 15 percent of the total HOPE VI grant amount to pay the costs of CSS programs.

This means that CSS costs must be allocated between two Budget Line Items and the Capital Costs and Supportive Services columns on the budget form, as follows:

Budget	Capital Costs Column	Supportive Services Column
1408	All costs related to Management Improvements	All "soft" CSS costs, regardless of whether activities will be carried out by Grantee staff or by a partner or contractor.
1470	Construction or rehabilitation of structures to be used for CSS programs	

## II. STEPS IN THE BUDGET PROCESS

### A. Revitalization Budget

Each selected Revitalization application included a budget, submitted on Form HUD-52825-URP, for the full amount requested. To reflect changes resulting from TDC calculations, grant reductions, and other changes in the project during post-award review, each Grantee must provide a revised budget in its Revitalization Plan.

### B. Demolition Budget

Demolition Grantees are sent approved budgets when they are first notified of selection, and those budgets are spread into LOCCS as soon as funds are obligated. An exception is if the application was funded for an amount less than requested. In that case, the budget will indicate the HUD-approved amount only, and the Grantee must submit a revised budget to the Field Office for review and approval.

### C. BLI 2000 and Requests for Funds

Although each HOPE VI grant has a budget which shows the entire amount of the grant by Budget Line Item, those individual amounts are not automatically entered into LOCCS according to the budget. Instead, when a Revitalization Grant Agreement is first executed, the entire amount of the grant is placed into BLI 2000, which is a special BLI that does not appear on the budget form. BLI 2000 is a "holding" account where funds are placed by HUD until authorization is given to "release" them into the applicable BLI. Grantees do not have access to any funds that have been placed into BLI 2000. Grant funds are placed into BLI 2000 so that HUD can control the amount of funds that Grantees have access to and to ensure that major expenditures have been approved before they are disbursed.

BLI 2000 is rarely used for Demolition or Planning grants, but HUD may place these funds into BLI 2000 to suspend drawdowns pending resolution of particular issues.

### D. Predevelopment Budget

The Revitalization Grant Agreement provides that a Grantee may submit a predevelopment budget to request grant funds for specific predevelopment costs. The predevelopment budget, also submitted on Form HUD-52825-URP and clearly marked as a Predevelopment Budget, will include ONLY the predevelopment costs requested, not the total amount of the grant. The eligible predevelopment costs are listed in the Grant Agreement. HUD will review and approve predevelopment budgets that request funds for expenses anticipated over the next six months.

In accordance with the Grant Agreement, predevelopment funds may be requested for costs incurred after the notification of grant award and before Grant Agreement execution. Changes or corrections may be negotiated between the Grantee and HUD. The CEO of the Grantee must sign and date the predevelopment budget. When approvable, HUD will sign the approved predevelopment budget and return a copy to the Grantee. The amounts on the predevelopment budget will be spread into the appropriate BLIs from BLI 2000, thus making them available for the Grantee to draw down. No further HUD approval will be required unless a particular drawdown triggers an edit (see Grantee Financial Instructions) or the grant is put on manual review.

E. Mixed-Finance Release of Funds

Grant funds needed for a project or phase of a project are detailed in Exhibit F of the ACC Amendment for that project or phase. When the proposal is approved and the ACC Amendment is executed, the funds detailed in Exhibit F are spread into LOCCS and made available to the Grantee for the activities specified in the approved proposal. This process is repeated for each phase of the project.

F. Budget and Grant Term

Costs may be included in the HOPE VI Budget for the development period of the grant only. That is, if it will take four years for the Grantee to accomplish its proposed demolition, rehabilitation/new construction, and full lease-up, funds may be budgeted to provide staff salaries, supportive services, etc. for only a four year period. This is consistent with the general rule that any funds drawn from the Federal Treasury must be disbursed by the Grantee to the payee within three working days.

### III. SPECIFIC BUDGET LINE ITEM GUIDANCE

#### BLI 1408 - MANAGEMENT IMPROVEMENTS ✖

Costs applicable to BLI 1408 are those related to management improvement activities and community and supportive services programs. Although this section discusses costs for management improvements and CSS programs separately, both types of costs must be included in 1408.

##### A. Management Improvements

Management improvements are the costs of improvements to PHA management systems that are made in conjunction with HOPE VI grant-related revitalization efforts. All management improvements costs must be placed in the "Capital Costs" column. Note that regardless of whether costs for management improvements are to be incurred by PHA staff or contractors, all such costs must be included in BLI 1408. On Part II of the budget form, differentiate between those costs incurred by the PHA and those by contractors.

##### Specific Eligible Management Improvements Costs

- PHA staff training (including travel) related to management improvements
- PHA staff time, contractors, and materials used to revise:
  - procedures manuals
  - accounting systems (including project-based budgeting)
  - occupancy policy (including establishment of community based waiting list)
  - administrative plan
  - lease documents
  - maintenance policy and procedures
  - resident screening procedures
- PHA staff time and materials used to develop performance measures to monitor success of management improvements
- development or purchase of ADP/computer systems

**Resident Management:**

- technical assistance to a resident council or resident management corporation (RMC)
- feasibility study of resident management
- resident management training of RMC members
- establishment of a community management association to manage common area, provide policy direction, oversee property management
- resident training on: (may include an amount for travel)
  - housing management
  - maintenance
  - Section 3 compliance

**Heightened Security Costs:**

- security guards
- tenant patrols
- resident security training

B. Community and Supportive Services Programs

All "soft" costs for CSS programs, regardless of whether activities will be carried out by Grantee staff or by a partner or contractor, must be placed under BLI 1408. On Part II of the budget, differentiate between costs that will be incurred by PHA staff and costs incurred by contractors. All costs in BLI 1408 for CSS programs will be placed in the Supportive Services column of the budget.

Specific Eligible CSS Program Costs

- PHA staff training (including travel) related to CSS programs
- PHA staff time and materials used to develop performance measures to monitor success of CSS programs.
- cost of a contractor to facilitate the organization of a community task force that performs needs assessment and other planning of the CSS program.
- transportation: bus fare, leasing or purchase of vehicles for supportive services, salaries of drivers, gas and maintenance
- counseling: family, substance abuse, homeownership, etc.
- resident employment and stipends
- latchkey, daycare
- employment training
- senior citizens services
- needs assessment
- computer training
- computers for computer lab, lending library, or rental units
- upgrade personal computers in local schools
- case management
- health care
- maintenance equipment associated with management improvements
- signage
- tables, chairs, easels, portable blackboards, coffee pots, etc. for community and resident meeting rooms; including light refreshments served at meetings
- recreation programs, including playground equipment, sports equipment, uniforms

**Economic Development Costs:**

- revolving loan fund. HOPE VI funds may not be deposited into an interest-bearing account to establish a revolving loan fund. However, program income and the interest it collects can be used to establish either a revolving loan fund or endowment fund.
- establishment of credit union
- contract with community development bank to manage special financial and economic development services
- establishment of a component of a local CDC to provide leadership in community organizing
- planning for development of small business on site, including resident-owned enterprises
- wage subsidies for retail employment

**A note on Supportive Services Endowment Funds:**

HOPE VI funds awarded before FY 2000 may **not** be deposited into an interest-bearing account for the establishment of an endowment fund for supportive services, as this is a violation of the drawdown requirements of 24 CFR part 85. The FY 1999 authorization bill did include a provision that would allow funds awarded in FY 2000 and thereafter to be used to establish an endowment fund. This provision will be implemented in the FY 2000 NOFA. However, no existing HOPE VI grant funds may be used for this purpose.

## BLI 1410 - ADMINISTRATION

BLI 1410 is intended for costs associated with the general, overall administration of the HOPE VI development by the Grantee. Any administrative expenses on the part of the Grantee that are charged to the HOPE VI budget must be prorated in accordance with the time spent on HOPE VI grant-related activities. The Grantee must itemize the PHA personnel that will be working on the project, the percentage of time for each person, and the amount of salary billed to HOPE VI. This proration should be consistent with the Staffing and Time Allocation Plan submitted in the Revitalization Plan by the Grantee and approved by HUD.

Note that all costs related to management improvements or CSS programs must be included in BLI 1408 (Management Improvements), and NOT under 1410.

### Specific Eligible Costs

- staff salaries and benefits, including resident employment, not directly related to CSS programs
- staff attorney (not including fees and expenses directly related to site acquisition)
- staff training, related travel
- copies
- postage
- telephone
- expendable equipment
- operation of motor vehicle
- advertisements to support solicitations for bids
- marketing and advertising of new units
- publications
- office space
- utilities for office
- rental of office equipment
- janitorial supplies
- accounting and auditing expenses not already paid by the PHA
- PHA's insurance: workman's comp, vehicle, fire, fidelity bonds, public liability

*Staffing & Time Allocation Plan  
before approval of  
redevelopment budget.*

## BLI 1430 - FEES AND COSTS

Fees and Costs generally are expenditures made to entities that are contracted by the Grantee to perform specific services. They do not include the salaries of employees of the Grantee. Exceptions to this rule are as follows:

- CSS and management improvement costs must be charged to BLI 1408, regardless of whether those activities will be carried out by PHA staff or contractors.
- Fees and costs associated with acquisition of real estate should be charged to BLI 1440 (Site Acquisition), including appraisals, broker fees, closing costs, recording fees, surveys, etc.
- A&E or other fees and costs associated with hazard abatement/remediation and demolition must be charged to BLI 1485.
- Relocation contractors must be charged to BLI 1495.

On Part II of the Budget form, Fees and Costs must be described in adequate detail to determine costs for associated BLIs. For example, if a Grantee is using HOPE VI funds to build a self-sufficiency service center, the costs to physically build the center belong in BLI 1470 (Nondwelling space) and the soft costs, such as A&E, belong in BLI 1430. Part II of the budget must be itemized in enough detail to determine the entire cost of the activity, including both the hard and soft costs.

### Specific Eligible Costs

- consultant fees:
  - program management: Note that if the Grantee is relying on a Program Manager, the HUD Grant Manager will be closely reviewing costs under Administration (BLI 1410)
  - environmental
  - marketing
  - financial
  - legal - negotiate partnership, related documents specific to the HOPE VI development
  - construction management or supervision services
  - A&E fees paid to architectural or engineering firms for planning, design, or construction administration services
- accounting services for modeling of equity returns, tax credit compliance certifications
- permit fees: city/county/state processing reviews
- impact fees
- soil testing
- housing surveys and market studies
- blueprints and document copies not provided under A&E contract
- printing of construction documents and RFPs for developers
- tap and utility fees
- fees for escrow and disbursing services during construction

## BLI 1440 - SITE ACQUISITION

Costs associated with the actual purchase or other acquisition of land, with or without improvements, by the Grantee are appropriate for BLI 1440. All site acquisition, whether the site is intended for dwelling structures, nondwelling structures, recreation areas, or other uses, are applicable under BLI 1440. Activities such as demolition, site preparation, or construction that takes place after a site is acquired should be itemized under the appropriate BLIs, NOT under 1440.

### Specific Eligible Costs

- land and improvements
- raw land
- condemnation costs
- surveys and maps
- appraisal
- closing costs
- broker fees
- title information
- legal costs for site
- option negotiations
- current tax settlement
- recording fees, transfer taxes
- market study for acquisition

## BLI 1450 - SITE IMPROVEMENTS

Site Improvements are those activities performed on a site that prepare it for its intended use. If subsequent construction will be performed on the site, site improvements are those that make it a buildable site and include the cost of site infrastructure required to support the development of housing units. If the site will be used as a park or recreation area with no construction, site improvements may include such activities as grading, landscaping, and lighting. Any kind of construction or rehabilitation does NOT constitute site improvements. Costs for any site improvements made strictly for the purposes of heightened security should be placed under 1408 (Management Improvements).

### Specific Eligible Costs

- site clearance, except that demolition activities should be placed under BLI 1985
- drainage
- grading
- sewers and utilities, including utility transformers, distribution cables, and meters, and the provision of these services to individual housing units
- parking lots
- sidewalks
- landscaping
- streets and alleys, including curbs and gutters
- fencing
- surfacing of outdoor play areas, including structural playground facilities (playground equipment should be included in BLI 1475)
- exterior lighting (lighting of recreation facilities should be included in 1475)

## BLI 1460 - DWELLING STRUCTURES

All costs of construction or rehabilitation of dwelling structures, regardless of whether the site is newly-acquired or a scattered site, should be listed under this BLI.

### Specific Eligible Costs

- excavation and backfill, foundations
- renovation and reconfiguration of remaining buildings
- construction of replacement housing
- loans to development partners for the development of public housing
- rehabilitation of acquired scattered sites
- construction of homeownership units
- soft second mortgages/construction writedowns for homeownership
- initial operating deficit
- contractor profit, overhead, contingency, and general conditions

## **BLI 1465 - DWELLING EQUIPMENT - NONEXPENDABLE**

Nonexpendable Dwelling Equipment includes, among other things, equipment installed in or directly related to dwellings, as opposed to Community Space.

- appliances installed in individual dwelling units
- laundry appliances installed in common space located within dwelling buildings
- security equipment

## **BLI 1470 - NONDWELLING STRUCTURES**

The hard cost of construction of nondwelling structures, including any kind of building that contains facilities other than living space. They may include community centers, daycare facilities, recreation centers, standalone laundry facilities, security offices, separate rental or maintenance offices, or parking structures.

### Specific Eligible Costs

- renovation or new construction of Community Building
- construction/conversion of center for leasing, property management, and/or maintenance
- construction of laundry room
- costs associated with negotiations, appraisal, legal fees for non-dwelling structures development and/or rehab
- construction of parking garage
- construction of resident enterprise facility

## BLI 1475 - NONDWELLING EQUIPMENT

Nondwelling equipment includes the costs of furniture and equipment that will not be associated with living spaces. Nonexpendable equipment to be purchased under the grant for community and supportive services should be included in BLI 1408.

### Specific Eligible Costs

- laundry appliances installed in non-dwelling areas
- office furniture equipment for leasing/management/maintenance building (fax machines, copiers, computers, telephones)
- furnishings for non-dwelling facilities

## BLI 1485 - DEMOLITION COSTS

All costs associated with the demolition and remediation of dwelling and non-dwelling structures must be placed under BLI 1485. Grantees should budget no more than \$10,000 per unit for abatement and demolition, and in most cases the cost per unit should be less than \$10,000. Any budget amount over \$10,000 per unit must be justified in detail. The description on Part II of the budget must distinguish between costs related to existing public housing property and costs related to acquisition of a new public housing site. Demolition costs include:

- planning and professional services related to abatement/remediation of hazardous materials and demolition of buildings
- abatement/remediation of hazardous materials prior to demolition
- lead based paint insurance while work is in progress
- removal of structures, existing paving, foundations, utilities, and related infrastructure
- fencing and security during abatement and demolition, if necessary
- gutting dwelling units for permanent use as non-dwelling space, if the work is done pursuant to a HUD-approved demolition application

## BLI 1495 - RELOCATION COSTS

Relocation payments may include costs to permanently relocate residents of units approved for demolition, temporarily relocate residents of units to be reconfigured or rehabilitated, temporarily relocate residents until replacement housing is completed, or the costs associated with returning residents to HOPE VI housing. The description on Part II of the budget must distinguish between costs related to relocation from existing public housing property and costs related to relocation from an acquired public housing site.

Relocation costs should be limited to a maximum of \$3,000 per family, including the cost of two moves for families who return to replacement housing from temporary relocation. Any budget amount over \$3,000 per family must be justified in detail.

Replacement housing payments for the purchase of private housing should be placed in 1460.

### Specific Eligible Costs

- moving costs
- reconnection of utilities, including telephone and cable
- security deposits
- relocation counseling
- assistance in locating housing
- salaries of PHA relocation staff and/or relocation contractors managing the relocation process
- costs of temporary relocation offices
- settlement costs for occupants displaced by acquisition of property

## IV. Chart of Accounts

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### Administrative Expense

1408 Management Improvements. This account shall be charged with all costs incurred by the HA for management improvements after modernization program approval, including non-technical salaries, technical salaries, employee benefit contributions, and consultant fees. This account shall be charged only in connection with the modernization of a project. Non-expendable equipment shall not be charged to this account, but to Account 1475.

1410.1 Nontechnical Salaries. This account shall be charged with the gross salaries, or applicable portions thereof, earned by HA personnel engaged in nontechnical administrative work relating to the planning and development of the project. It shall include the salaries of the executive director, assistant executive director, accountants, accounting clerks, secretaries, stenographers, clerks, typists, purchasing agents, file clerks, switchboard operators, office janitors, and the salaries of all other HA personnel assigned to administrative work in connection with the planning and development of the project.

Terminal leave payments to terminated employees shall be charged to this account in the same ratio as the salary of such terminated employees was chargeable to this account as of the termination date of employment.

1410.2 Technical Salaries. This account shall be charged with the gross salaries, or applicable parts thereof, earned by HA employees engaged in architectural, engineering, or other technical work relating to the planning and development of the project. It shall include the salaries of architects, engineers, draftsmen, and the salaries of all other personnel engaged in such technical work. If the entire architectural and engineering work is performed by HA employees, the salaries of such employees shall be charged to this account and not to Account 1430.1.

Terminal leave payments to terminated employees shall be charged to this account in the same ratio as the salary of such terminated employees was chargeable to this account as of the termination date of employment.

This account shall not be charged with the salaries of secretaries, stenographers, or typists assigned to technical employees; such salaries shall be charged to Account 1410.1. The salaries of personnel assigned to full-time inspection work during construction shall not be charged to this account, but to Account 1430.7.

## IV. Chart of Accounts

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- 1410.3 Work - MH Contribution. This account shall be charged with the value of work furnished as mutual help contributions by homebuyers engaged in administrative work for the IHA, relating to the planning and development of the project.
- 1410.4 Legal Expense. This account shall be charged with retainers and fees paid to attorneys for general legal advice and assistance and for the handling of litigation in connection with the planning and development of the projects. This account shall also be charged with the gross salaries earned by staff attorneys <sup>7</sup> for legal work relating to the planning and development of the projects, including title information and other legal work relating to site acquisition. The salaries earned by secretaries, stenographers, or typists assigned to such staff attorneys shall not be charged to this account; such salaries shall be charged to Account 1410.1.

Terminal leave payments to terminated employees shall be charged to this account in the same ratio as the salary of such terminated employees was chargeable to this account as of the termination date of employment.

This account shall not be charged with:

- legal fees and expenses awarded by a court to the owner of property acquired by condemnation; such amounts shall be charged to Account 1440.1,
- legal fees and expenses for obtaining title information; such amounts shall be charged to Account 1440.6,
- legal fees and expenses in connection with site acquisition; such amounts shall be charged to Account 1440.8,
- any part of the salary of an attorney employed in an administrative position, such as executive director, assistant executive director, etc., although such attorney may perform certain legal work incidental to his administrative duties; such salary shall be charged to Account 1410.1., and
- costs for obtaining opinion of counsel in connection with financing the project; such cost shall be charged to Account 1410.19.

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<sup>7</sup> The term "staff attorney", as used in this description, means an attorney employed at a fixed salary for the primary purpose of furnishing general legal advice and assistance and/or for handling litigation relating to the planning, development, and operation of HUD-aided projects and any other program being administered by the HA.

## IV. Chart of Accounts

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- 1410.9 Employee Benefit Contributions. This account shall be charged with HA contributions, or the applicable parts thereof, to employee benefit plans, such as pension, retirement, and health and welfare plans. This account shall also be charged with administrative expenses paid to the state or other public agency in connection with a retirement plan, if such payment is required by state law, and with trustee's fees paid in connection with a private retirement plan, if such payment is required under the retirement plan contract.

This account shall also be charged with unemployment compensation expenses, as required by state law, related to costs of terminating employees hired on a temporary basis for modernization.

Deductions from compensation of employees for pension, retirement, and health and welfare plans shall not be charged to this account, but shall be considered a part of their gross earnings and charged to the appropriate salary account.

- 1410.10 Travel. This account shall be charged with travel expenses of officials and employees of the HA traveling on official business; including travel expenses and registration fees incurred in connection with attending conventions and meetings of organizations which the HA determines will be useful in the conduct of its business. The charges to this account shall include the cost of automobile hire, allowances paid to employees for use of privately owned automobile or other transportation costs, taxi fares, subsistence allowances, etc.

This account shall also be charged with travel expenses of HA officials and employees traveling on official business in connection with HUD approved Comprehensive Improvement Assistance Program (CIAP) training. Prior approval must be obtained from HUD before CIAP training can be charged to this account.

- 1410.12 Publications. This account shall be charged with the cost (other than the cost of services of regular staff employees and the cost of supplies withdrawn from stock) incurred by the HA in the preparation, printing, and distribution of its annual reports, exhibits, and other informational literature relating to its housing program. This account shall also be charged with the cost of periodicals, books, and any other literature which the HA deems useful in the conduct of its business.

- 1410.14 Membership Dues and Fees. This account shall be charged with dues and fees for membership in, and payment for the services of, organizations supplying technical or professional information or material concerning the low-rent housing program.

## IV. Chart of Accounts

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- 1410.16 Telephone and Telegraph. This account shall be charged with the cost of telephone and telegraph services, including rental of equipment and long distance toll charges.
- 1410.18 Equipment Expended. This account shall be charged immediately when the transaction occurs with the difference between the acquisition cost and the proceeds from disposition of personal property during the period for which proceeds from the sale of personal property are credited to the development cost of the project. When the physical inventory of equipment is taken as of the end of the initial operating period, this account shall also be charged with the acquisition cost of equipment which has been lost, stolen, destroyed, abandoned, expended, etc.
- 1410.19 Sundry. This account shall be charged with all items of administrative and general expense incurred in connection with the planning and development of the project for which a specific account is not provided in the 1410 group of accounts. Charges to this account include, but are not limited to, the following:
- rental of office space and cost of minor alterations; rental of office furniture and equipment; utilities services; and janitorial supplies,
  - the cost of report and accounting forms; fees for accounting and auditing services; printing of forms and other documents, except annual reports and other informational literature; stationery and office supplies; postage; messenger service; and incidental express, freight, and drayage not identified with and charged to the same account as the article shipped,
  - operating cost of motor vehicles, such as gasoline, oil, grease, batteries, tires, and repairs,
  - insurance expense for workmen's compensation, automobile liability, public liability, fire coverage on furniture and fixtures, and fidelity bonds. When authorized in the development budget, insurance expense shall include the initial three year insurance premium for fire and extended coverage, public liability and fidelity bond coverage,
  - advertising costs in connection with procuring bids for demolition, construction, landscaping, and other contracts for development work,

## IV. Chart of Accounts

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### 1410.19 Sundry (continued)

- cost of obtaining the opinion of counsel in connection with financing the project, and
- the cost of preparing the development program beyond that which is required as basic services under the architect's contract when such work is not performed by HA personnel.

This account shall not be charged with any of the following types of cost:

- purchase of office furniture and equipment; such purchases shall be charged to Account 1475.1,
- blueprints, duplicating specifications, or other printing related to planning; such costs shall be charged to Account 1430.19, and
- travel expenses of architects and engineers or their authorized agents which are reimbursable to them under their contracts; such cost shall be charged to Account 1430.1.

### Liquidated Damages

- 1415 Liquidated Damages. This account shall be credited with the amount of liquidated damages collected from the contractor pursuant to the terms and conditions of the contract. (see Public Housing Development Handbook 7417.1, Rev. 1).

### Counseling and Training

- 1418 Counseling and Training Costs. This account shall be charged with costs incurred in connection with (a) the counseling and training services provided applicants and homebuyers in Turnkey III and MH Homeownership Projects and (b) the organization and initial operation of the homebuyers association in a Turnkey III Project. The costs chargeable to this account shall be limited to the items and amounts approved by HUD in the project's development cost budget. The charges to this account may include:

## IV. Chart of Accounts

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### 1418 *Counseling and Training Costs (continued)*

- Salaries earned by HA personnel (including homebuyers employed by the HA) engaged solely in providing counseling and training services. If the employee's normal duties include other duties besides providing counseling and training services, the salary of such employee shall be prorated on an equitable basis between this account and the other appropriate account(s) reflecting salaries.
- Materials, supplies and expendable equipment used in connection with counseling and training services. Non-expendable equipment is charged to Account 1475.
- Contract costs for counseling and training services (labor, materials and supplies) furnished by an organization or by persons other than HA personnel. It may also include other contract costs directly related to the counseling and training program which is generally incurred when the HA undertakes to carry out its own counseling and training program, such as the rental and servicing of equipment and the fees of a professional consultant or recognized expert engaged to develop a counseling and training program for the HA. If the Bureau of Indian Affairs (BIA) Homebuyer Training Program is used in the counseling of MH homebuyers, the BIA shall not be reimbursed for utilization of its staff or facilities.
- Other costs directly related to a counseling and training program provided by the HA staff, such as employee benefit contributions applicable to employee salaries, the rental of space when the HA does not have space available for training sessions, telephone services, etc.
- Homebuyers association costs directly related to the organization and initial operation of the homebuyers association for Turkey III Homeownership Projects only.

For budgetary control purposes, subaccounts shall be maintained for each of the above categories of costs.

## IV. Chart of Accounts

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### Interest Expense - Net

- 1420.1 Interest to HUD. This account shall be charged with interest accruing on development loan notes payable to HUD through the Date of Full Availability (DOFA). Interest shall be charged only when specifically required by HUD. No interest is charged by HUD on grant funds.
- 1420.7 Interest - Income From Investments. This account shall be credited with interest earned on development funds up to the date of full availability (DOFA). Interest Income earned between DOFA and the end of the initial operating period is credited to Account 1425/3610.

### Initial Operating Period

- 1425 Initial Operating Deficit. Income earned and expenses incurred in connection with the initial operation of a project shall be debited or credited to this account as applicable. Income to be credited includes income from rental of structures constructed on the site, charges to tenants for excess utilities and services, and interest earned on General Fund investments. Expenses to be debited include administrative and general expense applicable to the initial operation of the project, and cost of labor, materials and supplies, utilities, and contract costs incurred in connection with ordinary maintenance and operation of that part of a project available for occupancy.

The initial operating period usually begins with the date of initial occupancy of a project, around the time of DOFA. However, some costs incurred prior to initial occupancy may be debited to this account. These costs include but are not limited to salaries of persons responsible for selecting tenants and/or handling tenant accounts, cost of stationery, forms, and office supplies used in operation of a project.

All income and expense items shall be classified according to income and expense accounts prescribed for use during the operations period, e.g., dwelling rental income shall be recorded as 1425/3110.

The End of the Initial Operating Period (EIOP) is a time defined in the applicable program development handbook or regulation. The EIOP is always at the end of a calendar quarter. A debit balance in this account at EIOP is a cost to the development program. A credit balance at EIOP remains in the account to reduce the development cost.

## IV. Chart of Accounts

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### Planning

1430.1 Architectural and Engineering Fees. This account shall be charged with all fees for architectural and engineering work under lump-sum or fixed-fee-plus-reimbursable-cost contracts, including all amounts reimbursable to the architect except:

- reimbursable costs for inspection; such costs shall be charged to Account 1430.7,
- reimbursable costs for soil tests and site surveys when the architect is authorized to contract for this service; the cost of soil tests shall be charged to Account 1430.19 and the cost of site surveys shall be charged to Account 1440.4, and
- reimbursable costs for preparation of the development program beyond that which is required as basic services under the contract; such costs shall be charged to Account 1410.19.

This account shall also be charged with the cost of blueprints and specifications furnished by the architect whether such costs are or are not reimbursable to the architect under his contract. Should the entire architectural and engineering work be performed by employees of the HA, the cost thereof shall not be charged to this account, but to Account 1410.2.

1430.2 Consultant Fees. This account shall be charged with any planning consultant fees and with reimbursable expenses incurred by the architect for special services not provided for under the terms of his contract.

1430.6 Permit Fees. This account shall be charged with any building permit fees or similar fees which are paid by the HA.

1430.7 Inspection Costs. This account shall be charged with amounts reimbursable to the architect for the cost of inspection pursuant to the terms of the architect's contract, and with inspection costs incurred in connection with a turnkey project pursuant to a contract for inspection services. This account shall also be charged with all other costs incurred for inspection, including costs for test of materials, and the gross salaries earned by HA personnel assigned to inspection work on a full-time basis.

Terminal leave payments to employees shall be charged to this account if the salaries of such terminated employees are chargeable to this account as of the date of termination of employment.

## IV. Chart of Accounts

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### 1430.7 *Inspection Costs (continued)*

This account shall not be charged with any part of the salaries of administrative or technical personnel who may perform a certain part of the inspection of the project incidental to their regularly assigned duties; such salaries shall be charged to Account 1410.1 or Account 1410.2, as applicable.

1430.9 Housing Surveys. This account shall be charged with all costs approved by HUD for housing surveys, including costs of printing reports.

1430.19 Sundry Planning Costs. This account shall be charged with the costs incurred for borings and soil test pits, models, miscellaneous blueprints, photostats, photographs, and other planning costs not allocable to specific accounts. This account shall be credited with monies received by the HA from the sale of blueprints.

This account shall not be charged with the cost of blueprints or specifications furnished by the architect (whether such costs are or are not reimbursable to the architect under his contract); such amounts shall be charged to Account 1430.1.

### Site Acquisition

1440.1 Property Purchases. This account shall be charged with all amounts paid for land and existing improvements, including any amounts disbursed for prior-year taxes and deducted from the purchase price, and amounts disbursed for current taxes prorated to the date of acquisition. The proportionate share of current taxes applicable to the period after the date of acquisition shall not be charged to this account, but shall be charged to Account 1440.12. Account 1440.1 shall also be charged with all amounts paid for property acquired by condemnation, including all amounts awarded by the court in connection therewith. This account shall be charged with the reasonable value of property donated, as determined by the HA with the approval of HUD. A memorandum notation shall be made on the ledger sheet for this account to show the area of land acquired and disposed of and the remainder.

This account shall be credited, and Account 1440.3 shall be debited, with an amount equal to the actual or allocated cost of any land, together with structures remaining thereon, which is determined prior to the issuance of the Actual Development Cost Certificate to be excess to the needs of the project. This account shall be credited with any amounts received from the sale of structures, equipment, and other appurtenances included on the site at time of acquisition. The proceeds from the sale of scrap and salvage resulting from the demolition and clearing of the site shall be credited to Account 1450.

## IV. Chart of Accounts

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### 1440.1 *Property Purchases (continued)*

If any of the structures or other improvements existing on the site at the time of acquisition are used for dwelling or nondwelling purposes, this account shall be credited, and Accounts 1450, 1460, and 1470, as applicable, shall be debited with the reasonable value of the property so used, as determined by the HA with the approval of HUD.

1440.2 Condemnation Deposits. This account shall be charged with the amount of any deposits placed with a court pending completion of condemnation proceedings. At such time as an award is made on any parcel, the amount of the deposit applied on the purchase price thereof shall be transferred to Account 1440.1. This account shall be credited (and the applicable account in the 1440 group debited) with the amount of any fees, court costs, etc., which are paid from the deposit made with the court. At the conclusion of all condemnation proceedings, no amount should remain in this account except court awards, if any, in connection with properties which are not finally acquired.

1440.3 Excess Property. This account shall be charged, and Account 1440.1 shall be credited, with an amount equal to the actual or allocated cost of any land, with structures remaining thereon, which is determined to be excess to the needs of the project when such determination is made prior to the issuance of the Actual Development Cost Certificate (ADCC).

This account shall be credited with the proceeds from sale of excess property sold prior to the issuance of the ADCC. The difference between the actual or allocated cost of the property and the proceeds of sale credited to this account shall be transferred to Account 1440.1.

1440.4 Surveys and Maps. This account shall be charged with the cost of boundary, property line, topographical, and utility surveys, including maps and perimeter descriptions; the cost of monuments and landmarks; and the cost of all blueprints and photostats furnished by the surveyor.

1440.5 Appraisals. This account shall be charged with costs incurred for appraisals of land and improvements and for the appraisals, if any, ordered by the HA for condemnation proceedings. This account shall also be charged with costs incurred for obtaining appraisals of site(s) for a project to be acquired by the turnkey method. If the HA employs full-time appraisers on its staff, the salaries paid to such employees shall be charged to this account.

## IV. Chart of Accounts

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### 1440.5 *Appraisals (continued)*

Terminal leave payments to employees shall be charged to this account if the salaries of such terminated employees are chargeable to this account as of the date of termination of employment.

This account shall not be charged with:

- expert witness fees awarded by a court to the owner of property acquired by condemnation; such costs shall be charged to Account 1440.1 or
- any part of the salaries paid to administrative or technical personnel assigned as part-time appraisers; such salaries shall be charged to Account 1410.1 or Account 1410.2, as applicable.

1440.6 Title Information. This account shall be charged with costs incurred for securing title information, including legal services, abstracts, title certificates, title guarantee policies and other costs in connection therewith. This account shall not be charged with any part of the salaries of staff attorneys; such salaries shall be charged to Account 1410.4.

1440.7 Site - MH Contribution. This account shall be charged with the value of land and existing improvements furnished as mutual help contributions for the development of the project.

1440.8 Legal Cost - Site. This account shall be charged with legal costs incurred in connection with site acquisition, except for salaries paid to staff attorneys (see Account 1410.4). The charges to this account shall include legal and court costs in connection with condemnation and eviction proceedings, process service fees, and similar costs.

This account shall not be charged with:

- legal fees and expense for securing title information; such amounts shall be charged to Account 1440.6, or
- legal fees and expense awarded by a court to the owner of property acquired by condemnation; such amounts shall be charged to Account 1440.1.

1440.10 Option Negotiations. This account shall be charged with fees or other costs incurred for negotiating the purchase of property or options to purchase property. This account shall also be charged with the nominal consideration, if any, paid for options.

## IV. Chart of Accounts

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### 1440.10 *Option Negotiations (continued)*

If the HA employs full-time option negotiators on its staff, the salaries paid to such employees shall be charged to this account.

Terminal leave payments to employees shall be charged to this account if the salaries of such terminated employees are chargeable to this account as of the date of termination of employment.

This account shall not be charged with any part of the salaries of administrative or technical personnel assigned as part-time option negotiators; such salaries shall be charged to Account 1410.1 or Account 1410.2, as applicable.

1440.12 Current Tax Settlements. This account shall be charged with the proportionate share of current taxes applicable to the period after the date of acquisition.

1440.19 Sundry Site Costs. This account shall be charged with recording fees and any other costs of site acquisition not allocable to specific accounts.

1440.20 Site Net Income. This account shall be credited with income, to the end of the initial operating period, from the rental of structures existing on the site at the time of acquisition and from the rental of land for parking lots or other purposes. This account shall be charged with all expenses, to the end of the initial operating period, in connection with the rental, operation, and maintenance of such existing structures.

All items of income credited to this account and all items of expense charged to this account shall be classified according to the income and expense accounts (accounts in the 3000 and 4000 groups) prescribed for use during the operations period. A ledger shall be maintained as a subsidiary ledger to Account 1440.20 in the development cost ledger for recording income and expense relating to the rental, operation, and maintenance of existing structures and land.

## IV. Chart of Accounts

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### Site Improvement

1450 Site Improvement. This account shall be charged with all costs incurred by the HA for demolition and site improvements, including the cost of off-site utilities, if any. This account shall be credited with the proceeds received from the sale of scrap and salvage resulting from demolition and clearing of the site, and with the amount of cash repayments made by the local governing body in connection with the cost of off-site utilities included in the development cost of the project which are received prior to the date of full availability (DOFA) of the project.

The principal charges to this account will cover parts of the main construction contract or related contracts which will be determined and distributed to this account at the time of approval of the final billing under the contract. Other costs which are not included under a contract shall be charged directly to this account when incurred.

The principal charges to this account will include, but are not limited to, the following costs:

- Demolition. See Account 1485.
- Grading. The cost of stripping top soil, and the cutting, filling, back filling, and grading necessary to bring the entire area outside of the buildings to the subgrade levels of paved, surfaced, and planted areas.
- Sanitary Sewers. The cost of sanitary sewers, including the cost of normal excavation, backfilling, piping, manholes, cleanouts, sewage pumping, and disposal facilities, etc. This account shall also include the cost of branches and connections up to but outside of building walls, and the cost of carrying such branches and connections through buildings in route to other buildings, but shall exclude the cost of connections to the buildings through which such branches pass.
- Storm Sewers. The cost of storm sewers, including normal excavation and backfill, piping, manholes, street catch basins and inlets, yard catch basins and inlets, cleanouts, etc.

## IV. Chart of Accounts

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### 1450 *Site Improvement (continued)*

- **Water Distribution System.** The cost of water distribution systems, including normal excavation and backfill, piping, valves and boxes, hydrants, curb cocks and boxes, yard drinking fountains, manholes, master meter installation, etc. Individual meters shall not be charged to this account, but shall be charged to Account 1460.
- **Gas Distribution System.** The cost of gas distribution systems, including normal excavation and backfill, piping, valves and boxes, curb cocks and boxes, drip pots; regulators, master meter installations, etc. Individual meters shall not be charged to this account but shall be charged to Account 1460.
- **Electric Distribution System.** The cost of electric distribution systems, including normal excavation, backfill, overhead lines and poles, underground lines, transformers, transformer vaults, yard lights, master meter installations, etc. This account shall also include the cost of branches and connections up to but outside of building walls, and the cost of carrying such branches and connections through buildings in route to other buildings, but shall exclude the cost of connections to the buildings through which such branches pass. Individual meters shall not be charged to this account, but shall be charged to Account 1460. This account shall also include any costs of street lighting and fire and police alarm systems.
- **Allowance for Abnormal Subsoil Conditions.** The cost of abnormal excavation resulting from unusual subsoil conditions, such as rock, muck, water, quicksand, etc., over and above the cost for normal rough grading and excavation work.
- **Excess Dwelling and Nondwelling Foundations.** The cost of excess foundation work in connection with buildings, utilities, and other site improvements where the unusual character of the subsoil or site topography requires piling, caissons, underpinnings, or very unusual depth of footings. The term "very unusual depth of footings" is not applicable to conditions ordinarily encountered, such as old basements, cesspools, and the like, and insecure pockets of earth of moderate extent, but is applicable only where such conditions are clearly of an extraordinary extent. The cost of normal excavations and foundations for structures shall be charged to Account 1460, Dwelling Structures, in the case of dwelling structures; or to Account 1470, Nondwelling Structures, in the case of nondwelling structures. Pile caps and beams supporting structures between pileclusters or caissons shall be considered as normal foundations, but the piles and caissons in places shall be considered excess dwelling or nondwelling foundations.

## IV. Chart of Accounts

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### 1450 *Site Improvement (continued)*

- **Paved Areas.** The cost of streets and alleys, including the cost of subgrading, paving, curbs, curb and gutters; the cost of walks; the cost of constructing driveways, parking areas, playgrounds, and other similar surfaced areas.
- **Finished Grading, Lawns, and Planting.** The cost of subgrade preparation, top soiling, seeding, sodding, and planting.
- **Miscellaneous.** The cost of building retaining walls and bulkheads, structural playground facilities (such as spray-pools), fences, garbage stations, and other similar appurtenances, and cost of benches, clothes poles, flag poles, etc., when permanently installed. All nonexpendable playground equipment, as distinguished from structural playground facilities, shall be charged to Account 1475.3, Community Space Equipment.

If any of the improvements existing on the site at the time of purchase are to be used, this account shall be charged with an amount equal to a reasonable value (as determined by the HA with the approval of HUD) of such improvements plus the cost of renovation, if any, necessary to prepare the improvements for use.

For Mutual Help Projects, this account shall be subdivided to segregate the various elements of costs to the following accounts:

1450.1 Work - MH Contributions. This account shall be charged with the value of work furnished as mutual help contributions in connection with site improvement.

1450.2 Materials and Equipment - MH Contributions. This account shall be charged with the value of all materials and equipment furnished as mutual help contributions in connection with site improvement.

1450.3 Other MH Contributions. This account shall be charged with all costs incurred for site improvement, exclusive of the value of work, materials and equipment furnished as mutual help contributions and charged to Accounts 1450.1 and 1450.2.

1460 Dwelling Structures. This account shall be charged with the cost of dwelling structures as more specifically defined in the following paragraphs.

## IV. Chart of Accounts

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### 1460 Dwelling Structures (continued)

The principal charges to this account will cover parts of the main construction contract and related contracts which will be determined and distributed to this account at the time of approval of the final billing under the contract. Other costs which are not included under a contract shall be charged directly to this account when incurred. The principal charges to this account will include, but are not limited to, the following costs.

- General. The cost of normal excavation and backfill, normal foundations and other structural costs of dwelling buildings and spaces, including incinerators, laundry facilities, closet spaces, halls, corridors, entrance lobbies, equipment spaces, perambulator and other tenant storage spaces, etc. Also, the cost of fixed cabinets, cupboards, shelving, and other built-in facilities.
- Plumbing. The cost of all interior plumbing, gas, and domestic hot and cold water installations within dwelling building walls; piping, fixtures, bathroom accessories, domestic hot water heaters, circulating pumps. Individual gas and water meters should also be charged to this account.
- Heating. The cost of all heating installations within dwelling building walls or in group or central plants; piping, ducts, radiators, vents, grills, fans, fixed heating units (such as floor furnaces, panel type wall heaters, or other heating units built into the structure) and all accessories, except individual space heaters (i.e., space heating equipment not connected to ducts or pipes for distribution of heat, which shall be charged to Account 1465, Dwelling Equipment). If a central heating plant is provided, include the entire cost of plant structure, equipment, heating mains, domestic hot water mains, and pipe tunnels. The cost of pipe tunnels carrying several types of utility lines shall be prorated in the same proportion as the cost of the lines carried. Thus, the portion of the cost of a pipe tunnel (carrying both a cold water line and a heating line serving dwelling units only) applicable to the cost of the cold water line would be included in Account 1450, Site Improvement (Water Distribution System), and the portion of tunnel cost applicable to the heating line would be included in Account 1460, Dwelling Structures.
- Electrical. The cost of interior dwelling electrical installation (from service drops); conduits, wiring devices, boxes, receptacles, mastermeter, switches, finished electrical hardware, circuit breakers, lights, fixtures, and all other appurtenances. Individual electric meters shall also be included in this account.

## IV. Chart of Accounts

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### 1460 Dwelling Structures (continued)

- Elevators. The cost of elevators and related equipment. If any of the structures existing on the site at the time of purchase are to be used for dwelling purposes, this account shall be charged with an amount equal to a reasonable value (as determined by the HA with the approval of HUD) of such structures plus the cost of renovation, if any, necessary to prepare the structures for dwelling use.

For Mutual Help Projects, this account shall be subdivided to segregate the various elements of costs to the following accounts:

1460.1 Work - MH Contributions. This account shall be charged with the value of work furnished as mutual help contributions in connection with the construction of dwelling structures.

1460.2 Materials and Equipment - Mutual Help Contributions. This account shall be charged with the value of all materials and equipment (except items of equipment chargeable to the accounts in the 1465 group) furnished as mutual help contributions in connection with the construction of dwelling structures.

1460.3 Other MH Contributions. This account shall be charged with all costs incurred for dwelling structures, exclusive of the value of work, materials, and equipment furnished as mutual help contributions and charged to accounts 1460.1 and 1460.2.

### Dwelling Equipment

1465 Expendable and Nonexpendable. This account shall be charged with the cost of all ranges, refrigerators, individual space heaters which are not connected to ducts or pipes for the distribution of heat, shades, screens, and other similar equipment. The cost of space heaters or other heating units built into the structures, such as floor furnaces and panel type wall heaters, shall not be charged to this account, but to Account 1460.

The principal charges to this account will generally result from special equipment contracts, but may also arise from portions of the main construction contract or related contracts; when dwelling equipment is included in the main construction contract or related contracts the cost of such equipment will be determined and distributed to this account at the time of the final billing under the contract.

## IV. Chart of Accounts

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### 1465 *Expendable and Nonexpendable (continued)*

The account shall be credited with the cost of dwelling equipment sold prior to the date of full availability (DOFA) of the project; the difference between the cost of equipment sold and the proceeds from sale shall be charged to Account 1410.18. When the physical inventory of equipment is taken as of the end of the initial operating period, this account shall be credited and Account 1410.18 shall be debited with the cost of dwelling equipment which has been lost, stolen, abandoned, destroyed, or expended.

This account shall be subdivided as follows:

1465.1 Dwelling Equipment - Nonexpendable, shall be used for recording the cost of dwelling equipment classified as "nonexpendable" pursuant to established criteria for capitalization of property.

1465.2 Dwelling Equipment - Expendable, shall be used for recording the cost of dwelling equipment classified as "expendable" pursuant to established criteria for capitalization of property.

1465.3 Dwelling Equipment-MH Contributions, shall be used for recording the value of all items of dwelling equipment furnished as MH contributions, provided such items of equipment would otherwise be purchased by the HA. The charges to this account shall not include the cost of any equipment furnished because the homebuyer desired more or better equipment than the HA would furnish. Ownership of the equipment furnished by a homebuyer as a MH contribution shall be vested with the HA.

### **Nondwelling Structures**

1470 Nondwelling Structures. This account shall be charged with the cost of nondwelling construction, including administration, maintenance, and community buildings and spaces, as more specifically defined in the following paragraphs.

The principal charges to this account will cover portions of the main construction contract and related contracts which will be determined and distributed to this account at the time of approval of the final billing under the contract. Other costs of nondwelling construction shall be charged directly to this account when incurred.

## IV. Chart of Accounts

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### 1470 Nondwelling Structures (continued)

Generally, the main construction contract and related contracts will include charges to be distributed to this account for the following expenditures.

- Administration Building or Spaces. The cost of structures, plumbing, heating, ventilating, and electrical installation for administration buildings and spaces.
- Community Buildings or Spaces. The cost of structures, plumbing, heating, ventilation, and electrical installation for all buildings and spaces used for health, educational, and recreational purposes.

If any of the structures existing on the site at the time of purchase are to be used for nondwelling purposes, this account shall be charged with an amount equal to a reasonable value (as determined by the HA with the approval of HUD) of such structures plus the cost of renovation, if any, necessary to prepare the structures for use.

For Mutual Help Projects, this account shall be subdivided to segregate the various elements of costs to the following accounts.

1470.1 Work - MH Contributions. This account shall be charged with the value of work furnished as mutual help contributions in connection with the construction of nondwelling structures.

1470.2 Materials and Equipment - MH Contributions. This account shall be charged with the value of materials and equipment furnished as mutual help contributions in connection with the construction of nondwelling structures.

1470.3 Other MH Contributions. This account shall be charged with all costs incurred for nondwelling structures, exclusive of the value of work, materials and equipment furnished as mutual help contributions and charged to Accounts 1470.1 and 1470.2.

### **Nondwelling Equipment**

1475 Expendable and Nonexpendable. This account shall be charged with the cost of all movable nondwelling equipment including equipment for administration, maintenance, and community buildings and spaces, both expendable and nonexpendable, acquired during the development period.

## IV. Chart of Accounts

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### 1475 *Expendable and Nonexpendable (continued)*

The principal charges to this account will generally result from special equipment contracts, but may also arise from portions of the main construction contract or related contracts; when nondwelling equipment is included in the main construction contract or related contracts, the cost of such equipment will be determined and distributed to this account at the time of the final billing under the contract.

Equipment purchased solely for use by a specific project and located thereon shall be charged to that project. The cost of equipment purchased for the use of two or more projects or programs (for example, office or maintenance equipment) should be charged to a single project/program whenever possible in order to facilitate the reconciliation of equipment inventory records with the physical inventory.

This account shall be credited with the cost of nondwelling equipment sold prior to the date of full availability (DOFA), the difference between the cost of equipment sold and the proceeds from sale shall be charged to Account 1410.18. When the physical inventory of equipment is taken as of the end of the initial operation period, this account shall be credited and Account 1410.18 shall be debited with the cost of nondwelling equipment which has been lost, stolen, abandoned, destroyed, or expended.

- 1475.1 Nondwelling Equipment - Office Furniture and Equipment. This account shall be used for recording the cost of office furniture and equipment classified as "nonexpendable" pursuant to established criteria for capitalization of property.
- 1475.2 Nondwelling Equipment - Maintenance Equipment. This account shall be used for recording the cost of maintenance equipment classified as "nonexpendable" pursuant to established criteria for capitalization of property.
- 1475.3 Nondwelling Equipment - Community Space Equipment. This account shall be used for recording the cost of community space equipment classified as "nonexpendable" pursuant to established criteria for capitalization of property.
- 1475.4 Nondwelling Equipment - Computer Equipment. This account (or Account 1475.1) shall be used for recording the cost of computers and peripheral equipment classified as "nonexpendable" pursuant to established criteria for capitalization of property. Computer equipment is defined to include central processing, and peripheral equipment such as input and output machines, data preparation machines, data storage machines, and major components which "upgrade" the processing of computers and/or peripheral equipment.

## IV. Chart of Accounts

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- 1475.7 Nondwelling Equipment - Automotive Equipment. This account shall be used for recording the cost of automotive equipment, such as automobiles, trucks, and snow plows. All automotive equipment is normally classified as nonexpendable equipment.
- 1475.9 Nondwelling Equipment - Expendable. This account shall be used for recording the cost of all items of nondwelling equipment (purchased prior to DOFA) classified as "expendable" pursuant to established criteria for capitalization of property.
- 1475.10 Nondwelling Equipment - MH Contributions. This account shall be used for recording the value of all items of nondwelling equipment furnished as mutual help contributions. Ownership of the equipment furnished by a homebuyer as mutual help contributions shall be vested with the IHA.

### Work in Process

- 1480 Contract Work in Process. This account shall be charged with all approved contract billings on the main construction contract or other construction contracts where the total cost is chargeable to two or more of the subsidiary development cost accounts and where payments are to be in two or more periodic installments. If more than one contract is involved, this account may be subdivided by contract.

Contracts for other than construction and equipment, such as contracts for architectural and engineering services, shall not be charged to this account.

Contracts for construction and equipment, the total cost of which is chargeable to only one of the construction and equipment accounts, shall be charged directly to such account and not to this account.

The balance in this account with respect to each contract shall be distributed to the appropriate subsidiary development cost accounts promptly after approval of the final billing under the contract.

## IV. Chart of Accounts

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1482 Developer's Contract Price (Turnkey) Work in Process. This account shall be debited with the costs incurred for the developer's price under a development program for turnkey construction. The developer's price will normally be broken down as follows: site, site improvement, dwelling construction and equipment (nonelderly), dwelling construction and equipment (elderly), nondwelling construction, architectural and engineering services, other.

Upon completion of construction and final payments of the Developer's Price, the balance of this account shall be allocated to the subsidiary development cost accounts 1440, 1450, 1460, and 1470.

1485 Demolition Costs. This account shall be charged with all costs incurred by the HA for demolishing and clearing existing structures and other improvements, disconnecting utilities, and clearing the site.

1495 Relocation Costs. This account shall be charged with all costs incurred for the relocation of individual, families, business concerns, or nonprofit organizations from the site of a low-income housing project in connection with development or modernization.

Charges to this account include amounts paid or payable to displaced site occupants for costs such as the following:

- Individuals and families for moving expenses and direct losses of property, and for additional relocation payments to assist such persons to acquire decent, safe, and sanitary dwellings;
- Small business concerns for moving expenses and direct loss of property and other authorized displacement payments;
- HA direct expenses for the cost of services incident to the relocation of site occupants, including the salaries of administrative personnel assigned full-time duties related to the relocation of site occupants;
- Settlement costs to displaced occupants for reasonable and necessary expenses incurred in connection with the HA acquisition of property (e.g., recording fees, transfer taxes, mortgage prepayment penalties, pro rata portion of real property taxes); and

## IV. Chart of Accounts

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### 1495 Relocation Costs (continued)

- Replacement housing payments for an owner-occupant of a single or two-family dwelling acquired by the HA.

### Undistributed Debits

- 1620 Ineligible Expenditures. The debit balance of this account represents the amount of expenditures which have been determined by HUD to be ineligible pending settlement or determination of responsibility.
- 1640 Payrolls. This account may be charged with the gross salaries and wages paid pending distribution to the applicable cost or expense accounts. Charges to this account must be distributed not less frequently than at the end of each accounting period.
- 1660 Other Administration Expense. This account may be charged with unallocated items of other administration expense pending distribution to the applicable contract cost or expense account. This account may be used also for the accumulation of other administration expense for proration to the projects or other management entities under a single contract with HUD. Charges to this account must be distributed not less frequently than at the end of each accounting period.
- 1690 Other. This account may be charged with expenditures which are not applicable to other specific undistributed debit accounts pending determination as to the appropriate account or accounts to be charged. The charges to this account shall be transferred promptly upon determination of the appropriate account or accounts to be charged. In any event, all charges must be transferred before the end of an accounting period.

### Contracts

- 1800 Uncompleted Contracts. The debit balance of this account represents the amount of the uncompleted portion of development and management contracts (contra to Account 1810) as shown in the contract register.
- 1810 Contract Awards - Contra. The credit balance of this account represents the amount of the uncompleted portion of development and management contracts (contra to Account 1800).



**HOPE V Budget  
Part I: Summary**

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0001 (exp. 5/31/2000)

Public Reporting Burden for this collection of information is estimated to average 6 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is necessary to provide details on the funds requested by Housing Authorities. The form displays the amount requested, broken down by budget line item, with each use explained on Part II. The requested information will be reviewed by HUD to determine if the amount requested is reasonable and whether the required percentages of capital and supportive services funds are met. Responses to the collection are required by the appropriation under which the HOPE VI grant was funded. The information collected does not lend itself to confidentiality. HUD may not conduct or sponsor, and a person is not required to respond to collection of information unless it displays a currently valid OMB control number.

reasonable and whether the required percentages of capital and supportive services funds are met. Responses to the collection are required by the appropriation under which the HOPE VI grant was funded. The information collected does not lend itself to confidentiality. HUD may not conduct or sponsor, and a person is not required to respond to collection of information unless it displays a currently valid OMB control number.

PHA Name \_\_\_\_\_

HOPE VI Grant Number: \_\_\_\_\_

Original HOPE VI Budget

Revised HOPE VI Budget

Predevelopment Budget

Line No	Summary by Budget Line Item	Capital Costs	Supportive Services Costs	Total Funds Requested	HUD Approved Funds
1	Total Non-HOPE VI Funds				
2	1408 Management Improvements				
3	1410 Administration				
4	1430 Fees and Costs				
5	1440 Site Acquisition				
6	1450 Site Improvement				
7	1460 Dwelling Structures				
8	1465 Dwelling Equipment—Nonexpendable				
9	1470 Nondwelling Structures				
10	1475 Nondwelling Equipment				
11	1485 Demolition				
12	1495 Relocation Cost				
13	<b>Amount of HOPE VI Grant (Sum of lines 2-12)</b>				

Signature of PHA Executive Director \_\_\_\_\_

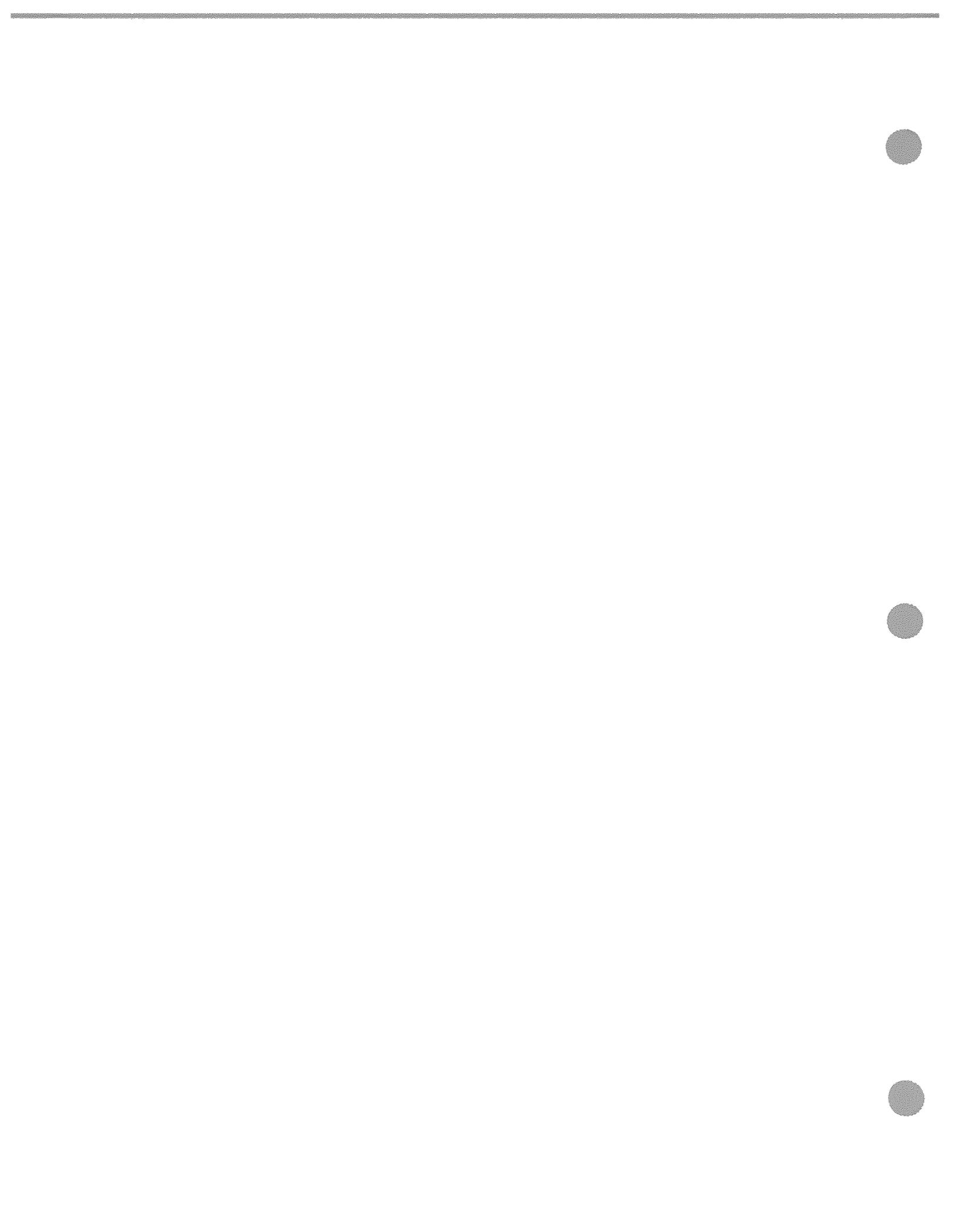
**HUD Certification:** In approving this budget and providing assistance to a specific housing development(s), I hereby certify that the assistance will not be more than is necessary to make the assisted activity feasible after taking into account assistance from other government sources (24 CFR 12.50).  
Signature of Authorized HUD Official \_\_\_\_\_

X

Date \_\_\_\_\_

X

Date \_\_\_\_\_



Part II: Supporting Pages

Work Item Number 1	Budget Line Item Number 2	Statement of Need 3	Description of Proposed/Approved Action and Method of Accomplishment 4	Individual Project Number 5	Total Funds Requested 6	HUD-Approved Funds 7

**Instructions for Preparation of Form HUD-52825-A,  
HOPE VI Budget Submission:**

When requested by HUD, prepare a separate form HUD-52825-A (Parts I and II) for the HOPE VI program, describing the activities which are planned to be undertaken with the HOPE VI funds. Submit the original and two copies (or any lesser number of copies as specified by HUD) of this form to the HUD Field Office. On an as-needed basis, submit a revised form when the HUD-established threshold requires prior HUD approval to revise the HOPE VI Budget.

**Part I: Summary**

**HA Name** - Enter the name of the Housing Authority (HA).

**HOPE VI Grant Number** - Enter the unique HOPE VI Grant number assigned by HUD upon grant approval.

**FFY of Grant Approval** - Enter the Federal Fiscal Year (FFY) in which the HOPE VI grant is being approved/was approved. (last 2 digits of HOPE VI Grant Number).

**Type of Submission** - Check the appropriate box and indicate whether the submission is the Original HOPE VI Budget or a Revised HOPE VI Budget (and revision number).

**Total Funds Approved:**

**Line 1** - Enter the amount rounded to the nearest ten dollars, for all work that will be undertaken from non-HOPE VI funds. Enter zero if no work will be undertaken from non-HOPE VI funds.

**Lines 2 through 12** - For each line, enter the appropriate amount rounded to the nearest ten dollars, or zero if no work will be undertaken in a particular HOPE VI budget line item.

**Line 13** - Amount of HOPE VI Grant - Enter the sum of lines 2 through 12.

**Part II: Supporting Pages**

**1. Work Item Number** - Number each work item sequentially. -0508

**2. Budget Line Item Number** - Enter the appropriated HOPE VI budget line item which corresponds to the work item described.

**3. Statement of Need**

**4. Description of Proposed/Approved Action and Method of Accomplishment** - For each HOPE VI budget line item listed, provide a statement of need and a description of all work items (physical or management, as applicable) that will be funded with HOPE VI funds, including management improvements, supportive services, administrative costs, equipment, etc. Enter the quantity of the work as a percentage or whole number. Describe administrative costs in sufficient detail to clearly identify items.

**5. Individual Project Number** - Enter the abbreviated (e.g., VA-36-1) of the development where the work items will be undertaken.

**6. Total Funds Requested** - For each work item and HA-wide activity described, enter the total funds requested. Where appropriate, add a reasonable contingency amount to each work item and indicate the percentage.

## GRANTEE FINANCIAL INSTRUCTIONS

### 1. Summary of the LOCCS/VRS Payment Process

All HOPE VI Grantees use LOCCS/VRS to request program funds. LOCCS stands for the Line of Credit Control System, and is the system HUD uses to disburse and track grant funds. VRS stands for the Voice Response System, and is the automated system used by Grantees to request funds that are recorded in LOCCS. Grantees use VRS to request funds via a touchtone telephone. Synthesized text-to-speech dialogue is used to request payment data from the caller.

VRS requires the caller to enter a User ID, password, and a VRS grant number to ensure that the caller has authority to request grant funds for the particular HOPE VI grant. The requested payment amount is checked against the grant's available balance in LOCCS to ensure that the request does not exceed the grant's authorized funding limits.

Once the request is approved, funds are wired from the U.S. Treasury directly into the Grantee's bank account, usually within 48 hours from the day the request is made.

### 2. Setting up the LOCCS Account

#### a. Obligation of Grant Funds

##### i. Implementation/Revitalization Grants

Each Grantee will receive a copy of the HOPE VI Grant Agreement and four copies of Form 1044, which is the obligating document. Each Grantee must sign and return all four copies of the 1044 to HUD Headquarters. HUD will execute (sign) all of the copies and return one executed copy to the Grantee. The effective date of the grant is the date the 1044 was executed by HUD.

##### ii. Demolition Grants

Each Demolition Grantee will receive a one-page ACC Amendment, which is the obligating document. The Grantee must complete, sign, and return four copies of the ACC Amendment to HUD Headquarters. HUD will execute all of the copies and return one executed copy to the Grantee. The effective date of the grant is the date the ACC Amendment was executed by HUD.

##### iii.

Once the obligation documents are executed, one copy is sent to HUD's Office of Finance and Accounting for entry into LOCCS. HUD Program Staff spreads the funds into Budget Line Items (see HOPE VI Budget Guidance). This action generates a VRS Number, which is automatically mailed to the Grantee (see Section d below).

b. User ID and Password

Only users with valid User IDs and passwords may access LOCCS/VRS. Users are allowed access to only those programs, projects, and functions that have been requested and approved by the LOCCS Security Officer at HUD Headquarters.

To gain authorization to LOCCS/VRS, each staff person of the Grantee organization who will perform "drawdown" functions must submit one LOCCS/VRS Access Authorization Form (Form HUD-27054). Three copies of this form are enclosed, and instructions for its completion are included as Attachment 1. At least two persons should be authorized to draw down HOPE VI funds via VRS. These completed forms must be returned to the HUD Grant Manager. Please do not send them to the address listed on the form. The Grant Manager will check each form for completeness and submit it to the LOCCS Security Officer.

The LOCCS Security Officer will enter the information from the Form HUD-27054 into LOCCS, and inform each user of their User ID via a User ID Authorization Letter (Attachment 2) to be opened by the addressee only. The letter will state that the user must access LOCCS by a certain date. If the system is not accessed by that time, their authorization will be cancelled. The caller will not have to request a drawdown in order to access the system. The caller will, however, need to create a password.

If a user has any problems completing the Security Form, or does not receive a password and User ID in a timely manner, please contact the HUD Security Officer at (202) 708-0764. Grant Managers cannot assist Grantees with LOCCS/VRS security problems.

**CURRENT HOPE VI GRANTEES:** If the Housing Authority has received other HOPE VI grant funds through LOCCS, users may already be authorized. In that instance, a current user may not need to submit a new authorization form. However, if a Grantee has not received HOPE VI funds in the past, even if it has received other program funds through LOCCS, a new user authorization form must be submitted. A current LOCCS user would simply mark Add/Change Authority instead of New User.

c. Grant Number

Each Grant is assigned a HOPE VI grant number for each grant it has been awarded. The Grant Number contains 14 alpha-numeric characters. For example:

TX 16 URD 003 I 1 98

TX: State

16: Numeric code for the HUD field office

URD: Urban Revitalization Demonstration Program: the previous name of HOPE VI

003: Part of the PHA's HA Code (e.g., TX-003)

I: Implementation (P = Planning, D = Demolition, E = Elderly)

1: Ordinal (e.g., this is the first HOPE VI grant awarded this FY)

98: Fiscal Year in which funds were awarded.

d. Voice Response Number

Each Grantee will also receive a letter containing his or her computer-generated Voice Response Number (Attachment 3). Since the HOPE VI grant number is alpha numeric, making it difficult to specify it over a touchtone phone, LOCCS automatically assigns a unique all-numeric, 10-digit number to each grant. Please note that if a Grantee was approved for more than one grant, it will have received separate grant numbers for each, and will receive separate VRS numbers as well. Those grants will always be treated as separate grants.

e. Direct Deposit Form

Each Grantee must complete and submit a Direct Deposit Sign-Up Form (SF-1199A). This form identifies the bank account into which grant funds will be deposited. All funds will be wire transferred from the U.S. Treasury directly into the Grantee's bank account. A copy of this form is enclosed, and instructions for its completion are included as Attachment 4. After the Grantee has completed Section 1 and the Grantee's financial institution has completed Section 3, return the form AND A BLANK CHECK marked CANCELLED or VOID to your HOPE VI Grant Manager. PLEASE NOTE that failure to include the cancelled check will delay receipt of funds.

**CURRENT HOPE VI GRANTEES:** Banking information is entered on a grant-by-grant basis. The banking information submitted for a previous grant may not carry over to the new grant. Please submit a new Direct Deposit Form to ensure that funds are deposited to the correct account.

3. Completing the HOPE VI Voucher

The LOCCS/VRS HOPE VI Voucher for Grant Payment (HUD-50080-URP) (Attachment 5), is used for HOPE VI VRS payments. Two copies of the voucher are enclosed. Please make copies of these vouchers as needed. Instructions for the completion of the voucher are included on the reverse side of each voucher. Specific instructions are as follows:

- Block 1 Voucher Number: The HOPE VI prefix, 058, is preprinted on the voucher. The remaining six digits will be automatically determined by LOCCS and given to the caller during the drawdown session.
- Block 2 LOCCS Program Area: URP is preprinted on the form.
- Block 3 Period Covered by this Request: Enter the time period in mmddyy format (e.g., From 050194 To 053194) that funds were/will be expended.
- Block 4 Type of Disbursement: Indicate partial until the final payment of the entire grant is requested.
- Block 5 Voice Response No.: Enter the 10-digit VRS project number, which was received by mail.
- Block 6 Enter the name of the Housing Authority requesting funds. The name must be identical to the one that appears on the Grant Agreement.
- Block 6a Enter the Housing Authority's Identification Number (also called Employer Identification Number).
- Block 7 Payee Organization's Name, Organization's Name: leave blank.
- Block 8 Enter the HOPE VI Grant Number.
- Block 9 Enter the amount requested for each BLI.

BLIs are as follows:

- 1408 Management Improvements
- 1410 Administration
- 1430 Fees & Costs
- 1440 Site Acquisition
- 1450 Site Improvement
- 1460 Dwelling Structures
- 1470 Non-Dwelling Structures
- 1475 Non-Dwelling Equipment
- 1485 Demolition
- 1495 Relocation Costs

Block 10 Enter the total amount requested.

Block 11 Enter the name and telephone number of the person who completed the voucher.

Block 12 Enter the name and title of the person authorized to request the funds.

Block 13 The person identified in Block 12 must sign and date.

Block 14

**NOTE:** Following each disbursement request, the Grantee must keep the original voucher, with copies of invoices, receipts, and other relevant documentation of costs, on file. Vouchers are NOT to be sent to HUD.

#### 4. Making the Call

##### a. VRS Equipment

The LOCCS/VRS phone number is (703) 391-1440. Hours of operation for LOCCS VRS are 8:00 a.m. to 6:00 p.m. Eastern Time, Monday through Friday. After the initial greeting, a menu selection is given. LOCCS is selection number 2.

##### b. ID, Password, and Program Area

The caller must have a properly completed voucher in hand as a reference when making the call. LOCCS will first ask for the caller's User ID and password to verify that the caller is authorized to draw down HOPE VI funds. Once LOCCS validates the User ID and password, the system will ask the caller for the program area for which the current request is being made; the caller selects URP.

##### c. Voucher Number

LOCCS/VRS will ask the caller for the three-digit program number; the caller enters 051. LOCCS/VRS will give the caller the remaining 6 digits of the voucher number. **The caller must write the entire voucher number in Block 1 of the voucher form and then enter the entire 9-digit voucher number before the call is terminated for verification.** This procedure also ensures that each voucher number is unique.

##### d. Entering the VRS Number

LOCCS/VRS will ask the caller to enter the 10-digit VRS number that the Grantee received by mail. LOCCS/VRS will give the caller the Grantee's HOPE VI grant number as verification.

e. Entering Budget Line Items

LOCCS/VRS will then prompt the caller to enter the first 4-digit line item number. LOCCS/VRS verifies that it is a valid number for the grant type and for the program area. The line item's name is spoken back to the caller.

For example, if the line item "1010" is entered, LOCCS/VRS will speak, "ENTER THE AMOUNT OF Administration FOLLOWED BY A POUND SIGN."

The caller will then enter the amount of funds to be drawn against the Line Item, followed by a pound (#) sign. Since LOCCS/VRS does not know in advance the number of digits being entered, the caller must enter a pound sign (#) as the last input to indicate they have completed entering digits.

For example, to request \$28,569, the caller would enter: 2 8 5 6 9 #

This process is repeated until the caller indicates that there are no more line items for the given voucher by entering "9999." LOCCS/VRS then summarizes the line item entries and their related dollar amounts and provides the caller with a voucher total amount for confirmation. The caller then has a final option to process or cancel the request.

If the caller has made a drawdown request in error and wishes to cancel the request after the call has been made, he or she must notify the appropriate Grant Manager immediately. The request can be cancelled if done before 6:00 p.m., Eastern time, of the day that the request was made.

5. Drawdown Restrictions

- a. A Grantee may not make more than one payment request per day per grant.
- b. Regulations at 24 CFR Part 85.20(b)(7) state that drawdowns should not exceed the amount needed to meet the immediate disbursement requirements of the Grantee. LOCCS is designed so that Grantees can draw down funds when needed. Funds drawn down should be disbursed in payment of program costs within three days of receipt of funds. That is, Grantees should not draw down funds unless they expect to pay out those funds within three days. Practically, however, Grantees should draw down funds no more than once or twice per month.

## 6. Program Edits

LOCCS/VRS uses payment controls to ensure that payments are appropriate and consistent with HOPE VI program guidelines. These controls are called payment **edits**. Edits on BLIs are applied when the Grantee requests funds through LOCCS/VRS. Specific program edits are as follows:

### a. Hard Edits

Hard edits are those that prevent the payment requested from being processed. They can not be overridden by the Grant Manager. Hard edits include:

- (1) **Total Amount Requested.** LOCCS will automatically reject any payment request that exceeds the total amount authorized for the grant.
- (2) **BLI Limits.** LOCCS will automatically reject payment requests for BLIs 1408 (Management Improvement) and 1410 (Administration) which exceed the amounts approved for those BLIs.

### b. Soft Edits

Soft edits are those that send payments "out for review" for the reasons listed below. The Grant Manager must review the request, and may either override the edit and approve the payment, cancel the request, or request further information before overriding the edit and approving payment.

- (1) **Total BLI Amount Requested.** LOCCS will automatically send out for review any payment request that exceeds 110 percent of the amount approved for all BLIs other than 1408 and 1410.
- (2) **Percentage Limit.** No more than 5 percent of the total grant budget may be drawn in any one month.
- (3) **Reports.** If a Grantee fails to submit a required Quarterly Report, all subsequent requests for payment will be prohibited until the missing report is submitted. In such case, the Grantee will be unable to enter a voucher into LOCCS.
- (4) **Mandatory review.** In some cases, the HUD Grant Manager must review every request for payment for a specific Grantee. This status is imposed if the PHA has consistently shown that it is a poor cash manager. Such a Grantee must be notified in writing before the mandatory review status is imposed.

7. Outcomes of a Request for Payment

- a. If a request is consistent with all edits, the payment is **approved**. The requested funds are wired to the Grantee's bank account, in most cases within 48 hours of the request.
- b. If a Grantee is unable to request any funds, it will be told that all further requests for funds have been **suspended**. This occurs when the Grantee has failed to submit a report or is otherwise in violation of its grant agreement. Once the report is submitted or the violation is cured, the suspension will be lifted and the Grantee may again request funds.
- c. The payment may be put **out for review**. The request has triggered an edit that the Grant Manager is authorized to override. The Grant Manager must review the request and specifically approve or reject it.

8. Queries

In addition to drawdown capability, LOCCS/VRS allows Grantees to query the system for various information. The initial menu will give Grantees this option at the start of each VRS call. The available query functions are as follows:

a. Grant Query

LOCCS/VRS will give current authorized, disbursed, and available balance totals for the selected grant, along with general grant status. A detailed breakdown by line item is available if the caller wishes.

b. Voucher Query

By entering a voucher number, the status of the voucher is given. This includes when the voucher was called in, by whom, and if the voucher has been paid, canceled, or is out for review. A detailed breakdown by line item is available if the caller wishes.

c. Last assigned VRS Grant Number

By specifying a Tax ID number, the last assigned VRS number for the selected program area is given by electronic voice. This is useful if the caller has not received the LOCCS/VRS-generated letter with the assigned VRS number, but wishes to draw down funds.

## LIST OF ATTACHMENTS

Attachment 1	How to Complete the HUD-27054 (LOCCS Voice Response Access Authorization)
Attachment 2	Sample User ID Authorization Letter
Attachment 3	Sample VRS Number Notification Letter
Attachment 4	How to Complete the SF-1199A (Direct Deposit Sign-up Form)
Attachment 5	HUD-50080-URP - HOPE VI Voucher

### Attachment 1

#### How to Complete the HUD-27054 LOCCS Voice Response Access Authorization (For Completion by Grantee)

1. Type of Function

Check **New User** if the user does not already have a User ID for another HUD program that distributes funds through LOCCS. Check **Add/Change Authority** if the user does have a HUD User ID.

2a. User ID

If a new user, leave this block blank. Previously authorized users enter their HUD User ID.

2b. Social Security Number: Enter the Social Security Number of the user.

3. User information

Enter the personal information of the user, not the Grantee organization. All fields are mandatory. Failure to enter any of these fields may cause the security request to be rejected.

4. Recipient Organization for which Authority is being requested

This information will identify the Housing Authority the user will be representing. Enter the Grantee's Tax Identification Number and name.

5a. LOCCS Program Area: Enter URP

5b. Program Area Name: Enter HOPE VI

5c. Enter "Q" for Query only access or "D" for Drawdown access. Users who select Drawdown access will automatically receive Query access.

6. Authorized User's Signature and Date: The signature of the user requesting access.

7. Approval

This block is for the approving official representing the grantee. The approving official must be a supervisor or other superior of the user. Approving officials cannot approve themselves for access to the system.

8. Notary: Each form must be notarized.

Please note that contrary to instructions on the form, the completed form must be returned to HUD Headquarters, Room 4138.

# LOCCS Voice Response System Access Authorization

U.S. Department of Housing  
and Urban Development

Line of Credit Control System (LOCCS)

OMB Approval No. 2535-0102 (exp. 10/31/93)

**Public reporting burden** for this collection of information is estimated to average 0.16 hours per response, including the time for reviewing instructions, searching existing sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600 and to the Office of Management and Budget, Paperwork Reduction Project (2535-0102), Washington, D.C. 20503. Do not send this form to either of the above addressees.

This form is to be completed by the recipient's (or grantee's) chief executive officer or designated representative. Send notarized original to your local HUD Field Office for review and to be forwarded to:

U.S. Department of Housing and Urban Development  
Office of Information Policies & Systems, AISA0  
451 Seventh St., SW  
Washington, DC 20410-3600

**Privacy Act Statement:** Public Law 97-255, Financial Integrity Act, 31 U.S.C. 3512, authorizes the Department of Housing and Urban Development (HUD) to collect all the information which will be used by HUD to protect disbursement data from fraudulent actions. The Housing and Community Development Act of 1987, 42 U.S.C. 3543 authorizes HUD to collect the SSN. The purpose of the data is to safeguard the Line of Credit Control System (LOCCS) from unauthorized access. The data are used to ensure that individuals who no longer require access to LOCCS have their access capability promptly deleted. Provision of the SSN is mandatory. HUD uses it as a unique identifier for safeguarding the LOCCS from unauthorized access. This information will not be otherwise disclosed or released outside of HUD, except as permitted or required by law. Failure to provide the information requested on the form may delay the processing of your approval for access to LOCCS.

1. Type of Function : (mark one)		2a. User ID : (new user leave blank)	2b. Social Security Number (SSN):
1 <input type="checkbox"/> New User	3 <input type="checkbox"/> Reset Password		
2 <input type="checkbox"/> Add/Change Authority	4 <input type="checkbox"/> Terminate User		

3. Authorized User's Name : (last, first, mi)	Office Phone No: (include area code)
	(      )

Office Address : (street, city, State & zip)

4. Recipient Organization for which Authority is being Requested :

Tax ID : \_\_\_\_\_ Organization's Name : \_\_\_\_\_

LOCCS Program Area	5b. Program Name	5c. Q = Query Only D = Project Drawdown S = Project Set-Up A = Admin. Drawdown
URP	HOPE VI	D

6. Authorized User's Signature & Date :

X

I authorize the person identified above to access LOCCS via the Voice Response System.

B. Notary (signature & date) :

7. Approved by: (name & title & SSN)

Office Phone No:

(      )

Office Address : (street, city, State, zip code)

Approving Official's Signature & Date :

X

**Warning: HUD will prosecute** false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

# Instructions for the LOCCS Voice Response Access Authorization Security Form

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## 1. Type of Function:

- (1) **New User:** User does not currently have a LOCCS user ID.
- (2) **Add/Change:** User has a current user ID-- will be changing the user information or the access privileges currently granted.
- (3) **Reset Password:** will cause the user's password to be reset to a 6-digit random number. The security form will be mailed back to the user to inform him/her of the reset password's value. The user will be required to change the password on the next access to LOCCS.
- (4) **Terminate User:** will immediately terminate the user's access authorizations in LOCCS.

2 a. **User ID:** This block is required to be filled in if the form indicates function 2, 3, or 4 above. This block will be filled in by the LOCCS Security Officer for a "new" ID.

b. **Social Security Number:** Used to preclude duplicate issuance of authorization for the same person. See the Privacy Act Statement on the front of the form.

3. **User Information: All fields are mandatory.** Failure to enter any of these fields may cause the security request to be rejected.

Enter the user's last name, first name, and middle initial. Enter the user's office phone number. Include the area code or indicate FTS. Enter user's office street address, city, state and zip code.

4. **Recipient Organization** for which Authority is being requested. This will identify the organization the user will be representing. Enter the organization's Tax ID and organization name.

5. **Program Authority.** Identify the HUD program(s) this user will be authorized to access for the recipient organization and then enter the corresponding code(s)/name(s).

a./b. Contact your local HUD Field Office for the appropriate 4-character LOCCS Program Area / Name

c. Enter either "Q" for Query only access, "D" for Project Drawdown access, "S" for Project Set-Up access, or "A" for Administrative Drawdown access. Users who select Project Drawdown access, Project Set-Up access, or Administrative Drawdown access will automatically receive Query access. Persons who have Project Set-Up Authority for a given Tax ID cannot also have Project Drawdown Authority for the same Tax ID.

6. **Signature.** The signature for whom access is being requested and the date this authorization was signed.

7. **Approval.** Enter the name, title, social security number, office phone, office address, signature and date of the approving official representing the recipient organization. Approving officials **cannot** approve themselves for access to the system.

8. **Notary.** Seal, signature and date of the official who notarizes this form.

**Attachment 2**

Sample User ID Authorization Letter

U.S. Department of Housing  
and Urban Development  
PO Box 23774  
Washington, DC 20426-3774

Grantee Name  
Grantee Address

U.S. Dept. of Housing and Urban Development  
Line of Credit Control System (LOCCS)

Date:

Re: LOCCS Voice Response System (VRS) Access Authorization

Dear Grantee:

Your request for (LOCCS) Voice Response System access has been approved.

Your new User ID is <7 digit number>.

To activate this access authorization, you must call the HUD Voice Response System at (703) 391-1400 by [45 days from date listed above] (this is not a toll-free number).

**FAILURE TO ACTIVATE YOUR USERID AND ACCESS BY THIS DATE WILL RESULT IN AUTOMATIC CANCELLATION OF THIS APPROVAL!**

The attached sheet contains general information on the HUD Voice Response System. You should retain this sheet and have it readily accessible when you call VRS.

Your User ID will be terminated if not used for a given six month period. To preclude premature termination, you should call the VRS on at least a quarterly basis and change your password.

This access has been approved for the following Program Area(s), Recipient Tax IDs, and function(s):

URP HOPE VI Tax ID: [PHA's EIN] Name of Grantee Query, Drawdown

If you have any questions concerning security matters, please call the LOCCS Security Officer at (202) 708-0764. (This is not a toll-free number.)

U.S. Department of Housing and Urban Development



The HUD Voice Response System can be reached at (703) 391-1400.

- A. Use a touchtone phone to enter numeric values and selections per Voice instructions. Select HUD's Line of Credit Control System (LOCCS) by pressing "2" after the voice greeting.
- B. When entering fields of variable length such as a voucher amount, remember to follow the amount with a "#". Draw down whole dollars only.

Any time that input is requested, one of the following can be used:

- #8 Repeat the last thing spoken
- #9 Return to previous menu selection
- #0 Quit Immediately
- #1 Return to initial VRS Menu selection

For Budget Line Item Requests:

- 9999 Entry after final line item is entered
- 3# To cancel the last budget line item requested.

SAVE THIS SHEET AND KEEP IT READILY ACCESSIBLE FOR USE WHEN CALLING THE VRS.

**Attachment 3**

Sample VRS Number Notification Letter

U.S. DEPT. OF HUD  
P.O. BOX 23699  
WASHINGTON DC 20026-3699

GRANTEE NAME  
GRANTEE ADDRESS

Date

U.S. Dept. of Housing and Urban Development  
Line of Credit Control System (LOCCS)

re: Grant Number

Dear HOPE VI Grantee:

This is to advise you of the assignment of your LOCCS Voice Response project number. This number is to be used for telephone queries and requests for funds disbursement.

Your Voice Response project number for grant [HOPE VI Grant Number] is: [VRS Number].

If you have any questions concerning this matter, please call the Office of Public Housing Investments (is not a toll free number).

Thank you for your participation in the HOPE VI Program.



## Attachment 4

### How to Complete the SF-1199A Direct Deposit Sign-up Form

#### Section 1 - to be completed by the grantee

- Block A      Print or type the name and address of the Housing Authority and the telephone number of the person completing the form.
- Block B      Leave Blank
- Block C      Print or type the HOPE VI grant number, which is on the award notification letter. Print or type the Employer Identification Number of the PHA below the project number.
- Block D      Mark with an "X" the type of account into which HOPE VI funds will be directly deposited. Choose either checking or savings.
- Block E      Print or type the number of the account into which HOPE VI funds will be deposited. If the financial institution does not use account numbers, up to 17 characters of the depositor's name or other identification may be entered. Dashes are acceptable as part of the number, but spaces are not acceptable. The depositor's account number must be formatted exactly as it appears in the financial institution's records.
- Block F      Check other and enter URP
- Block G      Leave Blank

#### Payee/Joint Payee Certification

The Certification should be signed by the Chief Executive Officer or Designated Representative of the PHA. If additional signature lines are required, use a plain sheet of paper and attach it to the form. Be sure to place the PHA name and grant number on the sheet so that, if it becomes separated, HUD will know for which grant it is. All signatures must be original. Forms containing duplicated copies of signatures will not be processed and will result in delays.

Section 2 - Department of Housing and Urban Development  
Office of Public Housing Investments  
451 Seventh Street SW, Room 4138  
Washington, DC 20410

Section 3 - to be completed by the financial institution

Print or type the name and address of the PHA's financial institution, the Routing Number and Check Digit.

Enter the name of the entity to receive the funds in the "Depositor Account Title" block.

The financial institution's representative signs and dates the form. The telephone number, including the area code, must also be provided so that HUD can verify information.

This completed form, AND A BLANK CHECK marked CANCELLED or VOID, must be returned to the address shown in Section 2. Failure to include the cancelled check will delay receipt of funds.

# DIRECT DEPOSIT SIGN-UP FORM

## DIRECTIONS

- Sign up for Direct Deposit, the payee is to read the back of this form and fill in the information requested in Sections 1 and 2. Then take or mail this form to the financial institution. The financial institution will verify the information in Sections 1 and 2, and will complete Section 3. The completed form will be returned to the Government agency identified below.
- A separate form must be completed for each type of payment to be sent by Direct Deposit.

- The claim number and type of payment are printed on Government checks. (See the sample check on the back of this form.) This information is also stated on beneficiary/annuitant award letters and other documents from the Government agency.
- Payees must keep the Government agency informed of any address changes in order to receive important information about benefits and to remain qualified for payments.

## SECTION 1 (TO BE COMPLETED BY PAYEE)

A NAME OF PAYEE (last, first, middle initial)		D TYPE OF DEPOSITOR ACCOUNT <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS	
ADDRESS (street, route, P.O. Box, APO/FPO)		E DEPOSITOR ACCOUNT NUMBER	
CITY	STATE	ZIP CODE	
TELEPHONE NUMBER AREA CODE		F TYPE OF PAYMENT (Check only one)	
B NAME OF PERSON(S) ENTITLED TO PAYMENT		<input type="checkbox"/> Social Security <input type="checkbox"/> Fed Salary/Mil. Civilian Pay <input type="checkbox"/> Supplemental Security Income <input type="checkbox"/> Mil. Active _____ <input type="checkbox"/> Railroad Retirement <input type="checkbox"/> Mil. Retire. _____ <input type="checkbox"/> Civil Service Retirement (OPM) <input type="checkbox"/> Mil. Survivor _____ <input type="checkbox"/> VA Compensation or Pension <input type="checkbox"/> Other _____ (specify)	
C CLAIM OR PAYROLL ID NUMBER		G THIS BOX FOR ALLOTMENT OF PAYMENT ONLY (if applicable)	
Prefix	Suffix	TYPE	AMOUNT
<b>PAYEE/JOINT PAYEE CERTIFICATION</b> I certify that I am entitled to the payment identified above, and that I have read and understood the back of this form. In signing this form, I authorize my payment to be sent to the financial institution named below to be deposited to the designated account.		<b>JOINT ACCOUNT HOLDERS' CERTIFICATION (optional)</b> I certify that I have read and understood the back of this form, including the SPECIAL NOTICE TO JOINT ACCOUNT HOLDERS.	
SIGNATURE	DATE	SIGNATURE	DATE
SIGNATURE	DATE	SIGNATURE	DATE

## SECTION 2 (TO BE COMPLETED BY PAYEE OR FINANCIAL INSTITUTION)

GOVERNMENT AGENCY NAME	GOVERNMENT AGENCY ADDRESS
------------------------	---------------------------

## SECTION 3 (TO BE COMPLETED BY FINANCIAL INSTITUTION)

NAME AND ADDRESS OF FINANCIAL INSTITUTION		ROUTING NUMBER		CHECK DIGIT
		<input type="text"/>		<input type="text"/>
		DEPOSITOR ACCOUNT TITLE		
<b>FINANCIAL INSTITUTION CERTIFICATION</b>				
I confirm the identity of the above-named payee(s) and the account number and title. As representative of the above-named financial institution, I certify that the financial institution agrees to receive and deposit the payment identified above in accordance with 31 CFR Parts 240, 209, and 210				
TITLE OR TYPE REPRESENTATIVE'S NAME	SIGNATURE OF REPRESENTATIVE	TELEPHONE NUMBER	DATE	

Financial institutions should refer to the GREEN BOOK for further instructions.

THE FINANCIAL INSTITUTION SHOULD MAIL THE COMPLETED FORM TO THE GOVERNMENT AGENCY IDENTIFIED ABOVE.

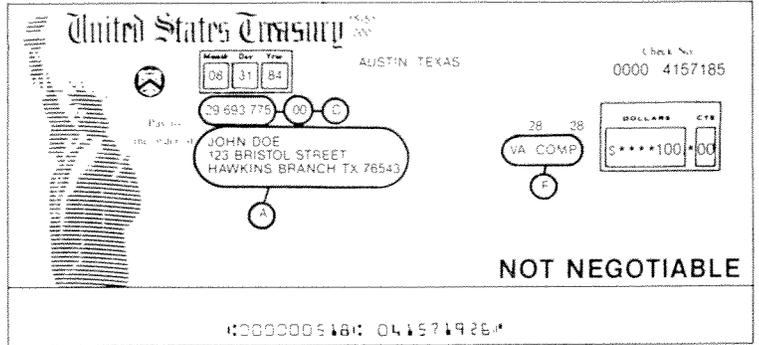
**PLEASE READ THIS CAREFULLY**

All information on this form, including the individual claim number, is required under 31 USC 3322, 31 CFR 209 and/or 210. The information is confidential and is needed to prove entitlement to payments. The information will be used to process payment data from the Federal agency to the financial institution and/or its agent. Failure to provide the requested information may affect the processing of this form and may delay or prevent the receipt of payments through the Direct Deposit/Electronic Funds Transfer Program.

**INFORMATION FOUND ON CHECKS**

Most of the information needed to complete boxes A, C, and F in Section 1 is printed on your government check:

- (A) Be sure that payee's name is written exactly as it appears on the check. Be sure current address is shown.
- (C) Claim numbers and suffixes are printed here on checks beneath the date for the type of payment shown here. Check the Green Book for the location of prefixes and suffixes for other types of payments.
- (F) Type of payment is printed to the left of the amount.



**SPECIAL NOTICE TO JOINT ACCOUNT HOLDERS**

Joint account holders should immediately advise both the Government agency and the financial institution of the death of a beneficiary. Funds deposited after the date of death or ineligibility, except for salary payments, are to be returned to the Government agency. The Government agency will then make a determination regarding survivor rights, calculate survivor benefit payments, if any, and begin payments.

**CANCELLATION**

The agreement represented by this authorization remains in effect until cancelled by the recipient by notice to the Federal agency or by the death or legal incapacity of the recipient. Upon cancellation by the recipient; the recipient should notify the receiving financial institution that he/she is doing so.

The agreement represented by this authorization may be cancelled by the financial institution by providing the recipient a written notice 30 days in advance of the cancellation date. The recipient must immediately advise the Federal agency if the authorization is cancelled by the financial institution. The financial institution cannot cancel the authorization by advice to the Government agency.

**CHANGING RECEIVING FINANCIAL INSTITUTIONS**

The payee's Direct Deposit will continue to be received by the selected financial institution until the Government agency is notified by the payee that the payee wishes to change the financial institution receiving the Direct Deposit. To effect this change, the payee will complete a new SF 1199A at the newly selected financial institution. It is recommended that the payee maintain accounts at both financial institutions until the transition is complete, i.e. after the new financial institution receives the payee's Direct Deposit payment.

**FALSE STATEMENTS OR FRAUDULENT CLAIMS**

Federal law provides a fine of not more than \$10,000 or imprisonment for not more than five (5) years or both for presenting a false statement or making a fraudulent claim.

**LOCCS / VRS  
HOPE VI Program  
Payment Voucher**

**U.S. Department of Housing  
and Urban Development**  
Office of Public and Indian Housing

OMB Approval No. 2577-0166 (exp. 3/31/2000)

**Public reporting burden** for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0166), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

**Do not send this form to the above address.**

HUD implemented the Line of Credit Control System/Voice Response System (LOCCS/VRS) to process requests for payments to Public and Indian Housing program grantees. Grant recipients fill out a voucher form for the applicable HUD program with all the necessary information prior to making a telephone call using a touch tone telephone to initiate the drawdown process. The grantee will be prompted for entering the information and for confirming information that is spoken back by the VRS simulated voice. This information is required to obtain benefits under the HOPEVI. The information requested does not lend itself to confidentiality.

1. Voucher Number : <b>058</b>	2. LOCCS Pgrm. Area: <b>URP</b>	3. Period Covered by this Request (mm/yy): from: _____ to: _____	4. <input type="checkbox"/> 1 = Partial Disbursement <input type="checkbox"/> 2 = Final Disbursement
5. Voice Response No. (5 digits, hyphen, 5 more) : _____	6. Grantee Organization's Name : _____	7. Payee Organization's Name : _____	
8. Grant or Project No: _____	6a. Grantee Organization's TIN : _____	7a. Payee Organization's TIN: _____	

9. Line Item No.	Type of Funds Requested	Amount : (dollars) * (cents)
1408	Management Improvement	.
1410	Administration	.
1430	Fees & Costs	.
1440	Site Acquisition	.
1450	Site Improvement	.
1460	Dwelling Structures	.
1465	Dwelling Equipment - Non-Expendable	.
1470	Non-Dwelling Structures	.
1475	Non-Dwelling Equipment	.
1485	Demolition	.
1495	Relocation Costs	.
		.
		.
<b>10. Voucher Total:</b>		\$ .

I certify the data reported and funds requested on this voucher are correct and the amount requested is not in excess of immediate disbursement needs for this program. In the event the funds provided become more than necessary, such excess will be promptly returned, as directed by HUD.

11. Name & Phone Number (including area code) of the Person who Completed this Form: _____	12. Name & Title of Authorized Signatory (type or print clearly) : _____
	13. Signature : _____
	14. Date of Request : _____

**Warning: HUD will prosecute** false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

**Privacy Statement:** Public Law 97-255, Financial Integrity Act, 31 U.S.C. 3512, authorizes the Department of Housing and Urban Development (HUD) to collect information (except the Social Security Number (SSN)) which will be used by HUD to protect disbursement data from fraudulent actions. The purpose of the data is to safeguard the Line of Credit Control System (LOCCS) from unauthorized access. The data are used to ensure that individuals who no longer require access to LOCCS have their access capability promptly deleted. Failure to provide the information requested on the form may delay the processing of your approval for access to LOCCS. While the provision of the SSN is voluntary, HUD uses it as a unique identifier for safeguarding the LOCCS from unauthorized access. This information will not be otherwise disclosed or released outside of HUD, except as permitted or required by law

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## HOPE VI RELOCATION

This chapter explains the relocation assistance process as it relates to the HOPE VI program. For residents, especially those who have lived at the HOPE VI site for years, if not decades, relocation might be the single most threatening aspect of HOPE VI. It is imperative that PHAs develop relocation plans that are sensitive to these fears. Mobility counseling should be extensive, and should include, among other things, a discussion about the pros and cons of various neighborhoods, the quality of the schools, access to transportation, proximity to amenities, etc. Are there service providers in the prospective neighborhoods? Will the PHA's Family Self Sufficiency staff work with the relocated families once they leave the HOPE VI site? If possible, staff should also drive residents through prospective neighborhoods so that residents can actually see for themselves where they might be living.

While this chapter summarizes the various regulatory requirements for HOPE VI relocation, Grantees should contact their HOPE VI Grant Managers if they have any specific questions.

### I. SUMMARY OF RELOCATION AUTHORITIES

The regulatory framework for relocation is complicated because there are two different types of HOPE VI grants, several eligible activities, and a variety of relocation authorities. Since the HOPE VI Program does not have its own regulations but references other public housing regulations, the applicability of relocation requirements must be identified by all of these factors. The following charts summarize the various kinds of activities conducted with HOPE VI funds and indicate the relocation guidelines to use for each.

HOPE VI Activity	URA	970.5	968.108	941.207
<b>HOPE VI REVITALIZATION GRANTS</b>				
Rehabilitation under Revitalization Plan	x		x	
Acquisition under RP	x			x
Disposition under RP approved before 10/21/98		x		
Disposition under RP approved after 10/21/98		x		
Demolition under RP approved before 10/21/98	x	x		
Demolition under RP approved after 10/21/98	x			

HOPE VI Activity	URA	970.5	968.108	941.207
<b>HOPE VI DEMOLITION GRANTS</b>				
Demolition per part 970 Demolition Application approved <i>before</i> 10/21/98	x	x		
Demolition per part 970 Demolition Application approved <i>after</i> 10/21/98		x		
Demolition per approved part 971 Mandatory Conversion Plan	x			

**II. DEFINITIONS**

A. HOPE VI Revitalization Grants

HOPE VI Revitalization Grants are awarded to PHAs each year in accordance with the provisions of each year's Notice of Funding Availability (NOFA), and are regulated by the Grant Agreement executed between the Grantee and HUD. Activities which may be funded with Hope VI Revitalization grant funds which may trigger relocation requirements include but are not limited to:

1. total or partial **demolition** of buildings
2. **disposition** of property
3. public housing development through **acquisition** of land, or acquisition of off-site units with or without rehabilitation to be used as public housing
4. major **rehabilitation** and other physical improvement of housing and community facilities intended to facilitate the delivery of self-sufficiency, economic development, or other supportive services or residents
5. **New construction** of replacement rental housing on- and off-site, including mixed-financed developments.

B. HOPE VI Demolition Grants

HOPE VI Demolition Grants are awarded to PHAs each year in accordance with the provisions of each year's NOFA. FY 1996 - 1998 Grants are regulated by an ACC Amendment executed between the Grantee and HUD, and FY 1999 Grants are regulated by a Grant Agreement executed between the Grantee and HUD. The demolition of occupied units that is funded with Hope VI Demolition grant funds trigger relocation requirements as described in Section III below.

C. Demolition Application

Not to be confused with a HOPE VI Demolition Grant Application, a Demolition Application is one that is submitted by a PHA to HUD's Special Applications Center in Chicago. Demolition Applications are also referred to as Section 18 applications, after the section of the 1937 Act under which they are authorized. The proposed demolition must be included in the authority's PHA Plan.

D. Section 971 Conversion Plan

Units may be authorized to be demolished if they are included in an authority's Conversion Plan/Plan for Removal. This Plan is submitted pursuant to regulations at 24 CFR Part 971 and is sometimes known as a Section 202 Conversion Plan, after the section of the 1996 HUD Appropriation. Any proposed demolition under a Conversion Plan must also be described in the authority's PHA Plan.

E. Uniform Relocation Act

The Uniform Relocation Act is authorized by 42 U.S.C. 4601 et seq, and implemented by regulations at 49 CFR Part 24. The URA applies to:

1. acquisition of a site pursuant to a HOPE VI RP
2. demolition carried out pursuant to a HOPE VI RP
3. demolition carried out pursuant to a Demolition Application approved before October 21, 1998
4. demolition carried out pursuant to an approved 971 Conversion Plan

F. Displaced Person.

The definition of displaced person that the PHA uses is important in determining the extent of relocation assistance afforded. In general, this term is defined by the appropriate regulation for the applicable activity. For example, if the relocation is a result of the rehabilitation of units, the applicable definition of a displaced person can be found in 24 CFR Part 968. For activities such as acquisition or demolition under either an RP approved after 10/21/1998 or an approved Mandatory Conversion Plan, which are subject to the URA, the applicable definition is found at 49 CFR 24.2(g). A copy of the URA definition is included in Attachment B.

G. Initiation of Negotiations

Another important concept in the area of relocation is that of Initiation of Negotiations. This is the trigger that determines when residents are eligible for relocation assistance. As with the above definition, this term is defined by the appropriate regulation for the applicable activity. For activities such as acquisition or demolition under either an RP approved after 10/21/1998 or an approved Mandatory Conversion Plan, which are subject to the URA, the applicable definition is found at 49 CFR 24.2(k). A copy of the URA definition is included in Attachment B.

### III. RELOCATION DUE TO DEMOLITION

#### A. Public Housing Reform Act

The Quality Housing and Work Responsibility Act of 1998 (PL 105-276) ("Public Housing Reform Act"), was enacted on October 21, 1998. This law made some important changes to relocation requirements as they pertain to HOPE VI-related demolition. Any references to this October 21, 1998 date reflect changes made by the new law. Initial guidance on the Public Housing Reform Act was provided by HUD in a Notice published on February 18, 1999 in the Federal Register (Vol. 64 No. 32), and additional guidance was issued in PIH Notice 99-19, issued on April 20, 1999. Specific guidance on Sections 531 and 535 follows:

1. **Section 531** of the Public Housing Reform Act amends Section 18 of the U.S. Housing Act of 1937 ("the Act"), Demolition and Disposition of Public Housing. Section 531(a) amends Section 18(g) by stating that "The Uniform Relocation and Real Property Acquisition Policies Act of 1970 [URA] shall not apply to activities under this section," i.e., demolition and disposition of public housing. Therefore, any public housing demolition or disposition *approved under Section 18 of the Act* is not subject to the URA. Demolition carried out pursuant to a HOPE VI Revitalization Plan approved after 10/21/98 or an approved Section 202 conversion plan are still subject to the URA.
2. **Section 535** of the Public Housing Reform Act adds Section 24 of the Act, authorizing the HOPE VI Program, which has heretofore existed on an appropriation-by-appropriation basis. The new Section 24(g) of the Act specifies that "Any severely distressed public housing **disposed** of pursuant to a revitalization plan and any public housing developed in lieu of such severely distressed housing, shall be subject to the provisions of section 18 and therefore not subject to the URA. Severely distressed public housing **demolished** pursuant to a revitalization plan shall not be subject to the provisions of Section 18," and is therefore subject to the URA.

#### B. Categories of Demolition and Relocation Authorities

1. **Demolition carried out pursuant to a HOPE VI Revitalization Plan approved before October 21, 1998.** Such demolition must be submitted for approval through a Demolition Application, and is subject to regulations at 24 CFR Part 970, which include the requirements of the URA.
2. **Demolition carried out pursuant to a Demolition Application received but not approved by HUD before October 21, 1998.** The Demolition Application is reviewed and approved in accordance with 24 CFR part 970 which was in effect at the time of application submission. However, if HUD identifies a deficiency in the application, the PHA may either correct the deficiency in accordance with 24 CFR 970.5 or resubmit the application in accordance with the revised guidelines (as described below).

3. **Demolition carried out pursuant to a Demolition Application** received by HUD after October 21, 1998. The Demolition Application is subject to revised guidance issued by HUD which incorporates the changes made by the Public Housing Reform Act to section 18. This guidance implements the provision that the URA does not apply to demolition activities under Section 18. This guidance, to be used until 24 CFR part 970 can be revised to conform with all of the changes made by the Public Housing Reform Act, provides that the following sections of 970.5 will continue to apply:
  - a. 24 CFR 970.5 (a), (b), (d), (e), (f), (g), (h)(2), and (j). A version of 970.5 that indicates which provisions continue to apply is included as Attachment A of this Chapter.
  - b. In addition, a PHA must provide a certification to HUD that:
    - (1) the PHA will notify each family residing in the development of the proposed demolition 90 days prior to the displacement date, except in cases of imminent threat to health and safety;
    - (2) the development or portion of the development will be demolished;
    - (3) each family displaced by such action will be provided comparable housing that meets HQS and that is located in an area that is generally not less desirable than the location of the displaced person's housing. Such assistance may include:
      - (a) actual relocation into tenant-based housing;
      - (b) project-based assistance; or
      - (c) relocation to other PHA properties;
      - (d) payment of actual and reasonable moving costs
      - (e) any necessary counseling
    - (4) the PHA will not commence demolition until all tenants residing in the building are relocated.
4. Demolition carried out pursuant to a HOPE VI RP approved after October 21, 1998. Relocation carried out in conjunction demolition approved by a HOPE VI RP approved after October 21, 1998 is subject to the URA.

#### IV. RELOCATION DUE TO DISPOSITION

##### A. Public Housing Reform Act

1. **Section 531(a)** of the Public Housing Reform Act amends Section 18(g) by stating that "The Uniform Relocation and Real Property Acquisition Policies Act of 1970 [URA] shall not apply to activities under this section," i.e., demolition and disposition of public housing. Therefore, any public housing demolition or disposition *approved under Section 18 of the Act* is not subject to the URA.
2. **Section 535** added Section 24(g) of the Act, which specifies that any severely distressed public housing **disposed** of pursuant to a revitalization plan and any public housing developed in lieu of such severely distressed housing, shall be subject to the provisions of section 18 and therefore not subject to the URA.

##### B. Categories of Disposition and Relocation Authorities

1. Any disposition carried out pursuant to a HOPE VI Revitalization Plan is subject to 24 CFR part 970, and is not subject to the URA.
2. A disposition application received by HUD before October 21, 1998 will be reviewed and approved in accordance with 24 CFR part 970 which was in effect at the time of application submission. However, if HUD identifies a deficiency in the application, the PHA may either correct the deficiency in accordance with 970 or resubmit the application in accordance with the revised guidelines (as described below).
3. A disposition application received by HUD after October 21, 1998 is subject to revised guidance issued by HUD which incorporates the changes made by the Public Housing Reform Act to section 18. This guidance implements the provision that the URA does not apply to disposition activities under Section 18. This guidance, to be used until 24 CFR part 970 can be revised to conform with all of the changes made by the Public Housing Reform Act, provides that the following sections of 970.5 will continue to apply:
  - a. 24 CFR 970.5 (a), (b), (d), (e), (f), (g), (h)(2), and (j). A version of 970.5 that indicates which provisions continue to apply is included as Attachment A of this Chapter.
  - b. In addition, a PHA must provide a certification to HUD that:
    - (1) the PHA will notify each family residing in the development of the proposed disposition 90 days prior to the displacement date, except in cases of imminent threat to health and safety;
    - (2) the development or a portion will be disposed of;

- (3) each family displaced by such action will be provided comparable housing that meets HQS and that is located in an area that is generally not less desirable than the location of the displaced person's housing. Such assistance may include:
  - (a) actual relocation into tenant-based housing;
  - (b) project-based assistance; or
  - (c) relocation to other PHA properties;
  - (d) payment of actual and reasonable moving costs
  - (e) any necessary counseling
- (4) the PHA will not complete disposition until all tenants residing in the building are relocated.

#### **V. RELOCATION DUE TO REHABILITATION**

Any relocation that takes place as a result of rehabilitation carried out pursuant to a HOPE VI Revitalization Plan is subject to the provisions of Section 14 of the Act (Public and Indian Housing Modernization) and its implementing regulations at 24 CFR 968.108 (public housing modernization). The URA applies to rehabilitation-related relocation.

#### **VI. RELOCATION DUE TO PUBLIC HOUSING DEVELOPMENT**

Any relocation that takes place as a result of development carried out pursuant to a HOPE VI Revitalization Plan is subject to the provisions of Section 5 of the Act (Contributions for Lower Income Housing Projects) and its implementing regulations at 24 CFR part 941.207 (public housing development). The relocation regulations at 941.207 apply to both conventional development and mixed-finance development under 941 subpart F, as specified by section 941.602(a)(6) of subpart F.

#### **VII. TEMPORARY RELOCATION**

The URA does not provide for temporary relocation. Provisions covering temporary relocation are only contained in relevant regulations:

- A. Temporary Relocation due to Rehabilitation: 24 CFR 968.108(b)
- B. Temporary Relocation due to Acquisition: 24 CFR 941.207(b)

**VIII. ADDITIONAL URA GUIDANCE**

**A. Determining Eligibility for Displaced Person Status**

<b>Time of tenant relocation relative to initiation of negotiations</b>	<b>Are there special circumstances?</b>	<b>Did tenant receive notice of relocation from PHA or HUD?</b>	<b>Eligible for displaced status?</b>
After	No.	Yes	Yes
After	No.	No	Yes
Any time	HUD or the PHA determines that relocation is a direct result of demolition.	Yes	Yes
		No	
After	Tenant temporarily relocates and does not return, because they were not fully reimbursed for expenses, or other conditions are not reasonable.	Yes	Yes
After	Tenant moves from project after being relocated within the project because they are not fully reimbursed or other conditions are not reasonable.	Yes	Yes
Before	HUD or the PHA determines that the tenant was displaced as a direct result of the acquisition or rehabilitation.	Yes	Yes
		No	
Any time	Tenant evicted or violated agreements.	Yes	No
		No	
Before	Tenant moves in and is notified that the PHA has applied for demolition and that they will not be eligible for relocation assistance.	Yes	No

B. Appeals of Eligibility Status

If a person disagrees with the PHA's determination concerning the person's eligibility for relocation assistance or the amount of assistance for which the person is eligible, the person may file a written appeal of that determination with the PHA. A lower-income person who is dissatisfied with the PHA's determination on his or her appeal may submit a written request for review of the PHA's determination to the HUD Field Office.

C. Compliance Responsibility Of PHA

1. Before receiving HUD financial assistance to undertake URA-applicable activities, the PHA must certify to HUD that it will comply with the URA and its implementing regulations at 49 CFR Part 24. The PHA is responsible for ensuring compliance with such requirements notwithstanding any third party's contractual obligation to the PHA to comply with such provisions.
2. The cost of required relocation assistance is an eligible project cost in the same manner and to the same extent as the other project costs. Such assistance may also be paid for with funds from other sources.
3. The PHA must maintain records in sufficient detail to demonstrate compliance with the provisions of the URA.
4. HUD will not approve an application for URA-relevant activities unless:
  - a. The PHA has prepared a certification regarding relocation of residents. If relocation is required, the PHA must submit a relocation plan that includes the following:
    - (1) the number of tenants to be displaced;
    - (2) a description of the counseling and advisory services the PHA plans to provide;
    - (3) a description of the housing resources that are expected to be available to provide housing for displaced tenants;
    - (4) an estimate of the costs for counseling and advisory services and tenant moving expenses, and the expected source for payment of these costs; and
    - (5) the minimum official notice that the PHA will give tenants before they are to move.
  - b. Tenants who are to be displaced as a result of URA-applicable activities must be offered opportunities to relocate to other comparable units, as defined at 49 CFR 24.2(d) and can be found in Attachment B of this chapter. For the purposes of the URA, any other public housing unit is considered a comparable unit.

5. Relocation to Other Publicly-Assisted Housing:

- a. The PHA must ensure that for relocation housing assisted under Section 8 of the U.S. Housing Act of 1937, including housing available for lease under the Section 8 Housing Voucher Program, the displaced tenants are provided referrals to comparable units where the family's share of the rent to owner following relocation will not exceed the Total Tenant Payment.
- b. If the PHA provides referrals to comparable relocation housing, and a tenant with a rental voucher elects to lease a unit where the family's share of rent exceeds the amount calculated in accordance with Section 813.107 of 24 CFR, the tenant will be responsible for the difference between the voucher standard and the rent to owner.

6. Relocation to Market Rate Housing

If there are no units with rents at or below the voucher payment standard to which the PHA may refer families, the PHA cannot use vouchers as a relocation housing source and may relocate families to market rate units. In that case, Section 206(a) of the URA provides that if the standard relocation payment is insufficient to cover the market rent, the PHA must augment that payment with project funds. The corresponding regulatory cite is 49 CFR 24.402.

## ATTACHMENT A

The following are the portions of 24 CFR 970.5 that remain in effect for demolition and disposition applications received by HUD after October 21, 1998. See Sections III and IV of this Chapter for applicability.

### §970.5 Displacement and relocation.

(a) *Relocation of displaced tenants on a nondiscriminatory basis.* Tenants who are to be displaced as a result of demolition or disposition must be offered opportunities to relocate to other comparable/suitable (see HUD Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition) decent, safe, sanitary, and affordable housing (at rents no higher than permitted under the Act,) which is, to the maximum extent practicable, housing of their choice, on a nondiscriminatory basis, without regard to race, color, religion (creed), national origin, handicap, age, familial status, or sex, in compliance with applicable Federal and State laws.

(b) *Relocation resources.* Relocation may be to other publicly assisted housing. Housing assisted under Section 8 of the Act, including housing available for lease under the Section 8 Housing Voucher Program, may also be used for relocation, provided the PHA ensures that displaced tenants are provided referrals to comparable/suitable relocation dwelling units where the family's share of the rent to owner following relocation will not exceed the total tenant payment, as calculated in accordance with §813.107 of this title. If the PHA provides referrals to suitable/comparable relocation housing (comparable housing if the displacement is subject to the URA) and a tenant with a rental voucher elects to lease a housing unit where the family's share of rent to owner exceeds the amount calculated in accordance with §813.107 of this title, the tenant will be responsible for the difference between the voucher payment standard and the rent to owner. If there are no units with rents at or below the voucher payment standard to which the PHA may refer families, then the PHA cannot use vouchers as a relocation housing source.

## § 970.5

## 24 CFR Ch. IX (4-1-98 Edition)

(c) *Applicability of URA rules.* (1) The displacement of any person (household, business or nonprofit organization) as a direct result of acquisition, rehabilitation, or demolition for a Federal or federally assisted project (defined in paragraph (j) of this section) is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA) (42 U.S.C. 4601-4655) and implementing regulations at 49 CFR part 24. Therefore, if the PHA demolishes the property, or disposes of it to a Federal agency or to a person or entity that is acquiring the property for a federally assisted project, the demolition or acquisition is subject to the URA, and any person displaced (as described in paragraph (i) of this section) as a result of such action is eligible for relocation assistance at the levels described in, and in accordance with the requirements of 49 CFR part 24.

(2) As described in § 970.11, public housing units that are demolished must be replaced. Any person displaced (see paragraph (i) of this section) as a direct result of acquisition, demolition or rehabilitation for a project receiving Federal financial assistance (e.g., ACC) that provides the required replacement housing, must be provided relocation assistance at the levels described in, and in accordance with the requirements of 49 CFR part 24.

(d) *Applicability of antidisplacement plan.* If CDBG funds (part 570 of this title), or HOME funds (part 91 of this title) are used to pay any part of the cost of the demolition or the cost of a project (defined in paragraph (j) of this section) for which the property is acquired, the transaction is subject to the Residential Antidisplacement and Relocation Assistance Plan, as described in the cited regulations.

(e) *Relocation assistance for other displaced persons.* Whenever the displacement of a residential tenant (family, individual or other household) occurs in connection with the disposition of the real property, but the conveyance is not for a Federal or federally assisted project (and is, therefore, not covered by the URA), the displaced tenant shall be eligible for the following relocation assistance:

(1) *Advance written notice of the expected displacement.* The notice shall be provided as soon as feasible, describe the assistance to be provided and the procedures for obtaining the assistance; and contain the name, address and phone number of an official responsible for providing the assistance;

(2) Other advisory services, as appropriate, including counseling and referrals to suitable, decent, safe, and sanitary replacement housing. Minority persons also shall be given, if possible, referrals to suitable decent, safe and sanitary replacement dwellings that are not located in an area of minority concentration;

(3) Payment for actual reasonable moving expenses, as determined by the PHA;

(4) The opportunity to relocate to a suitable, decent, safe and sanitary dwelling unit at a rent that does not exceed that permitted under section 3(a) of the 1937 Act. All or a portion of the assistance may be provided under section 8 of the 1937 Act; and

(5) Such other Federal, State or local assistance as may be available.

(f) *Temporary relocation.* Residential tenants who will not be required to move permanently, but who must relocate temporarily (e.g., to permit property repairs), shall be provided:

(1) Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary housing, any increase in monthly rent/utility costs, and the cost of reinstalling telephone and cable TV service.

(2) Appropriate advisory services, including reasonable advance written notice of:

(i) The date and approximate duration of the temporary relocation;

(ii) The suitable, decent, safe and sanitary housing to be made available for the temporary period;

(iii) The terms and conditions under which the tenant may lease and occupy a suitable, decent, safe and sanitary dwelling in the building/complex following completion of the repairs; and

(iv) The provision for reimbursement of out-of-pocket expenses (see paragraph (f)(1) of this section).

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(g) *Appeals.* A person who disagrees with the PHA's determination concerning whether the person qualifies as a "displaced person" or the amount of the relocation assistance for which the person is eligible, may file a written appeal of that determination with the PHA. A person who is dissatisfied with the PHA's determination on his or her appeal may submit a written request for review of the PHA's determination to the HUD Field Office.

(h) *Responsibility of PHA.* (1) The PHA shall certify that it will comply with the URA, implementing regulations at 49 CFR part 24, and the requirements of this section, and shall ensure such compliance, notwithstanding any third party contractual obligation to the PHA to comply with these provisions.

(2) The cost of required relocation assistance is an eligible project cost in the same manner and to the same extent as other project costs. (See definition of "project" in paragraph (j) of this section.) Such costs may also be paid for with funds available from other sources.

(3) The PHA shall maintain records in detail sufficient to demonstrate such compliance. The PHA shall maintain data on the race, ethnic, gender, and handicap status of displaced persons.

(i) *Definition of displaced person.* (1) *General definition.* For purposes of this section, the term "displaced person" means any person (household, business, nonprofit organization, or farm) that moves from real property, or moves personal property from real property, permanently, as a direct result of acquisition, rehabilitation, or demolition for a Federal or federally assisted project.

(2) *Persons who qualify.* The term "displaced person" includes, but may not be limited to:

(i) A person who moves permanently from the real property after the PHA, or the person acquiring the property, issues a vacate notice to the person, or refuses to renew an expiring lease in order to evade the responsibility to provide relocation assistance, if the move occurs on or after the date of HUD approval of the demolition or disposition;

(ii) Any person who moves permanently, including a person who moves

before the date of HUD approval of the demolition or disposition, if HUD or the PHA determines that the displacement resulted from the demolition or disposition of the property and is subject to the provisions of this section; or

(iii) A tenant-occupant of a dwelling who moves permanently from the building/complex on or after the date HUD approves the demolition or disposition, if the move occurs before the tenant is provided written notice offering him or her the opportunity to lease and occupy a suitable, decent, safe, and sanitary dwelling in the same building/complex, under reasonable terms and conditions, upon completion of the project. Such reasonable terms and conditions shall include a monthly rent and estimated average monthly utility costs that do not exceed that permitted under section 3(a) of the 1937 Act.

(iv) A tenant-occupant of a dwelling who is required to relocate temporarily and does not return to the building/complex, if either:

(A) The tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with such temporary relocation (including the cost of moving to and from the temporarily occupied unit, any increase in rent/utility costs, and the cost of reinstalling telephone and cable TV service)

(B) Other conditions of the temporary relocation are not reasonable.

(v) A tenant-occupant of a dwelling who moves from the building/complex permanently after he or she has been required to move to another unit in the same building/complex if either:

(A) The tenant is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move; or

(B) Other conditions of the move are not reasonable.

(f) *Persons not eligible.* Notwithstanding the provisions of paragraphs (i)(1) and (i)(2) of this section, a person does not qualify as a "displaced person" (and is not eligible for relocation assistance under this section), if:

(i) The person has been evicted for serious or repeated violation of the terms and conditions of the lease or occupancy agreement, violation of applicable Federal, State or local law, or other

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good cause, and the PHA determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance;

(ii) The person moved into the property after the submission of the application for the demolition or disposition and, before commencing occupancy, received written notice of the project, its possible impact on the person (e.g., the person may be displaced, temporarily relocated, or suffer a rent increase) and the fact that he or she would not qualify as a "displaced person" (or for assistance under this section) as a result of the project;

(iii) The person is ineligible under 49 CFR 24.2(g)(2); or

(iv) HUD determines that the person was not displaced as a direct result of an action covered by this section.

(j) *Definition of project.* For purposes of this section, the term "project" means one or more activities (e.g., real property acquisition, demolition or construction) paid for in whole or in part with Federal financial assistance. Two or more activities that are integrally related, each essential to the other(s), are considered one project, whether or not all of the component activities are federally assisted.

(k) *Definition of initiation of negotiations.* For purposes of providing the appropriate notices and determining the formula for computing a replacement housing payment under the URA to a tenant displaced from a dwelling as a direct result of demolition or private owner acquisition, the term "initiation of negotiations" means HUD approval of the demolition or disposition under this part.

[60 FR 3717, Jan. 18, 1995]