



April 28, 2020

PH PROGRAM NEWS

PIH Issues Guidance on Supplemental Operating Fund Appropriations

This morning HUD's Office of Public and Indian Housing ([PIH](#)) issued Notice [PIH 2020-07](#) to provide guidance on the allocation and eligible uses of the supplemental Operating Fund appropriations provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as the additional flexibilities to use previously appropriated funds provided through the act. As you know, the CARES Act provided an additional \$685 million for the Public Housing Operating Fund to enable PHAs to prevent, prepare for, and respond to COVID-19. Highlights of today's notice include the following:

- CARES Act supplemental Operating Fund grant amounts will be calculated based on each project's pro rata CY 2020 Operating Fund eligibility at the time HUD obligates the supplemental funds, and changes in project eligibility will be captured as part of the normal process through subsequent obligations from the normal CY 2020 Operating Fund grants.
- HUD is waiving 24 CFR [990.210](#), which requires HUD to make payments equal to 1/12 of the total annual Operating Fund under the formula, and 24 CFR [990.280\(b\)](#) to permit PHAs to transfer up to the entire amount of the supplemental funds between projects without having access cash, and to transfer funds to the Central Office Cost Center (COCC) to pay for immediate needs of the COCC that exceed safe harbors. However, funds transferred to the COCC in excess of the safe harbors must comply with cost reasonable standards found in [2 CFR 200.404](#) and cannot exceed the safe harbors by more than 50 percent.
- Supplemental funding amounts will be made available via a single obligation and PHAs will be able to draw down supplemental amounts as needed to fund eligible immediate needs.
- HUD is temporarily modifying the requirement for active System for Award Management ([SAM](#)) registration in the Operating Fund program. Current SAM registrants whose registration expires before May 16, 2020, will be given a one-time 60-day extension. This means that HUD will obligate funds to PHAs with expired SAM registrations, but they must have an Data Universal Number System (DUNS) number and should bring their SAM registrations current as soon as possible—after the 60-day extension, obligations will not be made to PHAs with expired SAM registrations.

- HUD is initially defining *the period that the program is impacted by coronavirus* as through December 31, 2020, but will issue additional guidance extending the time period for which PHAs may use the supplemental funding if necessary.
- Supplemental CARES Act funding may not be used to repay debts or any amounts owed to HUD.
- In addition to the supplemental obligations granted through the CARES Act, Operating Fund and Capital Fund amounts previously made available through other acts (except for set-asides for specific activities) may be used for the purposes described in the notice through December 31, 2020. Until that time, HUD is lifting all limits on PHA use of Capital Funds for Operating Fund purposes and has lifted checks in the EPIC system to facilitate this authorization to prevent, prepare for, or respond to COVID-19.
- Because PHAs may encounter higher costs to administer Capital Fund grants due to the challenges of remote work, HUD is temporarily resetting the 10 percent administration cost limitation in 24 CFR [905.314](#)(h) to 15 percent. However, all costs must still be reasonable.
- HUD is suspending the requirement for Field Office approval for Five-Year Action Plans as a prerequisite for creating annual statements/budgets in EPIC and in turn spreading BLIs in LOCCS (that is, submitted Five-Year Action Plans will be automatically approved). However, if a PHA fails to comply with program requirements, Field Offices may require action plan revisions after submission, or may suspend grants or put them on auto review if the PHA is at risk of noncompliance.
- Because the CARES Act provides authority for PHAs to use Supplemental Operating Funds, Operating Funds, and Capital Funds for “expenses related to preventing, preparing for, and responding to coronavirus, including activities to support or maintain the health and safety of assisted individuals and families, and activities to support education and child care for impacted families,” Section 6 of the notices further defines the terms *preparing for*, *preventing*, and *responding*, and identifies the potential uses of funds for each of these categories.
- In Section 6, the notice also discusses the availability of an additional BLI in LOCCS for “Coronavirus” and new work categories in EPIC under this BLI (1509). HUD plans to release specific instructions on how to modify Five-year Action Plans and annual statements/budgets in EPIC to move funds to this BLI in separate guidance.
- PHAs are required to retain documents related to all financial management and activities funded under the Operating Fund for five fiscal years after the funds were received. However, HUD is reserving the right to extend the record-retention period beyond five fiscal years and will notify PHAs in writing if such extensions are warranted.
- HUD plans to develop a process by which PHAs will report CARES Act expenditures and articulate reporting and submission requirements at a later date. PHAs may also be required to report on the expenditure of the supplemental funds, Operating Funds, program income, and Capital Funds used for coronavirus-related expenses. HUD suggests that PHAs immediately modify their chart of accounts or take other steps as needed to enable themselves to accurately track and report the date and amount of these expenses based on the source of funding used.

The notice applies to both PHAs administering public housing programs and PHAs participating in the Moving to Work ([MTW](#)) Demonstration. Further details can be found in the [notice](#).

PIH Posts Op Sub Obligation Letters for May and June

The PIH Office has posted the public housing operating subsidy obligation letters for May and June. As usual, the letters to all PHAs in the same state are combined in a single file, which you can access through the map on [this webpage](#). You'll find links to the obligation letters on the [2020 operating fund grant processing page](#) at the [operating fund website](#).



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