



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

OFFICE OF PUBLIC AND INDIAN HOUSING

Dear Executive Director:

Subject: Capital Fund Program – Distribution of \$118 Million Remainder of the Fiscal Year (FY) 2006 Capital Fund Appropriations

This letter describes your Capital Fund Program package for the distribution of the \$118 million, the remainder of the FY 2006 Capital Fund Appropriations. A timeline for the distribution of the remainder of the FY 2006 Capital Funds that identifies key dates for the processing of the Capital Fund Program grants is posted on the HUD PIH website.

Your public housing authority (PHA) was contacted by your local HUD Field Office to determine if you wanted these additional FY 2006 funds: (1) added to the existing FY 2006 grant(s); or (2) placed in a new FY 2006 Capital Fund grant(s). A listing of the amount of additional funds a PHA is eligible to receive, as well as an indication of the PHAS rating (i.e., High Performer or Standard performer) is posted on the HUD PIH Website.

Your revised/new FY 2006 Capital Fund Program funding package is posted on the HUD PIH website at:

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

The Capital Fund funding package contains an Annual Contributions Contract (ACC) Amendment for each grant. A PHA may have up to three separate grants including a formula grant, a first increment RHF grant and a second increment RHF grant. The effective date for all formula grants will be identified on the ACC Amendment, as May 4, 2007. Do not alter or amend the effective date on your ACC Amendment(s).

**Signing the ACC Amendment.** PHAs will be required to print the ACC Amendment for each of their grants from the HUD PIH website noted above. After the PHA has signed and dated three copies of the ACC Amendment for each grant, the amendments should be sent to the local HUD Field Office. By signing the ACC Amendment the PHA is agreeing to comply with the Capital Fund Program requirements including Section 9(j) of the United States Housing Act of 1937, as amended, and the regulations including 24 CFR Parts 905, 968 and 941. For revised formula grants where the additional funds have been added to the existing grant, the obligation start and end dates and the expenditure end dates remain the same as the dates for the previously issued FY 2006 formula grant. For new formula grants, the PHA is required to obligate 90 percent of its grant within 2 years of the date the funds are made available and to expend 100 percent of the grant within 4 years of the date that funds are made available. Failure to meet the obligation or expenditure deadlines will result in sanctions and penalties for the PHA. Since RHF grants are funded with the Capital Fund appropriation, these grants are also subject to the obligation and expenditure deadlines prescribed in Section 9(j) and 24 CFR 905.120.

**Timely Return of ACC Amendments and the Revised Annual Statement.** PHAs must send signed and dated ACC Amendments for all of their grants along with a revised PHA Annual Plan Statement to the local HUD Field Office to be received on or before COB April 27, 2007. Any ACC Amendments received after the deadline will not receive additional Capital Funds in FY 2006.

If the PHA chooses to reject these Capital Fund grant(s), the executive director must send a written statement to the local HUD Field Office explicitly identifying the grant number of the grant(s) to be rejected.

**Obligation Start and End Dates.** The obligation start and end dates for these additional funds are based on the type of grant as follows:

**Revised Formula Grants.** The additional funds will be added to the existing formula grants that were funded in July 2006. The obligation start date for revised formula grants is July 18, 2006.

**New Formula Grants.** A new Capital Fund grant has been created with a new obligation start date of May 4, 2007, an obligation end date of May 3, 2009 and an expenditure end date of May 3, 2011.

**Revised/New RHF Grants.** The obligation start and end dates and the expenditure end dates for RHF first and second increment grants is dependent on the number of years of accumulation and the timeline in the HUD approved RHF Plan.

Finally, if you have any questions or want additional information, please contact the HUD Field Office staff in your jurisdiction. At the Headquarters level, you may contact Regina McGill, Office of Capital Improvements, at 202-708-1640 extension 3759.

Sincerely,

/s/

Dominique Blom  
Deputy Assistant Secretary  
for Public Housing Investments