



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

MEMORANDUM FOR: ALL CPD Field Office Directors

FROM: Ronald Herbert, Director, Office of Field Management

Through: David Vos, Director, Office of HIV/AIDS Housing, DNH

**SUBJECT: Post-Award Operating Instructions for the 2009 HOPWA Renewal Grant Awards -
Performance Grant Agreement**

I. SUMMARY OF CHANGES FOR FY2009

1. References to the 2008 Renewal Notice have been replaced with 2009 Renewal Notice references.
2. Pre-Award costs have been updated to allow renewal grantees to incur eligible continuing costs from the time of the current grant funding expiration or date of CPD Notice 09-01 on renewals, 1/27/09, (which ever is later) to the beginning date established in the renewal grant agreement. This will help allow for a smooth transition of operations and prevent possible discontinuance of services to consumers.
3. These operating instructions are to be implemented for FY2009 renewal awards. All language pertaining to the selection of new competitive grantees is removed.
4. These operating instructions make use of three different attachments for amending grant terms in establishing the renewal grant beginning date and operating period. The utilization of these amendment forms is reemphasized in an effort to reduce the amount of funds to be recaptured and returned to the U.S Department of Treasury.
5. Program income is addressed in the Grant Agreement, Attachment 3.
6. The use of Attachment 2 previously used as exhibit B in the grant agreement to establish project awarded amounts and benchmarks has been removed and replaced with the negotiated and approved budget and Logic Model.
7. New restrictions on the number of non-substantial and substantial amendments to budget line item amounts are implemented.

II. INTRODUCTION AND BACKGROUND

This memorandum provides instructions to CPD Field Offices in governing the conditionally selected 2009 Housing Opportunities for Persons With HIV/AIDS (HOPWA) round I renewal competitive grants announced on May 8, 2009 (seven awards) and the round II renewal competitive grants to be announced later this year (19 awards). This memorandum provides guidance regarding: the processing of the performance renewal grant agreement; establishing awarded budget line item (BLI) amounts into the funds disbursement system; instructions for utilizing amendments for movement of funds between BLIs after the first year of operation; and

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general field office grant management and oversight issues.

Similar materials have been used in prior HOPWA competitions to expedite the signing of grant agreements and the accessing of obligated funds. The agreement continues to specify the HUD-approved budget line items (BLIs), leveraging for the competitively selected projects, and approved project benchmarks. Please make use of the following guidance in managing these grant awards. These documents will be available on the Homelessness Resource Exchange site at <http://www.hudhre.info/hopwa/index.cfm?do=viewHopwaHome>:

- (1) **Attachment 1-** Project descriptions from the HUD news release, which describe the conditionally selected grant awards and can be copied and used for public information;
- (2) **Attachment 2-** A draft notification letter to be used in transmitting the grant agreement;
- (3) **Attachment 3-** The HOPWA renewal performance grant agreement form for 2009;
- (4) **Attachment 4-** The HOPWA Regulations 24 CFR part 574;
- (5) **Attachment 5-** Grantee financial instructions;
- (6) **Attachment 6-** A draft letter to be used when sending the signed documents;
- (7) **Attachment 7-** Reserved for the updated annual performance report and explanatory documents;
- (8) **Attachment 8-** Use of Residual Funds Form;
- (9) **Attachment 9-** Early Termination of Term Form; and
- (10) **Attachment 10-** HOPWA Competitive Grant Extension

Note: Attachments 8, 9, and 10 should be used for adjusting the term of a current grant in coordinating the startup of the renewal grant.

Thank you for ensuring that all the provisions of these instructions are implemented in an accurate and timely fashion.

III. EXECUTING THE PERFORMANCE GRANT AGREEMENT

A. Negotiated Budget and Projected Output Levels. The amounts listed in the negotiated and approved budget and Logic Model represent the approved BLI funding levels and housing outputs negotiated with renewal grantees, consistent with CPD Notice 09-01, “Standards for Fiscal Year 2009 HOPWA Permanent Supportive Housing Renewal Grant Applications,” and should not be changed within the first year of operation. The renewal applicant has already participated in the negotiation process with headquarters staff and no further negotiations on changes to the terms of these performance contracts should be conducted until after the first year

of operations. Please consult with the Office of HIV/AIDS Housing, as needed, if any substantial change is proposed after the first year of operations. Please reference Section IX, CHANGES TO AN EXECUTED GRANT AGREEMENT BLI AMOUNTS, for the definitions of substantial and non-substantial changes. To ensure Headquarters has updated project data alert the Office of HIV/AIDS Housing of any changes made after the first year of operation.

B. Notification of Renewal Award. The field office must send a notification letter, Attachment 2, to the applicant that provides a separate BLI breakdown of funds approved for HOPWA eligible activities, the nature of the standard conditions (established in Section IV, A) that must be met during the renewal grant operating period and three copies of the grant agreement. Field offices should include the grantee financial instructions, Attachment 5, with the notification letter and unsigned grant agreements. The authorized representative listed on the SF 424 by the applicant must sign the grant agreements and return them to the field office.

C. Distribution of the Grant Agreements. Fully executed Grant Agreements are to be distributed as follows:

- i. After the applicant has signed and returned the grant agreement to HUD, and HUD has signed the grant agreement, the field office is to send one copy of the fully executed grant agreement to the grantee using the transmittal letter, Attachment 6;
- ii. Retain a copy of the grant agreement with original signatures for the field office files;
- iii. Send a copy of the grant agreement with original signatures and copy of the transmittal letter to the Fort Worth accounting center; and
- iv. Send a copy of the executed grant agreement to the Office of HIV/AIDS Housing at Headquarters, correspondence code: DNH, Room 7212.

D. Fund Assignment Procedures. Headquarters will transmit the reservation of HOPWA Competitive funds to the HUD accounting office in Fort Worth accounting center. A copy of the headquarters transaction will be forwarded to appropriate field offices for processing and information. As with HOPWA formula programs, individual competitive grant amounts will be reserved in the Program Accounting System (PAS) from an electronic file processed by the CFO headquarters accounting office; therefore, HUD 718s will not be needed from the field offices for the reservation of these funds. However, when grant agreements are sent to the Fort Worth CFO accounting office, please ensure that the agreements include the Region and Field Office number; Appropriation (86 9/10308) and PAS Program Code (CWF); Source Year (09) and PAS FY Indicator (E). The Fort Worth accounting center will record the obligation of the funds.

E. Commitment Deadlines. In order to provide sufficient time for the commitment of funds, field offices are asked to ensure that the HOPWA grantees reach agreement with HUD allowing for the signing and execution of the grant agreement within six months from their selection. All grantees must have a beginning start date for their new award no later than September 30, 2010, (the beginning date can be as early as the signing date for the grant agreement). As an additional

consideration, the FY2009 Appropriations Act requires HUD to *obligate* funds within three years of the effective appropriation date, (i.e. not later than September 30, 2012), or HUD and the designated recipient will lose access to these funds. The schedule noted above will allow HUD to meet this deadline.

F. Preparation of the Performance Grant Agreement. The field office is to complete the performance grant agreement, (Attachment 3), and incorporate the original application and negotiated changes as “Exhibit A” as part of the agreement. This agreement relies on the application to delineate the project. Most applications were adjusted through the negotiation process established in CPD Notice 09-01 to provide HUD with needed clarity to the originally submitted renewal application. Therefore, Exhibit A contains the negotiated changes to the application. Additionally, Exhibit A contains the approved budget and Logic Model, as well as, the HUD-approved list of commitments for the use of other leveraged resources to be used in conjunction with HOPWA funds. Failure to evidence the utilization or attainment of these commitments could result in a notice of default and affect the project’s continued access to these federal funds. The current HOPWA regulations, at 24 CFR part 574, must be attached to the end of the grant agreement and labeled "Exhibit B." Each copy of the unsigned grant agreement must have an Exhibit B attached to it since competitive grants, unlike formula grants, are made subject to the regulations as they are in effect at the time of the application. The regulations must be made a part of the grant agreement itself so that:

- (i) Both grantee and HUD staff are acquainted with the program regulations and guidance that governs a grant throughout the term of the grant; and
- (ii) To ensure that the grantee and HUD staff have a readily available access to the HOPWA regulations.

Subsequent changes to HOPWA regulations will not necessarily apply to the '09 HOPWA competitive renewal grant awards. The HOPWA regulations can be obtained via the HUD website at: <http://www.hud.gov/offices/cpd/aidshousing/lawsregs/index.cfm> and via the Homeless Resource Exchange website at: http://www.access.gpo.gov/nara/cfr/waisidx_08/24cfr574_08.html.

G. Performance Grant Agreement and Operating Year Dates. Since 2001, HOPWA grant agreement forms specify the grant operating dates. When executing the grant agreement, there are two dates of key importance and field offices will need to work with grantees on establishing these dates as follows:

- (i) The “signing of the grant agreement” date, is the date that HUD effectuates a grant agreement with a HOPWA grantee (i.e. the date of our grant agreement as provided under the signature line for HUD’s authorized official). This date is used to authorize the obligation of the funds awarded; and
- (ii) An “operating period start date,” is the date specifying the beginning of the operating period of the renewal grant. For renewal grants, this date will follow the grant termination and close-out of the existing agreement. The operating period start date is used to begin the active use of funds provided

in the award and should be specified in the third paragraph of the grant agreement, as follows:

The term of this Agreement shall begin on ____ (mm/dd/yyyy) and end on (mm/dd/yyyy), or three years from the beginning date of this agreement, whichever comes first. Notwithstanding the foregoing, the term of this Agreement may not begin until the original grant agreement _____ (insert original grant agreement number) has expired.

This wording limits the period to not more than three years (in case some longer period is inadvertently inserted). The end date must be three years from the begin date of the grant agreement.

A grantee may establish a slightly delayed begin date for their grant in order to conclude the activities on their prior grant or for efficient grants management reasons to prevent the rapture and returning of funds to the U.S. Department of Treasury. Any funding recaptured from the expiring grant will not benefit the HOPWA program for use under the activities in which they were intended and must be returned back to the U.S. Department of Treasury. Field offices should work with grantees to expend prior grant funding as much as practicable for eligible activities (see Section H, Completion of Existing Project). After the first year of operation, any changes made to the planned BLI amounts or housing outputs must be explicitly stated in an amendment to the grant agreement and noted in the narrative when submitting an annual performance report and through an update in the grantee's Logic Model.

- i. Generally, each operating year under the new award should be a 12-month period, which begins on the date that ends the prior grant and is so designated as the "beginning" date in the grant agreement. For the purposes of annual progress reports, the grantee and all project sponsors should document activities consistent with this operating period. The annual progress report is due to HUD within 90 days of the end of the designated operating 12-month period. Also, grant funds must be used under this award in a consistent and regular manner over this three-year period.

H. Completion of Existing Project. The additional funds awarded to renewal grantees are provided to continue existing activities and should be coordinated with the completion of activities funded under the existing grant. HUD and the grantee may reach agreement on establishing a new date for ending the existing expiring grant, in coordination with establishing a start date for their new award. As may be needed, the field office should work with the renewal grantee to change the term of their existing agreement in an effort to ensure the expenditure of remaining funding under the existing grant prior to drawing down funding under the renewal grant award. Please use these general guidelines on how to complete prior projects:

- i. Where small amounts (i.e. 10%) of residual grant funds remain to be expended under the current grant, please make use of Attachment 8 (Use of Residual Funds form) to allow any residual funds that remain to be expended under the existing grant agreement to be subject to the terms of the new grant

agreement. The grant agreement for the renewal grant carries the authority to use any remaining funds in the LOCCS account established under the old grant number. Funds in the old account should be used for disbursements in advance of using the new account by BLI. Ex: If funding remains in the TBRA Line item under the old account that funding must be drawn down prior to the funding available under the TBRA BLI in the new LOCCS account.

- ii.** If the agreement is in its final year and not yet expired, but all funds are expended, please use Attachment 9 (Early Termination of Term Form) to end the prior agreement before establishing the new begin date for the grantee's new award. Where funds under the existing grant have been fully expended and the grant agreement has expired prior to the announcement of awards and execution of the grant agreement, please consider allowing for pre-award costs, as described in Section I, Pre-award Costs.
- iii.** Where larger amounts of funding that remain (over 10%) to be expended under the current grant agreement, please make use of Attachment 10, (competitive grant extension form) which establishes a new end date for the existing grant, in coordination with establishing an beginning start date for the renewal grant operating period. If the grantee wishes to use Attachment 10, the grantee must provide the field office with a plan providing a projection for the expenditure of the remaining funds. Additionally, if practicable, the grantee may wish to redistribute remaining funds among currently approved BLIs to expend funding under the current grant and establish a beginning start date for the renewal grant. If remaining funds are to be used and/or redistributed to other BLIs in order to exhaust the funds before the begin date of the new award, the grantee should provide the field office with a plan for the use of the remaining funds. It should be a clear plan demonstrating how such funds are to be expended and exhausted. Once the expected expenditure date has passed to maintain performance consistent with the approved application's scale and scope of work, some funds may be identified for possible recapture. A recapturing of funds is subject to the notice provisions of the grant agreement for grant defaults and appeals. A large remaining balance on the prior agreement is likely to demonstrate an underlying grants management issue that resulted in funds not being expended in a reasonable manner during the expected operating period of that existing grant. If funds are to be recaptured, as a last resort the agreement needs to be revised to reflect this change.
- iv.** If the end date of their prior grant is not established in that grant agreement, the grantee may use Attachment 9 or Attachment 10 to amend or establish an end date in the prior grant agreement.

I. Pre-award Costs. In cases where the original agreement has now expired and/ or all funds expended prior to the announcement of award and execution of the renewal grant agreement, eligible costs under the new renewal award may include pre-award costs to support continuation of the approved renewal activities. Pre-award costs are allowable costs incurred prior to the effective date of the award directly pursuant to the expiration of funds available under the existing expiring/expired grant agreement and negotiations made in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance for continued activities. Pre-award costs are authorized by OMB Circulars A-87 and A-122, which are applicable to the HOPWA program under 24 CFR 574.605. Grantees are required to obtain written approval from HUD for incurring pre-award costs. The field office may authorize a renewal grantee to incur pre-award costs by adding the following language to the notification letter, Attachment 2:

From (insert the existing grant agreement expiration date) until the effective date of your new grant agreement, you may be reimbursed for pre-award costs provided that such costs are included in the HUD-approved application and only to the extent that such costs would have been allowable if incurred after the effective date of the award. *

* NOTE: THE GRANTEE INCURS PRE-AWARD COSTS AT ITS OWN RISK AND THE APPROVAL IMPOSES NO OBLIGATION ON HUD. REIMBURSEMENT FROM FUTURE GRANTS IS CONTINGENT UPON THE FUTURE AVAILABILITY OF APPROPRIATIONS. LIKewise, SUCH REIMBURSEMENT WOULD BE CONTINGENT UPON THE COSTS BEING ELIGIBLE UNDER APPLICABLE STATUTES, AND REGULATIONS, AND RENEWAL NOTICE, (CPD NOTICE 09-01, ISSUED JANUARY 27, 2009) IN EFFECT AFTER THE DATE OF THE AWARD AS OPPOSED TO THE TIME IN WHICH THE EXPENSES ARE INCURRED. ANY COMMITMENTS OR EXPENDITURES INCURRED BY THE GRANTEE IN EXCESS OF THE FUNDS PROVIDED BY THE GRANT WOULD BE THE RESPONSIBILITY OF THE GRANTEE

Any grantee requesting this authorization would be undertaking activities at their own risk until the new agreement is approved and funds obligated. However, in some situations this may allow for the reimbursement of on-going project costs for a renewal effort. After the date of the grant agreement, such costs may be reimbursed provided that the costs are for activities that are approved in the grant application and are in compliance with program requirements.

IV HOPWA Grant Conditions and Start-Up Requirements

A. Standard Conditions for Grants. The following standard conditions should apply to all grants throughout the duration of the grant term:

- i. Standard Lease or Occupancy Agreements to Document Permanent Housing:** Renewal grantees that provide permanent supportive housing must show evidence that permanent housing is being provided, such that a household has a legal right to continue use of the housing unit, as shown in a standard lease or occupancy agreement. The agreement must be for a term of at least one year. The document must also be automatically renewable upon expiration, except on reasonable prior notice by either the tenant or landlord. The requirements governing termination of assistance are located in 24 CFR 574.310(e). Failure to maintain this project

documentation of the client's lease or occupancy agreement in the client file would constitute a grant default.

ii. Health Care: The application may refer to the provision of supportive services including costs for accessing or providing health care support for participants. The FY2009 CPD Notice 09-01 prohibits direct HOPWA funding to be used for medications (such as AIDS drug assistance). It also requires the recipients to comply with other limitations on the use of HOPWA funds for health care, as found at 24 CFR 574.310(a)(2) on payments, where payments are made or reasonably expected to be made from other sources.

iii. Drug and Alcohol Abuse Treatment and Counseling Activities: Applicants with support to help clients address these needs must follow the condition listed below.

This application includes supportive service activities aimed at assisting HOPWA clients with substance abuse treatment. Note that, in operating this project, the grantee and any project sponsor must comply with federal, state and other applicable laws pertaining to the illegal use of a controlled substance. The grantee and sponsor must undertake reasonable steps to ensure that beneficiaries receive appropriate access to substance abuse treatment and counseling. Admission should be denied, or eviction initiated, for persons engaging in illegal drug activities, where such activities threaten the health, safety, or right to peaceful enjoyment of the premises by other residents. Grantees and project sponsors must establish procedures for project ineligibility and evictions related to illegal drug activities. Further, in undertaking appropriate approaches to engage beneficiaries to address substance use challenges, the program must follow the termination of assistance requirements at 24 CFR 574.310(e). Grantees should provide participants in need with available drug and alcohol abuse counseling and other related supportive services with termination of assistance as a last resort.

iv. Security Deposits: If the application proposes to provide security deposits, such costs are to be reasonable and limited to not more than two months rent and classified as part of the BLI shown as Permanent Housing Placement Costs. Grantees should quantify this effort and establish their plan for undertaking and reporting on this activity under this BLI.

v. Drug-Free Workplace: Grantees are subject to this standard requirement, repeated from section III (C.) (4)(p) in the general section of HUD's NOFA (page 79554).

p. Drug-Free Workplace. Applicants awarded funds from HUD are required to provide a drug-free workplace. Compliance with this requirement means that the applicant will:

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(1) Publish a statement notifying employees that it is unlawful to manufacture, distribute, dispense, possess, or use a controlled substance in the applicant's workplace and that such activities are prohibited. The statement must specify the actions that will be taken against employees for violation of this prohibition. The statement must also notify employees that, as a condition of employment under the federal award, they are required to abide by the terms of the statement and that each employee must agree to notify the employer in writing of any violation of a criminal drug statute occurring in the workplace no later than 5 calendar days after such violation;

(2) Establish an ongoing drug-free awareness program to inform employees about:

(a) The dangers of drug abuse in the workplace;

(b) The applicant's policy of maintaining a drug-free workplace;

(c) Any available drug counseling, rehabilitation, or employee maintenance programs; and

(d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(3) Notify the federal agency in writing within 10 calendar days after receiving notice from an employee of a drug abuse conviction or otherwise receiving actual notice of a drug abuse conviction. The notification must be provided in writing to HUD's Office of Departmental Grants Management and Oversight, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 3156, Washington, DC 20410-3000, along with the following information:

(a) The program title and award number for each HUD award covered;

(b) The HUD staff contact name, phone, and fax numbers;

(c) A grantee contact name, phone, and fax numbers; and

(4) Require that each employee engaged in the performance of the federally funded award be given a copy of the drug-free workplace statement required in item (1) above and notify the employee that one of the following actions will be taken against the employee within 30 calendar days of receiving notice of any drug abuse conviction:

(a) Institution of a personnel action against the employee, up to and including termination consistent with requirements of the Rehabilitation Act of 1973, as amended; or

(b) Imposition of a requirement that the employee participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

B. Staff Costs Assigned by Activity. The HOPWA regulations were amended in 1992 to help clarify staff costs as it applies to administrative costs. Under the definition at 24 CFR 574.3, allowable administrative costs *do not include costs directly related to carrying out eligible activities, since those costs are eligible as part of the activity delivery costs of such activities.* This issue was addressed in CPD Notice 09-01 as part of the renewal process. In addition to re-aligning activity costs under their respective BLIs via the re-alignment process established under CPD Notice 09-01, all incorrectly aligned staff costs were identified and realigned under their appropriate BLIs.

In the case of a program that involves staff that delivers a supportive service, such as client counseling, the staff costs must be credited to that supportive service activity. If that staff also engages in grant administration, costs must be reasonably prorated between the activity costs (administrative costs are limited by statute: for grantees, 3 percent and for project sponsors, 7

percent of the amount that the project sponsor receives) if reimbursed from HOPWA funds.

This concept also applies to operation costs for housing activities and the costs of staff that carry out the housing activities, such as maintenance, security, housing search and placement, etc. In some cases, grantees have applied these housing costs to supportive services, but should have assigned them to the appropriate type of housing activity that is being undertaken to ensure that performance data is accurate in reflecting the costs for delivering these activities. Additionally, most projects are likely to involve other sources of funds. Records on staff time should be maintained in order to document the division of staff time between applicable funding sources.

C. Budget Line Items (BLIs). For purposes of LOCCS setup under the program code HPAC, HOPWA funds should be grouped according to the following BLI categories consistent with the funding amounts approved in the performance grant agreement in Exhibit A. [Note these were the BLIs established in 1992 and an update to separate the BLIs is now pending approval; if revised, the new BLIs will use the same list of approved eligible activities, as shown in Exhibit A, the application budget page and approved logic model.]

- 1010 Acquisition (not eligible for a renewal project);
- 1020 Rehabilitation and new construction, including conversion and repair (not eligible for a renewal project);
- 1030 Operating Costs for housing facilities including facility leasing costs and scattered site master leasing.;
- 1040 Rental Assistance, (TBRA);
- 1050 Supportive Services and other, including short-term rent, mortgage, and utility payments, housing information services,;
- 1060 Administrative Costs, including grantee and project sponsors costs; and
- 1120 Other (limited to approved HUD activities and note that project outcome/data collection and Resource ID are not eligible BLIs for a renewal competitive grant in 2009).

These four-digit numbers are unique to the HPAC program area and are not necessarily used for other HUD programs and the BLIs are tracked in LOCCS and used in HOPWA voucher drawdowns.

D. Leveraged Funds. Renewal grantees have submitted information in their applications (Exhibit A) that evidenced the commitment of other funds to be used for housing and/or supportive services during the planned 3-year grant period. The grantee will be required to report on the use of these leveraged commitments as shown on their submitted and approved leveraging chart. To evidence the fulfillment of these commitments, HUD will review the Annual Progress Report (APR, exp. 12/31/2010) that will be filed each year. The field office should plan to review documentation for the implementation of these commitments when conducting an on-sight monitoring.

E. The Start-up Conference. Field offices must hold training conferences for any new or inexperienced staff of renewal grantees, including a review of the standard grant conditions provided in (See Section IV, A above). Field offices may work with HOPWA technical assistance providers in accomplishing start-up conferences and should cover the following items:

- i. **How to Utilize the LOCCS/Voice Response System:** Field offices should discuss how to access HOPWA competitive funds and familiarize each grantee with the disbursement system (see Attachment 5) and ensure that grantees have copies of HUD-27053-A, which are available from your finance office.
- ii. **Eligible Clients and Activities:** Hold a general discussion on program eligibility issues, income determinations, and general documentation of their records for the files.
- iii. **HUD Reporting Requirements:** Review the HOPWA Annual Progress Report (APR exp. 12/31/2010) obtained through the HOPWA webpage, and emphasize annual reporting requirements; see Attachment 7 form HUD-40110-C (exp. 12/31/2010). Additionally, HUD is interested in learning more about Return on Investment (ROI) activities that many grantees may be conducting. Grantees may inform HUD via their APR in narrative any cost efficiency analysis conducted as an ROI.
- iv. **HOPWA Grant Agreements:** Review the provisions of the HOPWA Performance Grant Agreement and answer any questions from the grantee.
- v. **Terms of Contract:** Grantees should be alerted that funds should be expended within the 3-year period. Program regulations at 24 CFR 574.540 provide for possible de-obligation of unspent program funds after that point. Grant performance should be monitored to ensure that grants maintain stable operations during this period.
- vi. **Administrative Costs:** As defined in 24 CFR 574.3, administrative costs under the HOPWA program are permitted for a grantee, not to exceed 3 percent of the grant, and for a project sponsor, not to exceed 7 percent of the amount that the project sponsor receives.

F. Disbursements. Instruct grantees to retain signed vouchers in their records for periodic inspection by HUD. They should not send vouchers directly to the field office, to the Fort Worth accounting center, or to headquarters. Upon inspection, compare the information on the voucher to the request for payment made through the LOCCS-VRS for consistency. Additionally, grantees should ensure that reimbursement is sought for eligible incurred expenses as close as practicable to the actual expense. At a minimum grantees should be reconciling their accounts on a quarterly basis.

V. CHANGES TO AN EXECUTED GRANT AGREEMENT BLI AMOUNTS

Field offices reviewing any proposed budget change(s), after the first year of operation, should consider how any change might affect the scope of the approved application. The regulations, at 24 CFR 574.260, establish a process for making amendments to competitive grants. Please consult the Office of HIV/AIDS Housing if you find that the applicant's revisions significantly alter the scope, location, service area, or objectives of an activity proposed in their grant application or the number of eligible persons served. The guidance that follows pertains to considering grant extensions and changes to BLIs.

Grantees must advise their local field office in writing of any proposed changes to an executed grant agreement since this would precipitate field office review and approval before enactment of any proposed changes to an existing grant award. Each program must operate within the statutory limits on administrative costs for grantee and project sponsors, as well as, standards established in CPD Notice 09-01, such as caps on supportive services and commitments of the leveraged funds. As such, not all changes can be approved. Field offices should consult with the Office of HIV/AIDS Housing to discuss policy and programmatic issues related to these requested changes in addition to ensuring that the national database is updated to reflect all BLI changes. Additionally, field offices should send a copy of such amendments to the HUD Fort Worth accounting center and the Office of HIV/AIDS Housing headquarters office. The amendments should reflect how the funds shifted from one line item to another within the HOPWA specific budget form HUD 40110-B. Additionally, a new LOCCS spreadsheet must be submitted by the field office to the appropriate HUD Fort Worth accounting staff so that the revised funds will be accountable in LOCCS. The financial instructions are contained within Attachment 5.

A. Budget Line Item (BLI) Changes. Field Offices should not amend renewal grant documents (ex: grant agreement, budget) during the first year of operations. Grantees must show a good faith effort to implement their project as approved. However, field offices may consider the merits of requests after the first year of operations and approve changes where sufficiently justified. There are two types of BLI changes that may be considered- either a non-substantial or substantial change (the guidance outlined below is to be used after the first year of operation).

- i. **Non-substantial BLI changes:** A non-substantial change involves: a small amount of funds, no greater than 10 percent of an approved BLI to which funds would be subtracted and added to another approved BLI; a substitution of leveraged commitments for a type of supportive service of at least equal value to the original HUD-approved commitments for leveraging; adjust client outcome estimates; or other such limited actions. The grantee should notify the field office in writing of the amount of funds to be transferred from an affected BLI to an affected BLI and describe the revised proposed use of funds. The request must be reviewed by the field office and register any needed edit in the appropriate BLIs in LOCCS. Additionally the field office should notify the HUD Headquarters of any movement of funds between the line items as represented on the approved HOPWA budget form HUD 40110-B. No more than one non-substantial change may be allowed at one time or within the same month of operation. Additionally, no more than four non-substantial changes may be allowed within an annual time frame. However, if

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additional non-substantial movements of funding between BLIs are needed, the field office may approve on a case by case basis via consultation with Headquarters staff. The chart below provides an example of a Non-substantial BLI change.

Budget Line Item	Approved	Amendment Request	Amendment Approved
Tenant Based Rental Assistance (TBRA)	\$30,000	-\$3,000	\$27,000
Short-term Rental, Mortgage, and Utility Assistance (STRMU)	\$40,000	+\$3,000	\$43,000
Supportive Services	\$200,000	0	\$200,000

- ii. **Substantial BLI Changes:** Section 24 CFR 574.260 requires a grantee to provide HUD with a justification to any change that will significantly alter the scope, location, service area, or objectives of an activity or the number of eligible persons. The grantee must additionally provide a copy to HUD of any other amendment to the application considered substantial by the description below for review in order to accept the change. A substantial change involves: a grantee request to add/or subtract more than 10 percent of the amount approved from one BLI to another approved BLI; affect the approved housing outputs established in the performance grant agreement by more than 10 percent, decrease the amount of other leveraged funds that were committed to be used for supportive service activities pursuant to a leveraging commitment; or otherwise make any change that will significantly alter the scope, location, service area, or objectives of an activity or the number of persons served. The grantee must justify the request and provide an assessment of the impact on the approved project plans, and address how the change would be beneficial to addressing the permanent housing needs of HOPWA eligible persons in their service area. No more than two substantial changes may be requested within an annual operating period. However, if additional substantial movements of funding between BLIs are needed, the field office may approve on a case by case basis via consultation with Headquarters staff. The chart below provides an example of a Substantial BLI Change.

Budget Line Item	Approved	Amendment Request	Amendment Approved
Tenant Based Rental Assistance (TBRA)	\$30,000	-\$3,300	\$26,700
Short-term Rental, Mortgage, and Utility Assistance (STRMU)	\$40,000	+\$3,300	\$43,300
Supportive Services	\$200,000	0	\$200,000

If the grant amendment is approved by the field office following agreement with the Office of HIV/AIDS Housing, The amendments should reflect how the funds

shifted from one line item to another within the HOPWA specific budget form HUD 40110-B. Additionally, a new LOCCS spreadsheet must be submitted by the field office to the appropriate HUD Fort Worth accounting staff so that the revised funds will be accountable in LOCCS. The field office will prepare a grant amendment to be signed by the grantee and that office with a proposed future effective date for the change. Once the amendment is signed and in effect, the field office must send a copy of the amendment to the Fort Worth accounting center and the HOPWA Headquarters' office to document the redistribution of funds between BLIs, and the grantee may request access to such funds accordingly.

iii. **Non-eligible BLI changes:** As mentioned at the beginning of this section, some BLI changes not eligible for amendment, include those, which exceed statutory limits for administrative costs for the grantee (i.e. at not more than 3 percent of the grant award) or for a project sponsor (i.e. at not more than 7 percent of the grant funds received by this sponsor). Also, some changes are not eligible due to the maximum allowable standards established in CPD Notice 09-01 and include the bullets listed below.

- In accordance with the criteria established in CPD Notice 09-01 any amendment to the supportive services BLI may not exceed the supportive services cap of 35% of the amount of funding approved that directly benefits program clients (i.e. the total amount awarded after deducting admin costs).

Please note: a few renewal grantees are funded in the supportive services BLI at an amount greater than 35% of the amount of funds that directly benefit HOPWA clients. These few selected renewal grantees are awarded at this higher level of supportive services funding in recognition that their expiring grants were awarded prior to the establishment of the 35% cap on supportive services and a reduction to the 35% cap would significantly alter their program design. These grantees may not amend their supportive services BLI to a level above their awarded amount.

- The inclusion of costs for technical assistance, project outcome analysis, or resource identification activities as an amendment to a grant agreement is prohibited.
- The leveraging committed to be used in the coordination of housing assistance and supportive services that are critical to the delivery of services promised under the grant agreement must be honored. If leveraging is withdrawn, the grantee will be required to secure any additional leveraging needed to sustain the project for the delivery of the services promised and may not amend the grant agreement to reflect a reduction in leveraged funds.

- A request for additional capital development activities that involve new facilities or sites which are not eligible activities under a renewal application is prohibited.

B. Changes Not Requiring a Grant Amendment. Some changes may not require a grant amendment, including changes that do not change an approved BLI or significantly alter the scope, location, service area, or objectives of an activity or the number of persons served by the grantee. The regulation states that in these cases involving any other amendment to the application that these could be made by the grantee and the grantee is required to provide a copy to HUD. Such changes could involve the type of supportive service activities which are undertaken in connection with the permanent housing program components, adjustments in the planned types of operating costs for housing facilities, changes in housing information services or program methods for administering the approved activities, or other such adjustments to improve the responsiveness, appropriateness, or efficiency of delivering the assistance provided under their approved performance grant agreement.

C. Submission and Review of Grant Changes. The following procedures are recommended for submission and review of grant changes. An official representative of the grantee should request the transfer of funds in writing (by letter or email to the Community Planning and Development Division Field Office Director) describing the reason(s) for the transfer, the month and year for the funds to be transferred, the amount of funds being transferred to each BLI and a proposed budget of the old and new line items. The transfer of such funds must be approved/accepted or denied by the field office in writing (by letter or email) with notification to the grantee and HUD staff administering the financial transactions in LOCCS. In the case of a substantial amendment, the change would be recorded in a signed performance grant agreement amendment that would be prepared by the field office and signed by the field office and the grantee with a copy sent to the Office of HIV/AIDS Housing at HUD headquarters. Under no circumstances would a grantee be authorized to expend funds for a substantial change prior to HUD approval of the requested change.

D. Grant Extensions. Grantees must fully expend their grants within three years following the beginning date of their operating start date of the grant agreement, or request from HUD during this period, and receive HUD's approval for a grant extension of up to one year from the grant end date shown on the executed grant agreement. As an additional consideration, the applicable Appropriations Act requires that all grant funds awarded be *expended* within five years of the commitment (i.e. not later than September 30, 2016 for FY2009 funds), or HUD and the designated recipient will lose access to these funds. This provision constrains the Department's authority to extend these new grants or otherwise allow grantees to retain balances on these accounts beyond this date. Attachment 10 contains a sample copy of the grant extension form that shall be used when granting an extension to a renewal HOPWA grant agreement if deemed necessary as the ending date to the grant agreement approaches. The applicable dates are limited and refer to the date that the original grant agreement was signed by HUD and the grantee. Section 574.540 of the HOPWA regulations establishes a grant term of no more than three years. Accordingly, the grant term expiration date is three years from the signature date of the original grant agreement (or three years from the project start date that was agreed upon in the original grant agreement, which may be later than the signing date). Consistent with OMB circulars and 24 CFR 84.25(e)(2), a grant term may be extended up to an additional year from the original expiration date. Importantly, extensions must be approved before the original expiration date occurs. The original grant extension should be retained

in the grantee's file and a copy sent to the Office of HIV/AIDS Housing.

X. CLOSEOUT PROVISIONS.

Standard grant close out provisions are found at 24 CFR part 85 – Administrative Requirements for Grants and Cooperative Agreements to State, Local Governments and Non-Profit Organizations, (made applicable by 24 CFR 574.605).

A. **Before Closeout: Subpart C –Post (Grant) Award Requirements.** Sec. 85.26: Basic rule. Grantees and sub-grantees are responsible for obtaining audits in accordance with the Single Audit Act Amendments of 1996 (31 USC 7501 –7507).

Sec. 85.50: CLOSEOUT:

- (a) General. The federal agency will close out the award when it determines that all applicable administrative actions and all required work of the grant has been completed.
- (b) Reports. Within 90 days after the expiration or termination of the grant, the grantee **MUST** submit all financial, performance, and other reports required as a condition of the grant. Upon request by the grantee, Federal agencies may extend this timeframe.

These may include but are not limited to:

- 1) Final performance reports
- 2) Financial status reports, and/or requests for reimbursement reports
- 3) Final request for payment
- 4) Invitation disclosure (if applicable)
- 5) Federally-owned property reports (e.g., property, both real and personal acquired with funds from the grant)

A grantee must make an inventory of all owned property for which it is accountable and request disposition instructions for the Federal agency of the property no longer needed. Cost adjustments if any will be made by the Federal agency within 90 days after receipt of the report.

- (c) The Federal agency will make prompt payment to the grantee for allowable reimbursement costs (or) if applicable, the grantee must immediately refund to the Federal agency any balance of un-obligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants.

B The HOPWA Close out procedures require the following submissions:

- i. Narrative. (Executive Summary) which describes all activities carried out with grant funds. List all performance measures achieved, benchmarks achieved, numbers and demographics of persons served. Numbers of housing units provided, Type of housing assistance and supportive services provided.
- ii. Complete Standard form 269. (Financial Status Report – Long form)

- iii. Complete the audit certification or submit evidence that all expended grant funds were audited in accordance with OMB circular A-133. (See sample of Certificate language)

C Example Closeout Letter.

LETTERHEAD OF RECIPIENT

Name of Recipient: _____

Grant Agreement Number: _____

Certification of Recipient

It is hereby certified that all activities undertaken by the Recipient with funds provided under the grant agreement identified above, have to the best of my knowledge, been carried out in accordance with the grant agreement. That proper provision has been made by the Recipient for payment of all unpaid costs and unsettled third party claims identified on line 10m of the attached "Financial Status report" (SF-269). The United States of America is under no obligation to make any further payment to the recipient under the grant agreement excess of the amount identified on line 10n of SF-269. That every statement and amount set fourth in said instrument is, to the best of my knowledge, true and correct as of this date. If any portion of the grant amount has been audited at the time of the execution of this certification, the recipient agrees that the unaudited portion of this grant will be included in the next periodic audit of the Recipient (as required by OMB circular A-133 which implements the Single Audit Act of 1984, P.L. 98-502). In the event any cost is disallowed by the audit and is sustained by HUD after consultation with the Recipient, such amount shall be refunded to HUD.

Signature of Recipient Date

XI. HOPWA TECHNICAL ASSISTANCE

If projects need assistance in the startup or operation of these efforts, please contact the national HOPWA Technical Assistance provider for your area. For the most recent information on the status, scopes, and the geographic areas of service of HOPWA technical assistance providers, please visit the HOPWA website at "<http://www.hud.gov/offices/cpd/aidshousing/>". Please note that in lieu of a demand/response system, these grantees are available to provide assistance in your community and may be contacted directly by your office or via this office.

Questions about these instructions on the HOPWA program should be directed to Benjamin Ayers in the Office of HIV/AIDS Housing HOPWA@hud.gov. Thank you for your interest and dedication to the HOPWA program.

XII. LIST OF ATTACHMENTS.

Note: This Document contains 10 “Attachments”

Attachment 1 - Description of the 2009 HOPWA Renewal Grant Selections*

Attachment 2 – Letter sending the grant agreement*

Attachment 3 - HOPWA 2009 Renewal Grant Agreement form* Attachment 3 provides field offices with one grant agreement form to be used for the FY '09 HOPWA renewal grants for permanent supportive housing.

Attachment 4 - HOPWA Regulations (24 CFR part 574).

The HOPWA regulations can be obtained via the HUD website at: <http://www.hud.gov/offices/cpd/aidshousing/lawsregs/index.cfm> and via the Homeless Resource Exchange website at: http://www.access.gpo.gov/nara/cfr/waisidx_08/24cfr574_08.

Attachment 5 - Grantee Financial Instructions and LOCCS information*

Attachment 6 - Letter to return copies of signed documents*

Attachment 7 – [Reserved for the HOPWA Annual Reporting – The Annual Performance Report, including the use of the logic model. Please check the webpage for the APR and appropriate instructions.]

Attachment 8 - Use of Residual Funds Form

Attachment 9 – Early Termination of Term Form

Attachment 10 – HOPWA Competitive Grant Extension Form

* Sent to all HUD Field Offices on a Word file; documents can also be found on the HOPWA homepage at <http://www.hud.gov/offices/cpd/aidshousing/programs/index.cfm> and the Homelessness Resource Exchange site at <http://www.hudhre.info/hopwa/index.cfm?do=viewHopwaHome>.

Notification of Funding Approval - Transmittal of Performance Grant Agreements

Dear [Applicant]:

SUBJECT: Notification of Funding Approval for HOPWA Project Number:

I am pleased to provide you with the performance grant agreement to implement the award of funds under the Housing Opportunities for Persons with AIDS (HOPWA) program. As you know, your application was selected for funding under the FY2009 renewal process, established under CPD Notice 09-01, "Standards for Fiscal Year 2009 HOPWA Permanent Supportive Housing Renewal Grant Applications," to undertake housing activities in your community over the next three year period.

Enclosed are three copies of the HOPWA Performance Grant Agreement that constitute the agreement between you and HUD. Please sign all three copies and return them to this office or, if needed, please respond within two weeks for an alternative schedule for the submission of these documents. After this agreement is signed by HUD, this office will send you a copy with original signatures for your files.

In order to expedite the obligation of these funds, HUD agrees to sign the performance grant agreement with you and obligate these funds. As addressed in this letter and the enclosed information, certain standard conditions on this grant have been identified and must be abided by during your operation of this grant. Further, HUD reviewed the commitments to use other funds for housing and related supportive services for HOPWA clients. HUD identified those commitments that meet the CPD Notice 09-01 standards for approval and the use of these other resources during the operating period is a condition for the receipt of your HOPWA award.

As additional considerations, the Department's FY2009 Appropriations Act requires HUD to obligate funds within three years of the appropriation, or HUD and the designated recipient will lose access to these funds. These funds must also be fully expended within three years following the operating period Begin date of the grant agreement. If justified, you may request an extension from HUD during this period, of up to one year from the grant end date shown on the executed grant agreement. Further, the Act requires that all grant funds be expended within five years from that date or HUD and the recipient will lose access to these funds.

This office is available to provide assistance regarding the administration of this grant, as may be needed. In addition, this office will also conduct a start-up conference for any new or less experienced staff, in order to provide more specific information or advice on the administration of your grant. If you have any questions, please contact _____ or _____ at _____ I look forward to working with you on the successful implementation of this grant.

Please let me know if I can be of further assistance.

Sincerely yours,

Director
Office of Community
Planning and Development

Enclosures

Performance Grant Agreement for 2009 Renewal Grants

Grant Number:

Official Contact:

Title:

Mailing Address:

Telephone:

FAX Number:

Tax ID No.:

Email Address:

Project Location (City/Co. & State):

**HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS
PERFORMANCE GRANT AGREEMENT FOR FY2009**

This Performance Renewal Grant Agreement (Agreement) is made between the United States Department of Housing and Urban Development (HUD) and _____ (Grantee).

The terms "Grant" and "Grant Funds" mean the funds provided under this Agreement.

The term "Application" means the application submissions on the basis of which a Grant was originally approved by HUD, including certifications and assurances and any information or documentation required to meet grant award conditions. The Application, _____, (Grantee's original or existing grant number) is incorporated herein, as updated through the "Renewal Application" and, if applicable, through a HUD-approved grant amendment. However, in the event of conflict between a provision of the Application and a provision of this Agreement, the latter shall control.

The term "Renewal Application" means the application submission on the basis of which the 2009 Grant renewal was approved by HUD, including certifications and assurances, and any information or documentation required to meet renewal grant award conditions. The Renewal Application, _____ (2009 Grant Number), is incorporated herein as part of this Agreement and attached hereto as Exhibit A. In the event of conflict between a provision of the Renewal Application and any provision of this Agreement, the latter shall control.

The term "Project Sponsor" means any private nonprofit organization or governmental housing agency that receives funds under a contract with the Grantee to carry out eligible activities identified in the Application.

Upon execution of this Agreement, HUD agrees to provide \$ _____ to the Grantee to carry out the project described in the Renewal Application (Exhibit A) in the expenditure of funds to deliver the services as described in Exhibit A.

The term of this Agreement shall begin on _____ (mm/dd/yyyy) and end on _____ (mm/dd/yyyy), or three years from the beginning date of this agreement, whichever comes first. Notwithstanding the foregoing, the term of this Agreement may not begin until the original grant agreement _____ (insert original grant agreement number) has expired.

In cases where the original agreement has now expired and all funds expended, eligible costs under the new renewal award may include pre-award costs to support continuation of the approved renewal activities. Pre-award costs are authorized by OMB Circulars A-87 and A-122, which are applicable to the HOPWA program under 24 CFR 574.605. Pre-award costs are those costs incurred prior to the effective date of the award directly pursuant to the execution of this Agreement where such costs are necessary to comply with the proposed delivery schedule or period of performance for continued activities. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of HUD. Renewal grantees are required to obtain approval of pre-award costs via a written request to the field office prior to incurring costs.

Exhibit A also provides for the list of the application commitments of other resources to be used in conjunction with HOPWA funds. Failure to evidence these commitments may result in a notice of default and affect the project's continued access to these federal funds.

This Agreement will be governed by the requirements of the AIDS Housing Opportunity Act, 42 USC 12901 *et seq.* (Act), the Housing Opportunities for Persons With AIDS (HOPWA) Program Regulations, 24 CFR part 574 (the Regulations), and CPD Notice 09-01, Standards for Fiscal Year 2009 HOPWA Permanent Supportive Housing Renewal Grant Applications, issued January 27, 2009. The Regulations are attached hereto as Exhibit C and are incorporated into this Agreement.

Grantee agrees to and will ensure that each Project Sponsor agrees to:

- (1) Provide housing support to HOPWA eligible persons over the operating period of this grant consistent with the services described in the renewal application and attached as Exhibit A, and applicable HUD regulations;
- (2) Comply with and meet the performance measure benchmark outputs and outcomes established in the Renewal Application Logic Model form HUD 96010 and HOPWA Budget form HUD 40110-B found in Attachment A for the implementation and operation of this award;
- (3) Conduct an ongoing assessment of the permanent supportive housing assistance required by the participants in the program, including annual assessments of their housing situations, and report on the annual achievement

- of HOPWA client outcome goals in achieving stable housing, reducing risks of homelessness and improving access to care for beneficiaries;
- (4) Assure the adequate provision of supportive services to the participants in the program, including support to access health-care, HIV treatment and benefits or other support available under mainstream health and human welfare programs and other public and private resources, as needed. Further, the grantee shall ensure that grant funds will not be used to make payments for health services for any item or service to the extent that payment has been made, or can reasonably be expected to be made with respect to that item or service: (i) under any State compensation program, under an insurance policy, or under any Federal or State health benefits program; or (ii) by an entity that provides health services on a prepaid basis;
 - (5) Fulfill the commitment to use other leveraged funds for HOPWA activities by documenting the use of an amount of funds consistent with the application commitment of such other resources;
 - (6) Comply with such other terms and conditions, including record keeping and reports (which must include racial and ethnic data on participants, annual housing outputs and client housing outcomes) for program monitoring and evaluation purposes, as HUD has established for purposes of carrying out the program in an effective and efficient manner;
 - (7) Agree that any program income resulting under this grant be added to the funds committed to the project or other HOPWA program activities under this agreement, to be used to further eligible project or program objectives;
 - (8) Agree to maintain records of beneficiary and program activity eligibility, including documentation that evidences compliance with agreements noted above;
 - (9) Agree to record the expenditure of funds in a timely manner and implement financial procedures to ensure disbursements for reimbursement of the HOPWA renewal grant award expenses through the LOCCS system on at least a quarterly basis, beginning three months after the program beginning date established in this Agreement.

Renewal Grant Purpose and Agreements to Provide Permanent Supportive Housing. As a requirement for the receipt of these federal funds if used for permanent supportive housing, Grantee agrees to maintain project eligibility and related documentation on the following:

- (1) The project will continue to provide permanent supportive housing support to HOPWA eligible persons over the operating period of this grant. At least 51 percent of the HOPWA program activity funds awarded to the project must be used for this purpose. Any new funds, including commitments of other funds, must be utilized to provide permanent supportive housing to eligible persons for the planned annual outputs;

(2) If your project will rely on other state, local, federal, or private resources to provide the permanent housing or supportive services portion of your project, as documented and approved by HUD in commitment letters for leveraging, you must ensure that the other resources will continue to be available for that purpose throughout the commitment period noted in the grant. Failure to use committed resources as documented and approved by HUD will constitute a grant default, which may result in grant sanctions, including reductions in amounts awarded for supportive services;

(3) For projects providing permanent housing, excluding short-term mortgage, rent, and utility payments projects, Grantee must maintain evidence that the client has a continuous legal right to remain in the unit or property and has access to ongoing supportive services provided through qualified providers. Grant files must include a copy of the standard lease form or occupancy agreement used for residents of the project. The lease or occupancy agreement must be for a term of at least one-year. The lease or occupancy agreement must also be automatically renewable upon expiration, except on reasonable prior notice by either the tenant or the landlord. Failure to maintain this project documentation of the client's lease or occupancy agreement will constitute a grant default;

(4) The following applies to an application that involves the use of HOPWA funds for supportive service activities aimed at assisting HOPWA clients with substance abuse treatment. Note that, in operating this project, the grantee and any project sponsor must comply with federal, state and other applicable laws pertaining to the illegal use of a controlled substance. The grantee and sponsor must undertake reasonable steps to ensure that beneficiaries receive appropriate access to substance abuse treatment and counseling. Admission should be denied, or eviction initiated, for persons engaging in illegal drug activities, where such activities threaten the health, safety, or right to peaceful enjoyment of the premises by other residents. Grantees and project sponsors must establish procedures for project ineligibility and evictions related to illegal drug activities.

(5) The Grantee agrees to comply with environmental review requirements, as set forth at 24 CFR Part 58. Where applicable, Grantee also agrees to provide HUD with information necessary for HUD to perform any required environmental review under 24 CFR Part 50. Grantee shall carry out mitigating measures required by HUD or select alternate eligible property resulting from such review. Grantee shall not acquire, rehabilitate, convert, lease, repair or construct property, or commit HUD or local funds to such program activities with respect to any such property, until it has received notice from HUD that the environmental review is complete.

A default shall consist of any use of Grant Funds for a purpose other than those authorized by this Agreement, noncompliance with the Act or Regulations, failure to comply with or meet the performance benchmarks established in the renewal application, noncompliance with or any material breach of the Agreement, failure to expend Grant Funds in a timely manner, or misrepresentations in the Application submissions which, if known by HUD, would have resulted in a Grant not being provided. Upon due notice to the Grantee of the occurrence of any such default and the provision of a reasonable opportunity to respond, HUD may take one or more of the following actions:

- (a) Direct the Grantee to submit progress schedules for completing approved activities;
- (b) Issue a letter of warning advising the Grantee of the default, establishing a date by which corrective actions must be completed and putting the Grantee on notice that more serious actions will be taken if the default is not corrected or is repeated;
- (c) Direct the Grantee to suspend, discontinue or not incur costs for the affected activity;
- (d) Reduce or recapture the Grant;
- (e) Direct the Grantee to reimburse the program accounts for costs inappropriately charged to the program;
- (f) Continue the Grant with a substitute Grantee selected by HUD; and
- (g) Any other appropriate action including, but not limited to, any remedial action legally available, such as affirmative litigation seeking declaratory judgment, specific performance, damages, temporary, or permanent injunctions and any other available remedies.

No delay or omissions by HUD in exercising any right or remedy available to it under this Agreement shall impair any such right or remedy or constitute a waiver or acquiescence in any Grantee default.

This Agreement is hereby executed by the Parties on the dates set forth below their respective signatures, as follows:

UNITED STATES OF AMERICA
Department of Housing and Urban Development
By: The Secretary or HUD designated signatory

By: _____
(Signature)

(Title)

(Date)

GRANTEE
By: _____

(Authorized signatory)

(Type in name of authorized signatory)

(Title of authorized signatory)

(Date)

[NOTE TO CPD FIELD REPRESENTATIVES] Please make sure that a copy of the approved budget line items, housing output commitments, approved leveraging commitments, a list of any conditions, and a copy of the HOPWA regulations are attached.

HOPWA Grantee Financial Instructions

Office of Community Planning and Development

OVERVIEW

This document contains instructions to access HOPWA program funds. HOPWA funds will be wire transferred directly from the U.S. Treasury into your bank account. There will be no need to mail and deposit checks.

Enclosed with this document are instructions along with the forms you will need to access your HOPWA account.

SUMMARY OF THE LOCCS/VRS PAYMENT SYSTEM

All HOPWA grantees will use LOCCS/VRS to request program funds. LOCCS stands for the Line of Credit Control System, and is the system HUD uses to track the payment of 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 HOPWA 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. LOCCS will not allow more than one draw per grant per day. 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.

USING THE VRS/BLI PAYMENT SYSTEM

Creating your Account in LOCCS

You will receive three copies of the HOPWA Grant Agreement to sign and return to the Field Office (FO). When the FO receives all three signed copies, they will be executed (signed) and one executed copy will be returned to you. The effective date of the grant is the date the grant agreement was signed by the FO.

The FO will enter information on the grant agreement, including name, address, and term, into LOCCS. The FO will also enter the amount awarded, by Budget Line Item (BLI). BLIs are listed on your notification letter and on the grant agreement itself, and reflect the categories of funds you listed on your budget exhibits in your application. All funds must be requested by BLI.

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.

Renewal grantees should already have authorization to access LOCCS/VRS. For instructions on changing or adding authorized persons visit the HUD website at <http://hudweb.hud.gov/po/f/locvrs.htm>.

Voice Response Number

Each grantee will receive a letter containing his or her computer-generated Voice Response Number corresponding to the renewal grant funds.

Preparing the Voucher

The LOCCS/VRS HPAC Request Voucher for Grant Payment Form (HUD-27053-A) is used for HOPWA VRS payments. A copy of the voucher is enclosed. Please make copies of the voucher as you need them. Instructions for the completion of the voucher are included on the reverse side of the voucher. Grantees will retain vouchers for periodic monitoring by the Field Office.

MAKING THE CALL

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.

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 HOPWA 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 "**HPAC**".

Voucher Number

LOCCS/VRS will ask the caller for the three-digit program number; the caller enters **038**. 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.

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 HOPWA grant number as verification.

BUDGET LINE ITEMS

Expenditures should be assigned to the following HOPWA-specific Budget Line Items (BLI) which group the HOPWA eligible activities into the following BLI categories:

- 1010 Acquisition;
- 1020 Rehabilitation and new construction, including conversion and repair costs of facilities to provide housing and services;
- 1030 Operating costs for housing facilities, including project based rental assistance, including maintenance costs; including facility leasing costs; and master leasing of scattered site units.
- 1040 Rental Assistance, (TBRA);
- 1050 Supportive Services and other, services including short-term rent, mortgage and utility payments, housing information, and permanent housing placement services;
- 1060 Administrative costs, including grantee and project sponsor costs for the general management, oversight, evaluation and reporting on eligible activities;
- 1120 Other approved activities (other HUD-approved activities that were specified in their application).

These four-digit numbers are unique to the HPAC program area and are not intended to be used for other HUD programs. As noted in the HOPWA regulation, staff costs and other costs directly related to carrying out an eligible activity should be included in that activity BLI as an activity delivery cost. BLIs are tracked in LOCCS and used in HOPWA voucher drawdowns.

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 "**1030**" is entered from the grant voucher, LOCCS/VRS will speak, "ENTER THE AMOUNT OF OPERATING COSTS 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 \$28,569.78, the caller would enter:

2 8 5 6 9 .7 8 #

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 FO immediately. The request can be cancelled if done before 6:00 p.m., Eastern Time, of the day that the request was made.

RESTRICTIONS ON DRAWDOWNS

A grantee may not make more than one payment request per day. OMB Circular A-110 states that a grantee must make drawdowns as close in time as possible to its disbursements. It also emphasizes that 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.

BUDGET LINE ITEM (BLI) CHANGES

Changes made to any BLI during the first year of operation are discouraged. However, after the first year of operation, a grantee may make adjustments to BLIs based on need. A grantee may find that after operating their program for a year some adjustments may be necessary in order to run the program more efficiently and effectively. See section IX, CHANGES to an Executed GRANT AGREEMENT, on page 13, of the Operating Instructions cover letter for the complete list of requirements on amending Grant Agreements and transferring funding amounts from BLI to BLI.

PROGRAM EDITS

LOCCS/VRS uses payment controls to ensure that payments are appropriate and consistent with HOPWA 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:

- **Term.** LOCCS will automatically send out for review any payment that is requested after the term has passed. The term for HOPWA grants is 36 months.

- **Total Amount Requested**. LOCCS will automatically reject any payment request that exceeds the total amount authorized for the grant in the grant agreement.
- **Total BLI Amount Requested**. LOCCS will automatically send out for review (to the FO via the LOCCS system) any payment request that exceeds 100 percent of the amount approved for any given BLI.
- **Administration (1060)**. A grantee may not draw more than the amount originally awarded for administrative funds. If a grantee requests more than the amount awarded for administration, the payment will be rejected.
- **Reports**. Grantees must submit an Annual Progress Report at the end of each program-operating year. LOCCS/VRS will send grantees two system-generated letters regarding their annual reports. The first letter will remind each grantee that their annual report is due to the FO in 30 days. A second letter will be sent 30 days after the due date if the grantee has not submitted a report. The letter will inform the grantee that all future payments may be suspended until the report is received.

FOUR POSSIBLE OUTCOMES OF A REQUEST FOR PAYMENT

1. The request is consistent with all edits, and the payment is **approved**. The requested funds are wired to the grantee's bank account, in most cases within 48 hours of the request. The drawn-down funds are expended by the grantee within 3 days of the receipt of the drawn-down funds
2. The grantee is unable to request any funds and is 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.
3. A request for a particular BLI is **rejected**. If the grantee does not know why the request was rejected, the grantee should call the FO for assistance.
4. The payment is put **out for review**. The request has triggered a restriction that FO is authorized to lift. The FO must review the request and specifically approve or reject it.

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:

- **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.
- **Voucher Query:** 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.

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.

QUESTIONS

If you have any questions regarding the LOCCS/VRS Financial System, please call your local FO representative for assistance.

Transmittal Letter for an Executed Performance Grant Agreement

Grantee's Name
Address
City

Dear [Grantee]:

SUBJECT: Executed HOPWA Performance Grant Agreement for Project Number:

I am pleased to return your copy of the executed Performance Grant Agreement under the Department of Housing and Urban Development's Housing Opportunities for Persons with AIDS (HOPWA) Program.

Thank you for your commitment to provide needed housing support for this special needs population through this project. HUD looks forward to receiving information on your project successes in reports on the annual achievement of HOPWA client outcome goals, in maintaining housing, reducing risks of homelessness and improving access to care for your beneficiaries.

This office is available to provide advice regarding the administration of this grant, as may be needed. If you have any questions, please contact _____ at _____. I look forward to working with you on the successful implementation of this grant.

Please let me know if I can be of further assistance.

Sincerely,

Director
Office of Community Planning and Development

Enclosures

**Housing Opportunities for Persons With AIDS
Amendment to Change Term of Competitive Grant Agreement for Renewal Purposes**

This Amendment is to the Grant Agreement dated _____, Grant Number _____, between the United States Department of Housing and Urban Development (HUD) and _____ (Grantee).

Whereas the Grant Agreement expires on _____; and

Whereas any residual Grant Funds will remain separate in its respective LOCCS account and will be used for the purposes described in the renewal Grant Agreement prior to accessing new award funds; and

Whereas HUD has determined that there is good cause to allow any remaining Grant Funds to be covered by the Renewal Grant Agreement;

NOW THEREFORE, it is hereby agreed as follows:

1. Any remaining Grant Funds are carried over into the Renewal Grant Agreement.
2. This Amendment to the Grant Agreement, when signed by both parties where indicated, constitutes the entire agreement of the parties as to amendment of the Grant Agreement. The remaining terms of the Grant Agreement remain in full force and effect. The effective date of the Amendment shall be the date it is executed by HUD.

In witness whereto we have affixed our signatures herein below.

HUD:
U.S. Department of
Housing and Urban Development

GRANTEE:

(Name of Grantee)

BY:

BY:

(Authorized Signature)

(Authorized Signature)

(Typed Name of Signatory)

(Typed Name of Signatory)

(Title)

(Title)

DATE: _____

DATE: _____

Attachment 8
2009 HOPWA Operating Instructions - Renewals

* Field Office Notes:

The term of the grant agreement is covered at 24 CFR 574.540 in establishing up to a three-year use period for this grant. The expiration date is the date that is three years from the date of the original grant agreement date (or three years from the project start date that was agreed to in the original grant agreement that may be up to four months later than the signing date).

Please send a copy of this extension agreement to Headquarters, to the:

Office of HIV/AIDS Housing, HUD

451 7th Street SW, Room 7212

Washington, DC 20410

or by fax (202) 708-9313

**Housing Opportunities for Persons With AIDS
Early Termination of Competitive Grant Agreement for Renewal Purposes**

This Amendment is to the Grant Agreement dated _____, Grant Number _____,
between the United States Department of Housing and Urban Development (HUD) and
_____ (Grantee).

Whereas Grantee is desirous of terminating the Grant on _____ to allow for the
start of Grantee's 2009 grant; and

Whereas HUD has determined that there is good cause to terminate the Grant Agreement;

NOW THEREFORE, it is hereby agreed as follows:

1. The term of the Grant Agreement is terminated as of _____.
2. This Amendment to the Grant Agreement, when signed by both parties where indicated, constitutes the entire agreement of the parties as to amendment of the Grant Agreement. The remaining terms of the Grant Agreement remain in full force and effect. The effective date of the Amendment shall be the date it is executed by HUD.

In witness whereto we have affixed our signatures herein below.

HUD:
U.S. Department of
Housing and Urban Development

GRANTEE:

(Name of Grantee)

BY:

(Authorized Signature)

BY:

(Authorized Signature)

(Typed Name of Signatory)

(Typed Name of Signatory)

(Title)

(Title)

DATE: _____

DATE: _____

Attachment 9
2009 HOPWA Operating Instructions - Renewals

Please send a copy of this extension agreement to Headquarters, to the:

Office of HIV/AIDS Housing, HUD

451 7th Street SW, Room 7212

Washington, DC 20410

or by fax (202) 708-9313

**Housing Opportunities for Persons with AIDS
Extension of Competitive Renewal Grant Agreement**

This Amendment is to the Grant Agreement dated _____, Grant Number _____,
between the United States Department of Housing and Urban Development (HUD) and
_____ (Grantee).

Whereas the Grant Agreement expires on _____; and

Whereas Grantee is desirous of extending the term for an additional period until
_____; and

Whereas HUD has determined that there is good cause to extend the term of the Grant
Agreement;

NOW THEREFORE, it is hereby agreed as follows:

1. The term of the Grant Agreement is hereby extended until _____.
2. This Amendment to the Grant Agreement, when signed by both parties where indicated, constitutes the entire agreement of the parties as to amendment of the Grant Agreement. The remaining terms of the Grant Agreement remain in full force and effect. The effective date of the Amendment shall be the date it is executed by HUD.

In witness whereunto we have affixed our signatures herein below.

HUD:
U.S. Department of
Housing and Urban Development

GRANTEE:

(Name of Grantee)

BY:

(Authorized Signature)

(Typed Name of Signatory)

(Title)
DATE: _____

BY:

(Authorized Signature)

(Typed Name of Signatory)

(Title)
DATE: _____

* Field Office Notes:

The dates to be used in this extension form are limited and refer to the date that the original grant agreement was signed by HUD and the grantee. The term of the grant agreement is covered at 24 CFR - 574.540 in establishing up to a three-year use period for this grant. The expiration date is the date that is three years from the date of the signing of the original grant agreement date (or three years from the project start date that was agreed to in the original grant agreement that may be up to four months later than the signing date). Consistent with OMB-circulars, the additional period can only run up to one additional year from this original expiration date. Importantly, extensions must be approved before the original expiration date occurs.

Please send a copy of this extension agreement to Headquarters, to the:

Office of HIV/AIDS Housing, HUD

451 7th Street SW, Room 7212

Washington, DC 20410

or by fax (202) 708-9313