

CAPITAL FUND PROCESSING GUIDANCE FOR FY 2026 GRANT AWARDS

PURPOSE:

This notice provides Public Housing Agencies (PHAs) with guidance on the Capital Fund Program (CFP) Award process for Fiscal Year (FY) 2026. 24 CFR 905.300 establishes the Capital Fund submission process.

COMMUNICATION:

How will PHAs be notified of their FY 2026 Award?

The Department of Housing and Urban Development (HUD) will send each PHA receiving Capital Funds an email notifying the PHA of the award of a CFP Grant.

PHAs are responsible for maintaining the correct contact information, including the correct email address for the Executive Director, in the Inventory Management System/Public Housing Information (IMS/PIC) system.

How will PHAs receive their FY 2026 Capital Fund ACC Amendments?

HUD will post the Master ACC (Annual Contributions Contract) Amendment signed by the Deputy Assistant Secretary (DAS) for the Office of Public Housing Investments (OPHI) on the FY 2026 Capital Fund Processing page, fulfilling the requirement for a HUD signature on the ACC Amendment.

HUD will obligate the 2026 awards in LOCCS for PHAs with active Universal Entity Identifiers (UEIs) and Taxpayer Identification Numbers (TINs).

SUBMISSION PROCESS:

What are the Steps PHAs Need to Follow to Access the Award?

1. PHAs Sign the ACC Amendment.

To accept their Award, PHAs must sign their ACC and submit the required elements of the capital fund submission to HUD. PHAs download their ACC on the [2026 Processing page of the Capital Fund website](#). PHAs open the spreadsheet “Master ACC Amendment” and select their PHA code. The spreadsheet will populate the grant specific information in the ACC Amendment.

PHAs must sign the ACC to receive CFP grant funding. PHAs have the option to digitally sign, or to manually sign. The ACC must be signed, dated, and box #8 marked “Yes” or “No.” Should

PHAs choose to digitally sign, they must use a valid electronic signature mechanism. Should PHAs choose to manually sign, they will scan the document to submit to HUD for approval. Regardless of choice, the signature must be by a person authorized to enter into agreements on behalf of the PHA.

2. Collect the Required Documents Needed for Submission to HUD

PHAs are responsible for submitting the most recently approved Office of Management and Budget version of each form listed below, and the correct form based on the size of the PHA. PHAs may submit the same documents that were submitted to HUD for another grant as long as they meet the criteria to be valid for the Capital Fund grant.

The following documents should be signed and dated within the PHA's 2026 fiscal year:

- ☐ 2026 Capital Fund Formula ACC Amendment (Board approved if required)
- ☐ Lobbying Form – [SFLLL](#) (If applicable)
- ☐ [HUD Form 50071, Certification of Payments to Influence Federal Transactions](#) (if applicable).
- ☐ Certification of Compliance with Public Hearing - PHA must *submit* a copy of one of the following:
 - o **For Non-Qualified PHAs:** form [HUD-50077-ST-HCV-HP](#) includes this certification.
 - o **For Qualified PHAs:** A statement certifying that the PHA conducted a public hearing in compliance with 24 CFR Part 905, signed and dated by the Executive Director.

Y / N Was the public hearing conducted in FY 2026
- ☐ Civil Rights Certification - PHA must have a copy of one of the following:
 - o **For Non-Qualified PHAs:** form [HUD-50077-ST-HCV-HP](#)
 - o **For Qualified PHAs:** HUD form [HUD-50077-CR](#)

Additionally, PHAs must submit the following:

- ☐ **Written Statement Defining Significant Amendment/Modification to a CFP 5-Year Action Plan.** Each PHA must submit a written statement defining the criteria the PHA will use for determining a significant amendment or modification to the CFP 5- Year Action Plan. In addition to the criteria established by the PHA, HUD considers proposed demolition, disposition, homeownership, Capital Fund Financing, development, or mixed finance proposal to be significant amendment to the CFP 5-year Action Plan based on the Capital Fund Final Rule. This must be submitted as a separate written statement.
- ☐ **Recommendations and Comments Received during the Public Hearing and Resident Consultation.** The PHA is required to hold a public hearing and meet with the Resident Advisory Board (RAB) to advise residents of the proposed CFP 5-Year Action Plan covering FY 2026. The PHA may elect to conduct the annual public hearing at the

same time as the hearing for the PHA Plan or hold the hearing at a separate time specifically to cover the CFP 5-Year Action Plan. The PHA must include a copy of the comments and recommendations that were received during the public hearing and resident consultation. The PHA must also include a description of how it addressed the recommendations from the RAB and any comments from the public before it submits the CFP 5-Year Action Plan to HUD.

- ❑ ***Moving To Work (MTW) PHAs:*** MTW PHAs should refer to the submission requirements outlined in their MTW agreement with HUD. The requirements for some MTW PHAs may not align with the requirements above. For example, MTW Agreements define the significant amendment criteria.

3. Complete the Necessary Steps in EPIC

To comply with regulatory and Notice requirements to obtain access to FY 2026 CFP grant funds, PHAs must complete these actions in the EPIC system:

- ❑ **All PHAs must have a HUD-approved CFP 5-Year Action Plan.** PHAs should submit their 5-Year Action Plan into EPIC covering FY 2026 to be approved by the Field Office as soon as possible if they have not already done so¹.
 - ***For PHAs with rolling plans*** – the years should include FY 2026 -2030
 - ***For PHAs with fixed plans*** – FY 2026 must be included as one of the years. Please note, the PHA may need to revise its plan to be sure that the work activities it needs to accomplish with FY 2026 funds are in the approved plan.
- ❑ **All PHAs must have a HUD-approved Initial Award Document Package for their 2026 CFP Formula grant.** When grants are available EPIC, HUD will notify PHAs. At that point PHAs may begin creating and submitting their Initial Award Document Packages for review by their Field Office. The PHA will upload the required documentation as outlined above into EPIC for review and approval by the Field Office.
- ❑ **All PHAs must submit an Annual Statement/Budget for their 2026 CFP Formula grant.** Once the Field Office has approved the Initial Document Package and the 5-Year Action Plan the PHA will see funds on BLI 0100 in LOCCS. At that point the PHA can create their Annual Statement/Budget. EPIC will not allow PHAs to submit an Annual Statement/Budget for the FY 2026 grant until the Field Office (FO) has approved the document package in EPIC. An Annual Statement/Budget will trigger the budget line items to spread in the Line of Credit Control System (LOCCS).

What else is required to obtain access to the 2026 Capital Fund Formula Grant?

¹ See 24 CFR 905.300. Not later than 45 days before the public hearing is to take place the submission must be available to the RAB, a notice of public hearing must be published and reasonable outreach activities to encourage broad public participation must be made.

❑ Updated System for Award Management (SAM) registration/Unique Entity ID (UEI) Number

The UEI registration in the SAM is a requirement to receive federal awards, and the registration must be active. If you have an expired registration in SAM or there is a discrepancy between your UEI number and your Tax Identification Number (TIN), your FY 2026 CFP grant will not be obligated/awarded until the registration is updated.

PHAs without an active UEI in the SAM or TIN number in LOCCS should take immediate action to resolve these issues. Contact your FO for assistance with resolving SAM/UEI number issues. Once the UEI registration is updated, HUD will obligate the award. Please note that the obligation end date of the FY 2026 grant will remain the same, so PHAs with expired UEI numbers will have less than 2 years to obligate the funds.

Note that the Federal Government transitioned from using DUNS numbers to UEIs as of April 1, 2022.

Additional Information Regarding the Terms and Conditions of FY 2026 Capital Fund Grant Awards:

The following language has been added to the Capital Fund ACC Amendment for FY 2026:

14. This grant is subject to Executive Order 14218, Ending Taxpayer Subsidization of Open Borders and applicable law. HUD will take steps to ensure that Federal resources are not used to support “sanctuary” policies of State and local jurisdictions that actively prevent federal authorities from deporting illegal aliens.

ELIGIBLE USES OF THE CAPITAL FUND:

24 CFR 905.200 outlines the eligible activities under the Capital Fund Program. PHAs report the details of their proposed activities in EPIC which translates those activities into BLIs in LOCCS as follows:

1480 General Capital Activity

- Contract Administration (1480)
- Dwelling Unit - Conversion (1480)
- Dwelling Unit - Demolition (1480)
- Dwelling Unit-Development (1480)
- Dwelling Unit-Exterior (1480)
- Dwelling Unit-Interior (1480)
- Dwelling Unit-Site Work (1480)
- Housing Related Hazards (1480)
- Non-Dwelling Construction - Mechanical (1480)
- Non-Dwelling Construction-New Construction (1480)
- Non-Dwelling Equipment-Expendable/Non-Expendable (1480)

- Non-Dwelling Exterior (1480)
- Non-Dwelling Interior (1480)
- Non-Dwelling Site Work (1480)
- RAD Funds Pre-Closing (1480)

1406 Operations

1408 Management Improvements

1410 Administration

1492 Moving to Work

Debt Services

- Debt Service Bond Payment-Paid by HUD (9000)
- Debt Service Bond Payment-Paid by PHA (1501)
- Bond Debt Obligation (9001)
- Loan Debt Obligation (9002)

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RAD Conversions

- RAD HAP (1503)
- RAD Investment Activity (1504)

FLEXIBILITY FOR OPERATING AND CAPITAL FUND:

Section 9(g) of the 1937 Act (42 U.S.C. 1437g(g)) provides for the following flexible use of Capital Funds and Operating Funds.

(1) Flexibility in Use of Funds for Large PHAs with 250 or more units:

(A) Flexibility for Capital Fund Amounts

Under 24 CFR § 905.314 (l)(1) PHAs may use up to 20% of the grant for activities that are eligible under the Operating Fund at [24 CFR part 990](#).

However, in FY2026 the limitation on Capital Funds used for Operating Fund eligible activities under BLI 1406 is increased from 20% to 25%, as identified in paragraph 2 of the FY 2026 CFP ACC Amendment.

(B) Flexibility for Operating Fund Amounts

PHAs may request to use up to 20 percent of their Operating Funds for Capital Fund eligible activities, if the PHA Plan includes plans for such use. PHAs wishing to request to use these funds submit a request in EPIC under Additional Capital Resources.

(2) Full Flexibility for Small PHAs with fewer than 250 units:

A PHA with less than 250 public housing units, that is not designated as troubled, may use up to 100% of its annual Capital Fund grant for activities that are eligible under the Operating Fund at 24 CFR Part 990, so long as the PHA has written determinations and provides such records of this determination upon HUD request that there are no debt service payments, significant

Capital Fund needs, or emergency needs that must be met prior to using 100% of its Capital Funds for Operating Fund purposes. PHAs wishing to use 100% of their grant for Operating Fund purposes must include such plans in an approved 5-Year Action plan. A PHA may not use funds under BLI 1406 for modernization activities. Those activities are to be reported under BLI 1480.

Waiver for Anticrime and Antidrug Activities for Large PHAs (those owning/operating 250 or more public housing units).

As noted above, for FY 2026 the limitation in section 9(g)(1) of the 1937 Act is increased from 20% to 25%. For FY 2026, upon a PHA's request to HUD, the Secretary may waive this limitation to allow PHAs to fund activities authorized under section 9(e)(1)(C) of the 1937 Act which allows PHAs to use Operating Funds for anticrime and anti-drug activities, including the costs of providing adequate security for public housing residents, including above-baseline police service agreements.

The PHA *must* provide the following information and documentation along with its waiver request, in a thorough and concise narrative form:

- ☐ Identify the amount above 25% of the FY 2026 CFP award both in dollars and by percentage the PHA seeks to use in BLI 1406 Operations
- ☐ Identify and describe the threat that crime and drug-related activity pose to health and safety of PHA's public housing residents
 - Describe whether this is a new threat, ongoing, or increased threat
 - Include the most recent crime data of the PHA's locality (e.g., town, city, parish, or county) from a recognized source such as local law enforcement or Uniform Crime Reports that lists types and numbers of offences (may include as an attachment)
- ☐ Identify the applicable projects(s)
- ☐ Identify and describe the specific anticrime and anti-drug activities the PHA plans to undertake, including the costs of such activities
- ☐ *Optional Attachments:* The PHA may also wish to include supporting narrative or agreements from one or more of the following:
 - Resident Advisory Boards or PHA security personnel;
 - local Community Policing Organizations; OR
 - local officials (e.g., business council executives, or city council executives).

OTHER REQUIREMENTS:

Build America, Buy America (BABA) requirements for CFP 2026 Formula Grants.

CFP 2026 Formula Grants are subject to the Build America Buy, America Act (BABA). Unless waived by the Department, BABA requires that all iron and steel, construction materials, and manufactured products used in federally-funded infrastructure projects are produced in the United States. This requirement, known as the "Buy America Preference" (BAP), is detailed in the Infrastructure Investment and Jobs Act, Pub. L. 117-58 and 2 CFR 184. HUD has approved several [general applicability waivers](#) for specific public interest circumstances. When the

circumstances of any public interest general waiver are applicable to an infrastructure project, BABA's domestic content procurement preference does not apply. HUD issued [PIH Notice 2025-06](#) which contains implementation guidance for PHAs.

Obligation reminder.

PHAs must obligate at least 90% of a Capital Fund Formula grant within 2 years of receiving the grant. The last day the PHA can obligate funds without receiving a penalty on a future grant is the obligation end date (OED). PHAs may request an extension to the OED in limited circumstances if they meet one of the statutory criteria. All requests for an extension must be received prior to the OED. Section 9(j) of the United States Housing Act of 1937 (42 U.S.C. 1437g) and 24 CFR 905.306 detail the obligation requirements and the criteria for requesting an extension.

Prohibition regarding Procurement of Security Equipment produced by Huawei Technologies Company or ZTE Corporation.

Per 2 C.F.R. § 200.216 and Public Law 115-232, section 889, Capital Fund Program grantees are prohibited from using grant funds to purchase, lease, or renew or extend contracts for security equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

Reimbursement of CFP Eligible Activities Funded with other Sources.

PHAs are not permitted to use any amount of a CFP grant to reimburse for activities that were funded from another source, including another CFP grant. For example, a PHA may not use its Capital Fund formula grant to perform emergency work and then apply for an Emergency grant to reimburse itself for work already performed with funding from the Formula grant.

PHA Plan Submission.

To comply with the requirements of 24 CFR 903.7(g), PHAs are required to include a statement of capital improvements needed in the PHA Annual Plan. To satisfy that requirement, a PHA must reference its latest HUD approved CFP 5-Year Action Plan covering the current Fiscal Year in its PHA Plan, prior to submission of the PHA Annual Plan. PHAs can reference the form by including the following language in Section 8.0 of the PHA Plan Template: "See HUD Form 50075.2 approved by HUD on XX/XX/XXXX."

Environmental Review.

In accordance with the changes in process announced in [Notice 2016-22](#), all activities at project site(s) assisted or to be assisted by HUD must receive environmental clearance before the PHA takes any choice-limiting actions or obligates any funds. HUD has made a programmatic determination under Part 50 that the activities listed in Appendix A of Notice 2016-22 are not subject to further environmental review; for any other activities, PHAs must request and receive clearance from either a Responsible Entity or HUD.

Even though FOs are permitted to approve CFP 5-Year Action Plans without confirming environmental clearance, the Work Activity Description in a PHA's CFP 5-Year Action Plan must provide sufficient specificity to facilitate effective HUD FO review of the plan and subsequent environmental review monitoring. Specificity is required so that FOs staff can determine the level of environmental review required for a given work activity. PHAs are

encouraged to enter information in the Description field on the scope of the activity (e.g., number of units impacted). For example, for a work activity covering roof replacement, a sufficient description may read: “Installing new 20-year roof, as well as gutters and soffits, at low-rise building containing 5 Public Housing units.” A work description simply stating “Roof” would be insufficient because it does not indicate whether the activity will cover full-scale replacement of the roof or simply patching portions of the roof, a distinction with implications for the level of environmental review required.

PHAs Rejecting a Capital Fund Grant.

If a PHA elects to reject any CFP grant(s), the Executive Director must send a written statement to the local HUD FO which identifies the grant number(s) and dollar amount(s) of the grant(s) to be rejected. PHAs are also required to have on file a resolution from its board rejecting the CFP grant(s) for the fiscal year.

Additional Information.

If you have any questions or need additional information, please contact the FO staff in your jurisdiction. For assistance from PIH Headquarters, OCI, you may email your questions to PIHOCI@HUD.gov.