

# Public Housing Closeout

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**Overview:** As Public Housing Authorities (PHAs) reposition their public housing units, they must consider what they are going to do with the remaining assets and liabilities of their Public Housing Program. Eventually, once a PHA converts all their public housing units, they must decide what they will do with their public housing program. They may either: 1.) Build new units, provided they have authority (i.e., Faircloth Authority) to develop new units with HUD public housing assistance, 2.) Terminate their Public Housing Annual Contributions Contract (ACC), or 3.) Consolidate or Transfer their Public Housing program to another PHA.

## 5 Key Takeaways:

- 1. This isn't the end of your PHA.** PHAs are locally-established government entities. "Public Housing Closeout" just means the PHA will no longer participate in the public housing program.
- 2. Plan for your remaining public housing funds.** Public housing funds may only be used to support public housing program related costs. Once a unit converts to Section 8 subsidy and HUD removes the Declaration of Trust (DOT) from the property, the PHA must not spend public housing funds (including any remaining public housing reserves) to support the Section 8 unit. Any public housing funds remaining after a PHA removes its last public housing unit may only be used for eligible public housing activities (i.e., generally expenses related to program closeout or liabilities related to public housing program administration), given to another PHA through transfer/consolidation, or returned to HUD.
- 3. Consider transferring assets/liabilities during repositioning.** PHAs may be able transfer their public housing program assets and liabilities as part of the public housing conversion actions. For instance, if a PHA has Public Housing maintenance equipment at a building they may want to convert those assets as part of the public housing conversion. Similarly, if a PHA has long-term liabilities (pensions) they may want to transfer a portion of this as projects convert.
- 4. PHAs must announce their plans on the HUD 5837.** This form must be submitted with the PHA's last PIC Removal Application. On the HUD 5837, the PHA will indicate if they plan to develop new public housing, transfer/consolidate, or terminate their Public Housing ACC.
- 5. Consider a Transfer/Consolidation.** With HUD approval, a PHA may transfer public housing assets (including public housing program funds and Faircloth Authority) to a local PHA rather than returning any remaining public housing grant funds to HUD.

### **Where to go for more information:**

- Contact your local PIH Field Office;
- Check out [Notice PIH 2019-13](#) for more information on Public Housing Closeout; and
- Check out [Notice PIH 2014-24](#) for more information on Public Housing Transfers and Consolidations.