



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

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention of:
Public Housing Agencies and
Related Interests
Regional and Field Office Directors

Notice PIH 2019-13 (HA)

Issued: May 24, 2019

Expires: Effective until amended, superseded, or
rescinded

This notice supersedes Notice PIH 2016-23 Cross-
References: PIH Notices 2011-61, 2014-24, 2018-04,
2012-32, 2017-22, 2017-27, 2018-11, 2018-16, and
2011-69 including successors thereto.

Subject: Public Housing ACC Termination and PHA closeout

1. Purpose. This notice outlines requirements public housing agencies (PHAs) must complete when proposing to remove their remaining public housing units from the public housing program and requirements related to the termination of the public housing Annual Contribution Contract (ACC). ACC termination follows the removal of all public housing units and other public housing property from the public housing inventory. ACC termination is also known as PHA closeout.

2. Background. The ACC initially establishes the terms and conditions of the public housing grant program under the U.S. Housing Act of 1937 (1937 Act). ACC termination and PHA closeout may occur through consolidation or voluntary transfer in accordance with PIH Notice 2014-24 or in accordance with this notice. The time between final unit removal and ACC termination/PHA closeout depends on the requirements outlined herein, but generally occurs within two to five years.

HUD will terminate its public housing ACC with a PHA only after the PHA removes all units and other real and personal property from its public housing ACC through one or more of the following available authorities:

- A. Demolition and Disposition under Section 18
- B. Voluntary Conversion under Section 22
- C. Homeownership under Section 32
- D. Required Conversion under Section 33
- E. Choice Neighborhoods Demolitions under Section 24
- F. Retentions under 2 CFR 200.311 and HUD guidance
- G. Personal Property Dispositions (i.e., equipment and supplies) as part of the unit removal or under 2 CFR 200.313-314 and HUD guidance¹

¹ PHAs can negotiate the transfer of personal property (e.g., equipment, supplies, furniture and vehicles) with the new ownership entity as part of the unit removal/real property transaction (i.e., under RAD, Section 18 disposition, or Section 22 voluntary conversion that involves a disposition), provided the personal property is associated/connected with the real property (i.e. exclusively or primarily used to support the project).

- H. Eminent Domain under PIH Notice 2012-8
- I. Rental Assistance Demonstration Program (RAD) under the Consolidated and Continuing Appropriations Act of 2012

As discussed more fully in this notice, an ACC is not terminated simply through a PHA's removal of its last units in the Inventory Management System/PIH Information Center (IMS/PIC). There are certain tasks that must be completed after removal in IMS/PIC. A PHA is not fully closed-out until HUD terminates a PHA's ACC through PIH Notice 2014-24 or through a memorandum to a PHA following submission by the PHA of closeout requirements presented in Section 6 of this notice.

3. Applicability. This notice applies to any PHA using one of the above authorities to remove the last of their public housing units and to PHAs that have already removed all public housing units from their public housing program but have not completed closeout activities. Closeout activities described in Section 6 of this notice do not apply to ACC terminations resulting from consolidation or transfer as described in PIH Notice 2014-24.

4. Overview of ACC Termination. The process of termination begins when the PHA submits its IMS/PIC removal application for the last units in its public housing program. As an attachment to that IMS/PIC removal application, the PHA must submit form HUD-5837, Notification of Public Housing Closeout or Future Development. This requirement applies to all applications submitted to HUD on or after April 20, 2018, the date form HUD-5837 was published on HUDclips. This form notifies HUD whether the PHA intends to closeout or pursue any unused development authority under "Faircloth" (see below). This form requires the PHA to identify any potential issues that might affect program termination.

In submitting form HUD-5837, the PHA indicates its intention to closeout under this notice or under PIH Notice 2014-24. Appendix A presents the options for closeout.

If it is closing out under this notice, upon completion of all required closeout activities, the PHA submits to HUD a legal opinion certifying compliance with all applicable closeout activities under this notice and requests ACC termination. Appendix B is a Closeout Planning Checklist to assist PHAs in planning for the closeout of their public housing program. This checklist is not submitted to HUD.

HUD terminates the ACC with the PHA after it determines all applicable closeout activities and requirements are satisfied via memorandum to the PHA. Concurrently, the Field Office changes the PHA's status in IMS/PIC to reflect the PHA as either inactive (i.e., terminated) or a Section 8 Housing Choice Voucher (HCV) PHA.

PHAs that have already removed the last of their public housing units prior to publication of this notice but still have active ACCs with HUD are not required to submit a HUD-5837. Instead, these PHAs notify their Field Office of their intent to either develop new public housing units, or closeout its public housing through either ACC termination under this notice or through transfer/consolidation under PIH Notice 2014-24. If a PHA indicates its intention to terminate its ACC under this notice, the PHA completes the closeout activities described in Section 6.

5. Development under Faircloth Limit and Impact on Closeout. As explained in PIH Notice 2011-69, some PHAs have authority to develop new public housing under their “Faircloth limit.”² When submitting form HUD-5837, a PHA indicates whether it intends to develop any units under its Faircloth limit. **Any PHA that indicates it intends to develop units under the Faircloth limit will not have its ACC terminated and all public housing program requirements continue to apply.** The decision whether to develop new public housing units up to the Faircloth limit is entirely a local decision. The PHA keeps the Field Office apprised of plans and development activities through an approved PHA Annual Plan in accordance with 24 CFR 903.7. If a PHA plans to use Capital Funds or any secured financing for development efforts, the PHA must identify and describe planned activities in the Capital Fund Program 5-Year Action Plan, in accordance with 24 CFR 903.6.

6. Mandatory Closeout Activities. The sequence of the following activities is at the discretion of the PHA, but all must be addressed prior to closeout.

- A. Disposition of all non-dwelling Real Property. Real property acquired, developed, modernized, operated or maintained with public housing funds is subject to public housing requirements and the ACC.³ PHAs develop a strategy for the future use (or disposition) of non-dwelling public housing property consistent with their PHA Plan to maximize benefits to the community. PHAs generally submit a Section 18 disposition application or a Part 200 retention application to HUD’s Special Applications Center (SAC) via form HUD-52860 (4/2018) in IMS/PIC.
- B. Disposition of Personal Property. 2 CFR 200.313 provides that when original or replacement equipment⁴ acquired under a federal award is no longer needed for the original

² PHAs that utilized a removal authority conditioned on PHA closeout (e.g., a PHA repositioning the last of its units under the “50 and under” justification of Section 3.b. of Notice PIH 2018-04, under the streamlined conversion authority of Notice PIH 2019-05, or under the RAD streamlined authority for PHAs with 50 or fewer units) are ineligible to develop additional public housing units and must closeout their public housing programs

³ Examples of non-dwelling public housing real property include: (i) administrative buildings, central warehouses, garages, community buildings, day-care buildings, or other non-dwelling structures that served the PHA’s public housing inventory; (ii) vacant land that once comprised public housing dwelling units that have been demolished under HOPE VI, Choice Neighborhoods, or Section 18; (iii) vacant buildings that once contained public housing dwelling units that were assisted under Section 9 of the 1937 Act and are now vacant and no longer receiving the benefit of any Section 9 assistance because of conversion to Section 8 assistance through RAD Transfer of Assistance authority, when the DOT/DORC was not released as part of the transaction; (iv) excess non-dwelling property that was acquired by the PHA with funds from the 1937 Act but never developed as low-income housing; or (v) any other non-dwelling property such as playgrounds, gardens or parks. If the PHA owns public housing property that is not in IMS/PIC, the PHA must work with its PIC coach, located in the applicable HUD field office, to record that property in IMS/PIC.

⁴ Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000. See 2 CFR 200.33. PHAs must comply with certain equipment management requirements including the requirement at 2 CFR 200.313(d)(1) that “[p]roperty records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including Federal Award Identification Number FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.”

project or program, non-federal entities (e.g., PHAs) obtain “disposition instructions” from the federal awarding agency (e.g., HUD). In addition, 2 CFR 200.314 provides that if a residual inventory of unused supplies exceeding \$5,000 in total aggregate value remains upon termination or completion of the project or program and the supplies are not needed for any other federal award, the non-federal entity must retain the supplies for use on other federal grant program activities or sell them. Personal property disposition may require compensation to the federal government. For purposes of this notice, equipment and supplies are known as personal property. Disposition instructions are as follows:

- a. If a PHA intends to use personal property for other federally-supported activities or awards (e.g., Section 8 voucher or RAD), the PHA may retain such property without further obligation to HUD (regardless of the market value of such property);
- b. For items or equipment with a current per-unit market value of \$5,000 per item or less, the PHA may retain, sell or otherwise dispose without further obligation to HUD. See 2 CFR 200.313(e)(1).
- c. For items or equipment with a current per-unit market value over \$5,000 per item, the PHA may retain, sell, or transfer, but HUD is entitled to compensation. Compensation is calculated by multiplying the current market value or sale proceeds by HUD’s percentage of participation in original purchase cost based on grant funds. If the equipment is sold, HUD may permit the PHA to deduct and retain from the federal share \$500 or ten percent of the proceeds, whichever is less, for “selling and handling expenses”. See 2 CFR 200.313(e)(2). A PHA may request an exception to the compensation requirement to its Field Office. HUD reviews requests on a case-by-case basis, and may, with good cause and in its sole discretion, HUD’s PIH Assistant Secretary or delegated official may grant the exception to compensation in accordance with 2 CFR 200.102(b). If HUD grants an exception to the compensation requirement, proceeds realized from the sale of equipment (in excess of funds retained for “selling and handling expenses”) must be used for low-income housing purposes or to benefit the residents assisted by the PHA in accordance with Section 9(k) of the 1937 Act.
- d. For supplies, if the total aggregate value of all unused supplies in the PHA’s residual inventory is valued at \$5,000 or less, the PHA may retain, sell or otherwise dispose without any further obligation to HUD. See 2 CFR 200.314.
- e. For supplies with an aggregate value over \$5,000, the PHA may retain, sell, or transfer, but HUD must be compensated. Again, compensation is based on HUD’s percentage of the original purchase cost with the same retention for “selling and handling expenses.” See 2 CFR 200.314. The PHA may request that HUD grant an exception to the compensation requirement in accordance with 2 CFR 200.102(b). If HUD’s PIH Assistant Secretary or delegated official grants an exception to the compensation requirement, proceeds realized from the sale of supplies (in excess of funds retained for “selling and handling expenses”) must be used for low-income housing purposes or to benefit the residents assisted by the PHA in accordance with Section 9(k) of the 1937 Act.

For intangible PHA personal property, the PHA may generally retain, sell, or transfer the property in the same way as equipment (see 2 CFR 200.315). However, for certain intangible property (e.g., debt notes), the PHA must follow terms of any associated imposed agreement.

As part of the closeout process, the PHA must certify that it will comply with the above provisions. In addition, the PHA is responsible for submitting necessary requests to HUD in order to comply with their dispositions/retentions of personal property in accordance with the above requirements.

At its sole discretion and as part of the closeout process, the Field Office may require the PHA to submit a master list of all personal property and how it proposes to comply with the above requirements. Records for PHA personal property disposition are retained for three years after final disposition.

- C. Resolution of all Outstanding Legal Matters. PHAs determine, in consultation with their counsel, HUD counsel and Field Office, if they have or reasonably anticipate any outstanding litigation, claims, compliance reviews, monitoring reviews, PHA or MTW Plan reviews, audits (including General Accountability Office, Office of the Inspector General, and program audits), and/or fair housing and civil rights matters associated with their public housing program. Fair housing and civil rights matters may include charges, cause determinations, lawsuits, letters of findings, outstanding voluntary compliance agreements or consent decrees, and remedial orders or agreements with unfulfilled requirements. HUD determines when actions to resolve are completed. All outstanding matters must be resolved prior to ACC termination.

Closeout from the public housing program does not end a PHA's continuing obligations or legacy costs. Legacy costs include, but are not limited to, Pension Benefit Obligations (PBOs), Other Post-Employment Benefits (OPEBs), Compensated Absences, Termination Benefits, and Risk Financing (Liability Claims) that may not be currently reported in a PHA's financial statement and may be unfunded. Legacy costs remain with the PHA with no financial obligation or liability transferred to HUD.

Additionally, PHAs assess closeout impacts on cooperative agreements, contracts and associated obligations between the PHA and state and/or local municipalities. ACC termination may result in a material change or automatic termination of a government agreement.

- D. Resolution of Grants and Approvals. PHAs ensure all terms and conditions, obligations and repayment agreements required by HUD in connection with outstanding grants and public housing program approvals are satisfied prior to requesting ACC termination. PHAs identify all public housing grants and HUD approvals not closed out. Grants include, but are not limited, to: Operating Fund, Capital Fund, HOPE VI, Choice Neighborhoods, Family Self-Sufficiency (FSS), Resident Opportunities and Self Sufficiency (ROSS), and Jobs Plus.⁵ Agreements and other obligations may include, but are not limited to, repayment

⁵ For PHAs that operate a Family Self-Sufficiency (FSS) program or a Resident Opportunities and Self Sufficiency (ROSS) program, different rules may apply to these grants depending on the repositioning authority that removed the last of the PHA's public housing units. Typically, the resolution of these grants is addressed at the time the last units are repositioned. However, if these grants were not addressed as part of the public housing dwelling unit removal, PHAs must consult with their Field Office.

agreements, restrictions on program income derived from mixed-finance public housing development, and property use restrictions related to previous HUD approvals under repositioning authorities, such as Section 18 disposition.⁶

- E. Grant Period of Performance means the time during which a PHA may incur new obligations to carry out the work authorized by HUD under a federal award, including the Operating Fund and the Capital Fund (see 2 CFR 200.77 and 200.309 and 24 CFR 905.306). For Capital Fund grants, the period of performance ends at the Expenditure End Date (EED) (24 CFR 905.306(f)). For Operating Fund grants, the period of performance terminates at the end of the Funding Year that is twelve months after the later of: 1) the date of the removal of the last public housing unit from the ACC; or 2) if the PHA plans to develop additional public housing units, the date on which Asset Repositioning Fee (ARF) eligibility ends (e.g., if ARF eligibility ended on 9/30/20, the period of performance would terminate on 12/31/21; if ARF eligibility ended on 12/31/20, the period of performance would terminate on 12/31/21). Grant extensions must be approved by HUD. Grant extensions for Capital Fund awards require prior HUD approval and must comply with Section 9(j) of the 1937 Act and 24 CFR 905.306.

The PHA must comply with the closeout reporting requirements associated with a PHA's public housing programs. For Operating Funds, the PHA must submit all closeout reports and liquidate all obligations no later than 90 days after the end of the period of performance (see 2 CFR 200.343). To the extent the PHA cannot specifically identify the source of funds in the Operating Reserve, the Operating Reserve balance is considered Operating Funds PHAs may request extensions to 2 CFR 200.343 pursuant to 2 CFR 200.343(a). Field Offices have the authority to approve extension requests of up to nine months, approve a lesser duration, or deny the request. 24 CFR 905.322 regulates the fiscal closeout for the Capital Fund program and includes submission deadlines and requirements unique to the Capital Fund program (cost certificate, an audit, if applicable, and a final Performance and Evaluation Report, as well as receipt of HUD approval of the cost certificate). Fiscal closeout for the Operating Fund requires PHA submission of an SF-425 and a final audit of the public housing program.

Certain repositioning authorities may result in eligibility for Demolition and Disposition Transitional Funding (DDTF) pursuant to 24 CFR 905.400(j) or Asset Repositioning Fees pursuant to 24 CFR 990.190(h) and PIH Notice 2017-22. These funds are additional grant funds. PHAs may only spend these funds on eligible program activities.

- F. Public Housing Audit. Pursuant to 2 CFR 200.501, PHAs that expend \$750,000 or more in federal funds during the PHA's fiscal year, must have an independent audit conducted no

⁶ PHAs should review the terms and conditions of all repositioning authority approvals that they have received from HUD in order to ensure compliance. For instance, for dispositions approved under section 18 of the 1937 Act, it may be necessary to amend and/or clarify the terms and conditions of the approval documents or related implementation documents (i.e. reversion clauses, long-term use restrictions, the use of unobligated/unexpended disposition proceeds). PHAs should begin working with their Field Office and the SAC on these issues as soon as they know they want to closeout their public housing programs so that these issues can be addressed and resolved timely.

later than nine months following their fiscal year end date. Depending on the timing of the removals, there may be more than one audit between the removal of the last public housing unit and termination of the ACC. Field Offices review the audit results, work with the PHA to resolve any audit findings, and, if applicable, transmit approval of the cost certificate. Following ACC termination, no more audits are required for public housing purposes through the Fiscal Year End (FYE), but if a PHA has other HUD housing programs, including Section 8 or Multifamily programs, the PHA remains subject to any audit requirements of those programs.

- G. **Reconciliation of Public Housing Funds.** Any remaining public housing funds (e.g., Capital Funds, Operating Funds) must be promptly returned to HUD via wire transfer. Field Offices provide wiring instructions upon request. If a PHA fails to return remaining public housing funds earned during the period of performance in accordance with 24 CFR 905.322 and 2 CFR 200.343, then the requirements at 2 CFR 200.345 (collection of amounts due) apply, as well as any applicable debt collection statutes and regulations, including imposition of interest on uncollected amounts. To the extent the PHA cannot specifically identify the source of funds in the Operating Reserve, the Operating Reserve balance is considered Operating Funds. A PHA cannot spend public housing funds earned during the period of performance after its public housing program is closed-out and HUD has terminated its ACC with the PHA, or at the end of the period of performance for each grant, as applicable, whichever is completed first.
- H. **Reconciliation of Program Income.** Any remaining program income (e.g., rental income, non-rental income under 9(k) of the 1937 Act) derived from the PHA's operation of its Section 9 public housing program⁷ must be promptly returned to HUD via wire transfer. Field Offices provide wiring instructions upon request. If a PHA fails to return remaining program income earned during the period of performance in accordance with 24 CFR 905.322 and 2 CFR 200.343, then the requirements at 2 CFR 200.345 (collection of amounts due) apply, as well as any applicable debt collection statutes and regulations, including imposition of interest on uncollected amounts.
- I. **Reconciliation of Disposition Proceeds.** Any remaining disposition proceeds derived from the sale of real property under Section 18 of the 1937 Act must either be promptly returned to HUD via wire transfer or approved by HUD for obligation/use for eligible uses (which may include Section 8 purposes). The Special Application Center (SAC) approves the use of disposition proceeds. As part of closeout, PHAs confirm a valid and current HUD approval for all unexpended disposition proceeds and have a plan to use the proceeds in accordance with that approval. If a PHA's plans change, there must be a new approval from the SAC for the proposed new use of proceeds.

⁷ This excludes program income derived from mixed-finance public housing developments, which is subject to the terms and conditions of the Mixed-Finance ACC, including Exhibit H. In some instances, PHAs can use program income from mixed-finance development transactions for affordable housing. PHAs must confirm to HUD that they are in compliance with all terms and conditions of this agreement, including the restrictions on program income, before HUD will terminate the ACC. See <https://www.hud.gov/sites/dfiles/PIH/documents/MixedFinanceACCAmendment.pdf>

7. Closeout Costs. Prior to removing the last public housing unit, PHAs intending to closeout must budget funds to cover closeout activities. PHAs budget for costs incurred after removing the last public housing units, which include legal opinions, audits, reports, program liabilities (e.g., pensions or staff severance agreements), or ongoing operations such as salaries which may be necessary to support closeout activities. These costs are appropriate public housing program expenditures. PHAs with fewer than 250 units at time of submission of form HUD-5837 have flexibility under section 9(j)(2) of the 1937 Act to use public housing Operating or Capital funds to pay for closeout activities eligible under either 24 CFR part 905 or 24 CFR part 990.

8. Legal Status. Repositioning and closeout may impact a PHA's organizational status and continuing obligations under state law or any cooperative agreements with local government. Closeout from the public housing program does not terminate the PHA as a legal entity. A PHA reviews its authorization under state law and consults its legal counsel to determine if it can exist under the same authority after termination of the ACC. If a PHA with a Section 8 voucher program closes out its public housing program, the PHA becomes an HCV-only PHA.

9. Board Resolution and Legal Opinion. Once a PHA completes the closeout activities described above, the PHA secures a Board resolution directing the PHA to request closeout from HUD through ACC termination and confirming the PHA has complied with all applicable closeout requirements of this notice, the ACC, the 1937 Act, and 24 CFR part 200, to the best of the Board's knowledge and supported by a counsel's opinion. In addition, the Board Resolution must certify that: 1) the PHA retains no real or personal public housing property; 2) no outstanding litigation claims, audits, debt obligations, or civil rights matters exist; and 3) there are adequate assurances in place to ensure compliance with prior HUD approvals, if applicable (e.g., long-term use restrictions or use of disposition proceeds required by a HUD approval under Section 18 of the 1937 Act).

If a PHA's Board has disbanded, dissolved under state law, or otherwise has become inactive prior to completing closeout requirements, the PHA may fulfill this Board Resolution requirement with a certification from the Board Appointing Official or other authorized official and supported by a counsel's opinion. The PHA, or their representative must still submit a legal opinion, which could come from the appointing authority's counsel, counsel to the local jurisdiction or counsel for the transaction closing.

If a PHA fails to submit a legal opinion, HUD may voluntarily choose to terminate its ACC with the PHA when HUD is satisfied that all federal interests are dissolved. For purposes of this notice, dissolution of federal interests means the later of 40 years from the PHA's last use of development funds, 20 years from last use of modernization funds, and 10 years from last payment of Operating Funds. Should HUD choose to terminate a PHA's ACC based on the dissolution of federal interest, any remaining public housing funds and assets, and obligations (such as repayment agreements) remains subject to federal requirements.

10. Requirements after ACC Termination. HUD's termination of an ACC under this notice does not terminate certain federal requirements and record-keeping obligations. The following post-ACC termination responsibilities apply:

- A. If any litigation, claim or audit is started before the expiration of a three-year period after the removal of the last of the PHA's public housing real property, the PHA

informs its Field Office and retains all records until all litigation, claims or audit findings are resolved. HUD approval is required before using any federal funds for instituting, defending or settling litigation or claims under its public housing program.

- B. There are no federal requirements governing the disposition of income earned after the end of the period of performance for the federal award. However, the requirements of 2 CFR 200.344 (post-closeout adjustments and continuing responsibilities) and 2 CFR 200.345 (collection of amounts due) continue to apply.

In addition to the above continuing responsibilities, the continuing record-keeping requirements include, but are not limited to:

- C. Complete records of the history of each Capital Fund grant, including Capital Fund Program 5-Year Action Plans, procurement, contracts, obligations, and expenditures for five years following HUD approval of the cost certificate (see, 24 CFR 905.326).
- D. PHAs retain all documents related to financial management and activities under the Operating Fund Program for a period of five fiscal years after the last fiscal year of funding received, pursuant to 24 CFR 900.325.
- E. Financial records, supporting documents, statistical records, and all other non-federal entity records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report, or five fiscal years after the last fiscal year of funding received, whichever is later. This includes retention for three years following disposition of records for real property and equipment acquired with federal funds (see 2 CFR 200.333).
- F. If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records are resolved and final action taken. The PHA must report the final action and resolution taken to the Field Office.

HUD, Inspector General, Comptroller General and any of their authorized representatives have a right of access to any documents, papers, or other records of the PHA pertinent to its public housing program for audit, examination, excerpts, or transcripts. The right of access is not limited to the required retention period but for as long as records are retained.

11. Remedies for Noncompliance. If PHAs or owner entities fail to comply with federal statutes, regulations or the terms and conditions of a federal award, including requirements described herein, HUD may impose additional conditions or may take any actions described in 2 CFR 200.338, the ACC, the 1937 Act, or any other related federal statutes and regulations, which may include withholding Section 8 administrative fees or other cash payments, initiating debarment proceedings, or taking control of a PHA through administrative receivership or other means under the 1937 Act pending correction of the deficiency.

12. Paperwork Reduction Act. The information collection requirements contained in this notice are currently approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2577-0075 and

2577-0280. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid control number.

13. Additional Information. Direct questions to your Field Office.

_____/s/_____
R. Hunter Kurtz,
Principal Deputy Assistant Secretary
for Public and Indian Housing

Appendix A:

Overview of Options for PHAs with Zero Public Housing (PH) Units

PHAs indicate selected option on HUD form 5837

Option	Requirements	Pros	Cons
Develop New PH Units	<ul style="list-style-type: none"> • Development Proposal approved by HUD under 24 CFR 905 • PH units may be developed conventional or mixed-finance • Restricted by Faircloth limit. 	<ul style="list-style-type: none"> • New PH units could later be repositioned through RAD, homeownership (Sec 32), or disposition • Eligible use of remaining PH program resources, including any DDTF/ARF funds. 	<ul style="list-style-type: none"> • Not available if repositioning authority requires closeout • Restricted by Faircloth limit • New units start with a new DOFA date with lower PH formula funds
ACC Termination	<ul style="list-style-type: none"> • Closeout activities described at Section 6A-I 	<ul style="list-style-type: none"> • Requires no collaboration with other PHAs 	<ul style="list-style-type: none"> • HUD approval to sell or retain non-dwelling/personal property • Requires PHA to closeout Cap and Op grants • Return unused PH funds to HUD • Faircloth limits lost • Loss of future DDTF/ARF if ACC terminates prior to fund distribution
PHA Full Transfer	<ul style="list-style-type: none"> • Complete transfer of PH assets/liabilities to receiving PHA. • Both PHAs must have a PH program. • Requirements described in PIH Notice 2014-24 	<ul style="list-style-type: none"> • Preserves PH resources (equipment, non-dwelling property, PH funds) and Faircloth units with nothing returned to HUD • Preserves potential future funding (DDTF and ARF) to receiving PHA • Transfer can occur even after all PH units are removed 	<ul style="list-style-type: none"> • Prior PHA governance has no control over PH resources after transfer • Requires collaboration between divesting and receiving PHAs. • May require transfer of liabilities such as pensions and use agreements to the receiving PHA.
PHA Consolidation	<ul style="list-style-type: none"> • Complete transfer of PH assets/liabilities to newly created PHA • Requirements described in PIH Notice 2014-24 	<ul style="list-style-type: none"> • Same as PHA transfers above • Creates a new PHA which did not formerly operate PH (e.g., State Housing Finance Agencies). 	<ul style="list-style-type: none"> • Same as PHA transfers above

Appendix B: Closeout Planning Checklist for PHAs

#	Item	Activity
1	Notification to HUD of intent to closeout or develop new public housing units	Submit HUD-5837 to Field Office or to the Operating Fund Portal (still in development). This form is attached to the PHA's final removal application in IMS/PIC (if submitting a new application that removes all units); or Notify Field Office the PHA has already removed all units.
2	Non-Dwelling Public Housing Real Property	Board Resolution ensuring the PHA has no Non-Dwelling Real Property. If it does, submit Section 18 disposition or Part 200 retention application to the SAC
3	Personal Property (equipment and supplies)	When possible, negotiate transfer of personal property at project level as part of repositioning. If any personal property remains after all units are removed, comply with disposition requirements of section 6B of this notice and maintain the records for 3 years.
4	Impact on Cooperative Agreements and Local Government	Notify state and local municipalities and fulfill any remaining obligations.
5	Review of Outstanding Litigation, Claims, Audits, and Civil Rights Matters	Ensure no outstanding litigation, claims, audits, and/or civil rights matters exist.
6	Resolution of Other Public Housing Grants and Approvals	Address all terms and conditions, obligations and repayment agreements in connection with prior HUD approvals.
7	Grant Closeout	Closeout Capital Fund and Operating Fund Programs.
8	Public Housing Audit	Comply with applicable program audit requirements. PHA submits a SF-425 (showing remaining public housing program funds) and a final audit of the public housing program.
9	Reconciliation of Public Housing Funds	Ensure reconciliation of all public housing funds. If any public housing funds are to be repaid to HUD, notify Field Office of the source and amount.
10	PHA Board Resolution, or statement from Appointing Official if the Board is inactive; with a supporting local legal opinion	Submit resolution/statement with supporting legal opinion to Field Office as certification the PHA complied with all requirements identified above.
11	Terminate ACC with HUD notification to PHA	