



U. S. Department of Housing and Urban Development

Public and Indian Housing

Special Attention of:

Public Housing Office Directors;
Program Center Coordinators; Public
Housing Agencies

Notice PIH 2004-4 (HA)

Issued: March 29, 2004

Expires: March 31, 2005

Cross References: OMB Approval No. 2577-0169.
Supersedes Notice PIH 2002-21 (HA) issued October
2, 2002.

Subject: Submission and Processing of Public Housing Agency (PHA) Applications for Housing Choice Vouchers for Relocation or Replacement Housing Related to Demolition or Disposition (Including HOPE VI), and Plans for Removal (Required/Voluntary Conversion Under Section 33 of the U.S. Housing Act of 1937, As Amended, and Mandatory Conversion Under Section 202 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996) of Public Housing Units.

1. **Purpose.** The purpose of this Notice is to advise PHAs that they may apply for funding for housing choice vouchers to assist with relocation or replacement housing needs resulting from the demolition, disposition or required/voluntary or mandatory conversion of public housing units. In addition, this Notice advises PHAs and local HUD Field Offices of the procedures for submitting a request for housing choice vouchers and the processing requirements.

The term local HUD Field Office will be used throughout this Notice to mean the local HUD Field Office Hub or local HUD Field Office Program Center.

2. **Categories of Eligibility.** A PHA that qualifies under either of the two categories listed below is eligible to submit an application for housing choice voucher funding for relocation or replacement units on the basis of demolition, disposition or required/voluntary or mandatory conversion in the current fiscal year or in any prior years for which the PHA has not been fully compensated for the loss of public housing units.
 - a. The PHA has a HUD-approved application for demolition or disposition; a HUD-approved (or conditionally approved) HOPE VI Revitalization Plan that contains a demolition approval; or a HUD-approved plan for removal (required/voluntary or mandatory conversion) of public housing units under Section 33 of the U.S. Housing Act of 1937, as amended, or under Section 202 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, respectively.

- b. The PHA has reported to HUD's Special Applications Center (SAC) on form HUD-52860, Demolition/Disposition Application, that it is demolishing the lesser of 5 units or 5 percent of the units in its inventory during a five year period, where the vacant space will be used for meeting the service or other needs of public housing residents, or the units to be demolished are beyond repair. (An application requesting HUD's approval of demolition in such instance is not required, based upon provisions in Section 531 of the Quality Housing and Work Responsibility Act (Public Housing Reform Act) of 1998 (PL 105-276) effective as of the date of the publication of the Public Housing Reform Act of 1998; Initial Guidance; Notice in the Federal Register on February 18, 1999.)

If the PHA has already been fully funded for relocation or replacement housing units under the housing choice voucher or certificate program, public housing development, vacancy consolidation, condemnation proceeds, replacement insurance, Major Reconstruction of Obsolete Projects (MROP), HOPE VI, Comprehensive Improvement Assistance Program (CIAP), Comprehensive Grant Program (CGP), or the Replacement Housing Factor at the development, the PHA is not eligible for housing choice voucher funding for relocation or replacement housing. For example, if a PHA received housing choice voucher funding for the relocation of a public housing resident living in a public housing unit to be demolished, the PHA is not eligible to receive replacement funding for the same unit under the housing choice voucher program. Similarly, if a PHA received public housing development funds to replace a demolished public housing unit, the PHA is not eligible to receive relocation or replacement funding for the same unit under the housing choice voucher program. Likewise, each Capital Fund Replacement Housing Factor unit will offset 15 percent of a voucher, as an approximation for the amount of replacement housing units that the Replacement Housing Factor subsidy can fund. A PHA shall, however, be eligible to apply for funding for relocation vouchers to the extent the number of residents that need to be relocated exceeds the number of replacement vouchers for which the PHA is eligible.

3. **Expanding Housing Opportunities.** PHAs are required, in accordance with 24 CFR 985.3 (g), Expanding Housing Opportunities, to assist families with relocation or replacement housing vouchers in locating suitable units outside areas of low income or minority concentration. This can be accomplished for these families through such actions as providing lists of landlords or other parties who are willing to lease units or help families outside such areas; counseling services to inform families about the benefits of living in lower-poverty and non-minority concentrated neighborhoods; assisting families with transportation to facilitate their visiting potential units; establishing a mentoring program where current voucher holders leasing in lower-poverty and non-minority concentrated neighborhoods provide support to families wishing to also live in such neighborhoods; and networking with real estate boards, property management associations, and other groups and organizations that can assist in locating owners and managers willing to lease units in lower-poverty and non-minority concentrated areas. PHAs are also reminded that under 24 CFR 982.54(d)(5) each PHA administering a housing choice voucher program must address in its administrative plan its

policies for “encouraging participation by owners of suitable units located outside areas of low income or minority concentration.”

The PHA should also explain the relocation benefits to be provided to families, including the assurance of affordable rents, in addition to the PHA paying all reasonable expenses for moving and such moving-related expenses as the PHA determines are reasonable and necessary.

4. **Maximum Voucher Request and Reduction for Underutilization.**

- a. Maximum voucher request. The maximum number of relocation and replacement vouchers that may be requested by a PHA is based upon: the number of units demolished, sold or otherwise disposed of minus the number of public housing units rebuilt with federal funding from HUD. Also, see paragraph 2 of this Notice. The following are examples that illustrate these guidelines:

Example 1: A 500-unit complex is demolished and no public housing units are rebuilt. At the time of demolition approval, 300 of the 500 units were occupied. Families who indicated a preference for relocating with vouchers numbered 200, and 100 families indicated a preference for relocating to other public housing. (Note: See the requirements at 24 CFR 903.2 regarding the deconcentration of all public housing projects by income and provision to tenants of “housing choice” for those wishing to relocate to other public housing units.)

In this example, the PHA may apply for 500 vouchers, of which 200 should be identified as relocation vouchers and 300 identified as replacement vouchers.

Example 2: Same as Example 1, except 200 units of public housing are scheduled to be rebuilt with federal funding from HUD.

In this example, the PHA may apply for 300 vouchers; i.e., the original total of 500 public housing units minus the 200 public housing units scheduled to be rebuilt with federal funding from HUD.

Example 3: Same as Example 1, except 100 public housing units are to be rebuilt with local funds and 100 public housing units are to be rebuilt with federal funding from HUD.

In this example, the PHA may apply for 400 vouchers; i.e., the original total of 500 public housing units minus the 100 public housing units scheduled to be rebuilt with federal funding from HUD.

Example 4: Same as example 1, except 400 public housing units are to be rebuilt with federal funding from HUD.

In this example, the PHA may apply for 200 vouchers; i.e., 100 should be identified as replacement vouchers and 100 should be identified as relocation vouchers.

- b. Reduction for underutilization. In order for a PHA to not have the number of vouchers it is requesting under this Notice reduced by HUD, it must have a 97 percent lease-up rate for its voucher program. PHAs which do not have a 97 percent lease-up rate for their voucher program shall have their requested number of vouchers reduced. This reduction shall equal the number of units representing the difference between a 97 percent lease-up rate and the lesser lease-up percentage. (Note: PHA lease-up percentages of 96.5 percent but less than 97 percent shall be rounded up to 97 percent.)
 - c. Methodology for calculating lease-up rate. The lease-up percentage for a PHA's voucher program will be calculated by HUD's Housing Voucher Financial Management Division based upon the lease-up rate information submitted electronically to HUD on a quarterly basis for the most recent 12-month period on Form HUD-52681-B, Voucher for Payment of Annual Contributions and Operating Statement. The lease-up rate will be determined by HUD comparing unit months leased to unit months available for the period. (In the absence of current and complete PHA reporting on the Form HUD-52681-B, the leasing level reported by the PHA on the last HUD-approved Year End Settlement Statement, Form HUD-52681, will be used by HUD to determine the PHA's voucher lease-up percentage.)
 - d. Moving to Work (MTW) certification. Block Grant MTW agencies must submit a certification with their application certifying to HUD that their voucher program funds have been used to meet the commitments of their MTW Agreement. Block Grant MTW PHAs that cannot rightfully submit such a certification shall submit a statement with their application explaining specifically why such a certification would not be accurate. (MTW PHAs in this latter category will have their request for relocation/replacement vouchers evaluated on a case-by-case basis by Headquarters following the receipt of the Field Office's recommendation for approval of the application under this Notice.)
 - e. Subsequent year applications associated with underutilization. A PHA that is not eligible to apply for as many vouchers as it would otherwise be eligible for, due to underutilization, may wish to apply for the additional vouchers in a subsequent year when its utilization rate has improved to at least 97 percent.
5. **PHA Submission of Application for Relocation or Replacement Vouchers.** A PHA interested in requesting funding for housing choice vouchers for relocation or replacement of units under categories 2. a. or b. above must submit the following information to the Director, Office of Public Housing or Program Center Coordinator, as appropriate, in the

local HUD Field Office:

- a. A cover letter stating the number of housing choice vouchers being requested, the number of units that will be demolished or disposed of in the public housing development for which housing choice vouchers are being requested, the name and project number of the public housing development, and the funding category; i.e., relocation or replacement. Along with the cover letter, the PHA must also submit a copy of the HUD letter advising the PHA of the approval of the demolition or disposition application, HUD-approved (or conditionally approved) HOPE VI Revitalization Plan that contains a demolition approval, or HUD-approved plan for the removal (required/voluntary or mandatory conversion) of distressed public housing units under Section 33 of the U.S. Housing Act of 1937, as amended, or under Section 202 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, respectively. (A copy of the HUD approval letter is not applicable in the case of a demolition covered under paragraph 2.b. of this Notice. However, the PHA must provide either a copy of the letter of acknowledgement from the SAC regarding such a demolition, or a copy of the form HUD-52860 and a dated copy of the transmittal letter to the SAC where a letter of acknowledgement from the SAC has not yet been received.)
- b. Form HUD-52515, Funding Application.
- c. The number of housing choice vouchers needed for relocation and those needed for replacement, and an indication as to whether any of the requested vouchers are specific to a HOPE VI project. The PHA submission must identify the number of vouchers to be issued month-by-month on a calendar year schedule for the current and subsequent calendar year. Only those vouchers scheduled to be issued during the current and subsequent calendar year should be requested. PHAs may apply to HUD during future years for the balance of vouchers needed for relocation and replacement housing. Vouchers will be funded on a per unit cost basis for each calendar year funding increment, with those vouchers to be issued in the current calendar year having first priority for funding. HUD will establish separate annual contributions contract (ACC) terms for each funding increment.
- d. Compliance with non-discrimination and affirmatively furthering fair housing requirements.
 - (i) All applicants and their subrecipients must comply with all Fair Housing and civil rights laws, statutes, regulations, and executive orders as enumerated in 24 CFR 5.105
 - (a). If the applicant (a) has been charged with a systemic violation of the Fair Housing Act by the Secretary alleging ongoing discrimination; (b) is a defendant in a Fair Housing Act lawsuit filed by the Department of Justice alleging an ongoing

pattern or practice of discrimination; or (c) has received a letter of noncompliance findings under Title VI, Section 504, or Section 109, the application will not be considered for funding under this Notice if the charge, lawsuit, or letter of findings has not been resolved to the satisfaction of the Department before the application

submission. HUD's decision regarding whether a charge, lawsuit, or letter of findings has been satisfactorily resolved will be based upon whether appropriate actions have been taken to address allegations of ongoing discrimination in the policies or practices involved in the charge, lawsuit, or letter of findings. Local HUD Field Office staff in the Office of Public Housing will contact their counterparts in the Office of Fair Housing and Equal Opportunity to determine if any applicants are to be disqualified under the requirements of this paragraph d.

- (ii) Under Section 808(e)(5) of the Fair Housing Act, HUD is obliged to affirmatively further fair housing. HUD requires the same of its grant recipients. If you are a successful applicant under this Notice, you will have a duty to affirmatively further fair housing for classes protected under the Fair Housing Act. Protected classes are race, color, national origin, religion, sex, disability, and family status. Your application must include specific steps to:
 - (a) Overcome the effect of impediments to fair housing that were identified in the jurisdiction's Analysis of Impediments (AI) to Fair Housing Choice;
 - (b) Assist in providing remedies for discrimination in housing; and/or
 - (c) Promote fair housing rights and fair housing choice.

Your application should show how you plan to affirmatively further fair housing by promoting fair housing choice, expanding housing opportunities, providing opportunity and housing counseling and promoting income deconcentration of neighborhoods and public housing projects.

- e. Certification or statement, as appropriate, for Block Grant MTW PHAs. (See paragraph 4 d. of this Notice.)

Housing choice vouchers that are not leased more than 12 months after initial obligation by HUD will be reflected in the PHA's utilization rate and may be subject to reallocation by HUD.

Applications may be submitted to the local HUD Field Office at any time during the Federal Fiscal Year (FFY).

6. **Field Office Review of Applications and Notification of PHA of Deficiencies.**

- a. Processing of applications and notification of PHA of deficiencies. Applications for relocation or replacement funding will be processed by the local HUD Field Offices on a rolling basis. The review of a PHA's application must be completed, and the PHA notified in writing of any deficiencies (information either missing or requiring correction), immediately following the date of receipt of the PHA's application. The PHA should promptly submit the missing or corrected information to the local HUD Field Office following receipt of that office's deficiency notification letter.
- b. Contacting appropriate HUD Offices regarding a troubled PHA's application. The local HUD Field Office will contact and consult the appropriate HUD Offices regarding any relocation or replacement housing application from a PHA designated as troubled under SEMAP. This shall be done in order to more fully determine the accuracy and appropriateness of such an application, and whether it should be recommended to Headquarters for approval for funding.

7. **Notification of Unacceptable Applications.** The local HUD Field Office must immediately notify any PHA whose application the local HUD Field Office determined is unacceptable for processing. The local HUD Field Office's rejection letter to the PHA must state the basis for the decision.

8. **Notification of Approvable Applications.** The local HUD Field Office must advise the Housing Voucher Financial Management Division in Headquarters by electronic mail of approvable applications for funding. The electronic notification must be sent to the Housing Voucher Financial Management Division's general mailbox at: PIH_Conversion_Actions. Eileen T. Davis is the principal point of contact in the Housing Voucher Financial Management Division. For each approvable application the Field Office shall provide the Housing Voucher Financial Management Division with all of the information called for in paragraphs 5 a., c., and e. above.

The Housing Voucher Financial Management Division shall promptly notify the funds control person at the Financial Management Center (FMC) and the local HUD field Office of applications being funded and the fund assignments by not later than **September 15** of each FFY. The FMC will reserve (commit) the funds in HUDCAPS, and await notification of the congressional release date from the local HUD Field Office.

9. **Funding of Applications.** Headquarters will fund all applications from PHAs that are recommended for funding by the local HUD Field Offices on a first-come, first-served basis as the information in paragraph 8 is received from local HUD Field Offices on an ongoing basis, provided relocation/replacement voucher funding is available during the FFY.

10. **Notification of Office of Congressional and Intergovernmental Relations and PHA.**

Following notification of funding, the local HUD Field Office shall promptly prepare and transmit the HUD Notification memorandum to Deborah Hernandez, Director of the Housing Voucher Financial Management Division, for appropriate concurrences and the signature of the Assistant Secretary, Office of Public and Indian Housing. PIH will then convey the memorandum to the Assistant Secretary for Congressional and Intergovernmental Relations

for purposes of obtaining a congressional release date. Attached to this Notice are examples of Congressional Notifications for PHAs , as well as HOPE VI PHAs.

Following receipt of a release date, the local HUD Field Office shall promptly notify the PHA by letter of its approved application. The HUD Field Office shall provide a copy of the PHA approval letter to the FMC. Upon notification of the Congressional release date and receipt of the notification approval letter from the local HUD Field Office, the FMC will proceed to contract (obligate) the funds in HUDCAPS and transmit the amended Annual Contributions Contract to the PHA.

11. **Unfunded Approvable Applications.** Approvable applications which remain unfunded, due to a lack of funding availability, will be funded in the subsequent FFY contingent upon Congressional appropriations for relocation/replacement vouchers.

12. **Deferral of Annual Contributions Contract (ACC) Increment Commencement Date.** PHAs are advised that HUD will not defer the commencement date of the ACC funding increment for relocation and replacement vouchers.

13. **Paperwork Reduction Act Statement.** The information collection requirements contained in this Notice have been approved by the Office of Management and Budget under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), and assigned OMB control number 2577-0169. 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 valid control number.

/s/

Michael Liu, Assistant Secretary
for Public and Indian Housing

SAMPLE CONGRESSIONAL NOTIFICATION MEMO
(For Non-HOPE VI Relocations or Replacements)



US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 WASHINGTON, D.C. 20410-5000

OFFICE OF THE ASSISTANT SECRETARY FOR
 PUBLIC AND INDIAN HOUSING

MEMORANDUM FOR: Steven B. Nesmith, Assistant Secretary for Congressional Relations, L

FROM: Callie Cautious, Director, Office of Public Housing
 (State/Area)Office, 1APH

ACTION: Housing Choice Vouchers Awarded in Connection with a Public Housing Relocation/Replacement

The following award has been prepared for release:

Applicant: Anywhere Housing Authority (MA665)

State: MA

Amount Funded: \$2,500,000 **Vouchers Funded:** 450

Project Highlights:

The Anywhere Housing Authority has been awarded 450 housing choice vouchers for relocation or replacement assistance authorized by Section 18(a) of the U.S. Housing Act of 1937 (42 U.S.C. 1437). The assistance is provided for families in Anyhow Apartments, a public housing development that is scheduled for demolition in connection with the HUD-approved demolition/disposition plan.

Status: All statutory, regulatory and administrative requirements have been met.

Contact: Hallie Very
 Anywhere Housing Authority
 2100 New Road
 Anywhere, MA 70000
 (617) 988-8888

HUD Contact: Deborah Hernandez, Director, Office of Housing Voucher Programs, (202) 708-2934

Congressional Representative: John Doe **Congressional District:** 9th

Senators:

Mary Doe
Joseph Jones

SAMPLE CONGRESSIONAL NOTIFICATION MEMO
(For HOPE VI Relocations or Replacements)



US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 WASHINGTON, D.C. 20410-5000

OFFICE OF THE ASSISTANT SECRETARY FOR
 PUBLIC AND INDIAN HOUSING

MEMORANDUM FOR: Steven B. Nesmith, Assistant Secretary for Congressional Relations, L

FROM: Callie Cautious, Director, Office of Public Housing
 (State/Area) Office, 1APH

ACTION: Housing Choice Vouchers Awarded in Connection with HOPE VI Demolition

The following award has been prepared for release:

Applicant: Anywhere Housing Authority (MA665)

State: MA

Amount Funded: \$2,500,000 **Vouchers Funded:** 450

Project Highlights:

The Anywhere Housing Authority has been awarded 450 housing choice vouchers for relocation or replacement assistance authorized by Section 24 of the U.S. Housing Act of 1937 Act (42 U.S.C. 1437), as added by Section 535 of the Quality Housing and Work Responsibility Act of 1998. The assistance is provided for families in Anyhow Apartments, a public housing development that is scheduled for demolition in connection with the HUD-approved Demolition Grant.

Status: All statutory, regulatory and administrative requirements have been met.

Contact: Hallie Very
 Anywhere Housing Authority
 2100 New Road
 Anywhere, MA 70000
 (617) 988-8888

HUD Contact: Deborah Hernandez, Director, Office of Housing Voucher Programs, (202) 708-2934

Congressional Representative: John Doe **Congressional District:** 9th

Senators:

Mary Doe
Joseph Jones