



**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

Special Attention of:
Section 8 Public Housing Agencies; State
and Area Office Directors of Public Housing;
Section 8 Financial Management Center;
Regional Directors; State and Area
Coordinators

Notice PIH 2005- 18 (HA)

Issued: June 15, 2005

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Cross References: HUD Notice PIH 2005-1
(HA) Implementation of the Consolidated
Appropriations Act (HR 4818 – H Rept
108-792), 2005 Funding Provisions for the
Housing Choice Voucher Program; HUD
Notice PIH 2005-14 (HA) Calendar Year
2005 Administrative Fee Funding for
Homeownership Voucher Program
Implementation and Closings

Subject: Calendar Year 2005 Administrative Fee Funding for the Housing Choice Voucher
Program

1. Purpose. This Notice expands upon existing guidance provided under Paragraph 5 of Notice PIH 2005-1 (HA), Implementation of the Consolidated Appropriations Act (HR 4818 – H Rept 108-792), 2005 Funding Provisions for the Housing Choice Voucher Program and Notice PIH 2005-14 (HA), Calendar Year 2005 Administrative Fee Funding for Homeownership Voucher Program Implementation and Closings.
2. Background. The 2005 Consolidated Appropriations Act (Public Law 108-447) provided a net appropriation of \$1.2 billion for public housing agency (PHA) administrative fees for the tenant-based voucher program during calendar year 2005. Congress specified that up to \$25 million of the \$1.2 billion administrative fee appropriation was made available to HUD to allocate to PHAs that need additional funds to administer their tenant-based voucher programs. After the congressionally enacted 0.8 percent across-the-board funding rescission, there is \$24.8 million available for this administrative fee set-aside. PHAs were notified on January 21, 2005 of the amount of administrative fees they would receive for the ongoing administration of the voucher program during 2005. This Notice provides further clarification as to how the additional \$24.8 million administrative fee set-aside will be allocated to eligible PHAs.
3. Distribution of the \$24.8 Million Administrative Fee Set-Aside. HUD will distribute the \$24.8 million administrative fee set-aside, until depleted, in the amount and for the purposes described below. Except as noted below, HUD will distribute the funding on a “first-in, first-funded” basis.
 - a. Approximately \$20 million for ongoing administrative fees for relocation/replacement vouchers for demolished public housing units and housing conversion vouchers awarded in

calendar year 2005, and a special one-time fee of \$250 per unit for the total number of occupied units covered by the calendar year 2005 housing conversion action. Housing conversion actions involve the following actions related to HUD's Office of Multifamily Housing programs: preservation prepayments, project-based opt-outs, HUD enforcement actions, and HUD property disposition activities.

If HUD determines that the \$20 million is insufficient to fully fund both the ongoing administrative fees for new public housing relocation/replacement and housing conversion vouchers and the \$250 housing conversion special fee, HUD will cease providing the \$250 conversion special fee. Instead, from the time that HUD makes this determination, HUD will provide a funding preference for the ongoing administrative fees for public housing relocation/replacement and housing conversion vouchers awarded in calendar year 2005 from the remaining balance of the \$20 million funding pot.

b. Approximately \$3.5 million for homeownership voucher program implementation and closings. This includes a one-time fee of \$5,000 for initial PHA implementation of a homeownership voucher program as evidenced by the PHA having an initial homeownership voucher closing during calendar year 2005, as reported in the PIH Information Center (PIC). PHAs that previously received an administrative fee of \$5,000 for an initial implementation of a homeownership voucher program are not eligible to claim an additional \$5,000 in 2005. In addition, PHAs will be eligible to receive \$1,000 for each homeownership closing during calendar year 2005, as reported in PIC, for families participating in the homeownership voucher program and certain Section 8 Family Self-Sufficiency Program graduates and Moving to Work Program participants. See Notice PIH 2005-14 (HA) for additional information concerning administrative fees for the homeownership voucher program.

c. Approximately \$1.3 million for extraordinary PHA administrative costs (over and above normal program administrative expenses) in connection with unforeseen exigencies such as federally declared disasters. This could include special administrative fees to cover costs such as transporting voucher participants in need of shelter, damage to the voucher program administrative offices, and damage to voucher program equipment or files.

d. Near the end of calendar year 2005, HUD will assess whether the entire \$24.8 million administrative fee set-aside has been committed for the categories specified in paragraphs 3a through 3c above. Any unused funds available from any of the three categories will be distributed by HUD, until depleted, for one or more of the following purposes:

- A flat fee of \$350 for each eligible PHA-conducted lead-based paint risk assessment of a voucher unit in which a child under the age of six with an environmental intervention blood-lead level (EIBLL) lived at the time the child's blood was last sampled. This risk assessment is only eligible if the EIBLL is identified by the local health department or other medical health care provider during the time the family resided in the voucher unit, and if the public health department has not already conducted a risk assessment.
- A flat fee of \$75 for each hard-to-house family with three or more minors and each family with a disabled family member provided that such a family is actually housed in a unit other than the family's preprogram unit.
- A flat fee of \$150 for each eligible initial lead-based paint hazard clearance test on paint stabilization efforts in a voucher unit occupied by a family with a child under the age of six in connection with PHA housing quality standards inspections. The initial clearance

test is only eligible if the units have deteriorated paint above the de minimis level or after a required risk assessment, as specified in 24 CFR part 35.

When making funding decisions under this paragraph 3.d, HUD will provide a funding preference for the lead-based paint hazard risk assessments.

4. PHA Documentation for the \$24.8 Million Administrative Fee Set-Aside. Eligibility for the administrative fee set-aside for housing conversion vouchers, relocation/ replacement vouchers and homeownership voucher program implementation and closings will be automatically determined by HUD and verified using Voucher Management System (VMS) and PIC data submitted by PHAs during 2005 and other HUD information. No additional PHA documentation is required for these funding categories.

PHAs that wish to apply for administrative fees in connection with federally declared disasters or other exigencies should submit the following information to the local HUD Office of Public Housing: a cover letter stating the circumstances of the disaster or other exigency; PHA certification that any special administrative fee funds requested are over and above what is covered by available ongoing administrative fee funding; and a detailed listing of the administrative expenses related to the disaster or other exigency.

The VMS will be revised to require PHAs to report the number of hard-to-house families, lead-based paint initial clearance tests, and lead-based paint risk assessments instead of expenses associated with these actions.

5. Portability Billing for Special Administrative Fees. Special administrative fees for calendar year 2005 will be paid in accordance with this notice. Therefore, PHAs should discontinue payment of, and billing for, portability hard-to-house fees, lead-based paint initial clearance tests, lead-based paint risk assessments, and any other special fees in connection with portability. If an initial PHA has already paid to the receiving PHA a special administrative fee for portability of hard-to-house families, lead-based paint initial clearance tests, lead-based paint risk assessments, and any other special fees during calendar year 2005, the initial PHA should determine whether they received prior reimbursement from HUD for those special fees. If the initial PHA did not receive reimbursement from HUD for the subject portability special administrative fees, the initial PHA may offset these special administrative fee amounts from future portability billings.
6. Independent Public Accountant Audits and Lead-Based Paint Initial Clearance Tests and Risk Assessments. The regulatory requirements to conduct financial audits (24 CFR part 44) and lead-based paint clearance tests and risk assessments (24 CFR part 35) remain despite the lack of special administrative fee reimbursement for these activities. PHAs are required to conduct independent public accountant audits and lead-based paint risk assessments using ongoing administrative fee funding. Owners are responsible for the payment for initial and any subsequent lead-based clearance tests.

The information collection requirements contained in this document have been 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 number 2577-0169. In accordance with the Paperwork Reduction Act, HUD 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 OMB control number.

