



U.S. Department of Housing and Urban Development

Public and Indian Housing

Special Attention of:

Office Directors of Public Housing;  
Regional Directors; Public Housing  
Agencies Administering Section 8  
Programs

## Notice PIH 2002-7 (HA)

Issued: March 12, 2002

Expires : March 31, 2003

Cross References:

**Subject: Housing Choice Voucher Program: PHA Administrative Fees**

1. **PURPOSE**. This Notice provides instructions to public housing agencies (PHAs) and HUD field staff about the administrative fees authorized under the housing choice voucher program. The administrative fees identified in this notice are the only fees approved by HUD field staff. Any other administrative fees must be submitted to Headquarters for approval.
2. **BACKGROUND**. HUD pays PHAs administrative fees for the on-going costs of administering the housing choice voucher program. HUD may also approve administrative fees for extraordinary costs. See 42 U.S.C. §1437(q); 24 C.F.R. §982.152.
3. **APPLICABILITY**. This Notice is applicable to all PHAs administering the housing choice voucher program.
4. **EFFECTIVE DATE**. This Notice is effective upon publication.
5. **APPROVAL OF ADMINISTRATIVE FEES**. Administrative fees may be approved as follows:
  - A. **On-going Administrative Fees**. The tables for determining the amount of fees PHAs receive for on-going program administration are published in the Federal Register annually. The fiscal year 2001 administrative fee tables were published in the Federal Register on June 11, 2001.

The monthly per unit amounts identified on the published tables are used to calculate the amount of on-going administrative fees for on-going costs of program administration. The Financial Management Center approves the amount of the on-going administrative fee to be paid to the PHA on the PHA's year-end settlement statement.

- B. Housing Conversion Fees. HUD provides housing choice voucher assistance to assist eligible residents that are affected by several different types of owner or HUD actions in HUD's Office of Multifamily Housing programs (collectively described as "Housing conversion actions"). When a PHA receives a special allocation of voucher funding from HUD for a Housing conversion action, the PHA will receive a special fee. The amount of the fee is \$250 per unit for the total number of occupied units covered by the Housing conversion action as determined by HUD. PHAs are no longer required to cost-justify the amount of the fee claimed. This fee is only provided in the case of a Housing conversion action - preservation prepayments; project-based opt-outs; HUD enforcement actions, or HUD property disposition. Other voucher conversion actions, such as public housing replacements or Section 8 moderate rehabilitation contract expirations, are not eligible for the Housing conversion fee.

The Financial Management Center approves the actual amount to be paid to the PHA based on costs reflected on the PHA's year-end settlement statement.

- C. Preliminary Fees. PHAs may earn a preliminary fee up to \$500 per unit as reimbursement for actual preliminary expenses the PHA incurred in the first year the PHA administers a housing choice voucher program. The preliminary fee is only provided to a PHA that was not administering a program on October 1, 1999 and only for the first funding increment placed under ACC after October 1, 1999.

The Financial Management Center approves the actual amount to be paid to the PHA based on actual costs reflected on the PHA's year-end settlement statement.

- D. Counseling Fees. Headquarters may provide a specific funding increment for counseling fees in connection with litigation, regional opportunity counseling, and public housing demolition or HOPE VI activities. These funds may only be used for counseling purposes under the housing choice voucher program.

The field office application approval letter identifies the amount of the counseling fee approved by Headquarters. The Financial Management Center approves the actual amount to be paid to the PHA based on actual costs reflected on the PHA's year-end settlement statement.

- E. Hard-to-House Fee for Large Families. PHAs will be provided \$75 every time a hard-to-house family is actually housed in a unit other than the family's preprogram unit. HUD pays PHAs a hard-to-house fee for the extra effort provided by a PHA in assisting families with three or more minors to find suitable housing.

The Financial Management Center approves the actual amount to be paid to the PHA based on PHA data reflected on the PHA's year-end settlement statement.

- F. Hard-to-House Fee for a Family with a Disabled Person. PHAs will be provided \$75 every time a family with a person that has a disability is actually housed in a unit other than the family's preprogram unit. HUD pays PHAs a hard-to-house fee for the extra effort provided by a PHA in assisting families with a person that has disabilities to find suitable housing

The Financial Management Center approves the actual amount to be paid to the PHA based on PHA data reflected on the PHA's year-end settlement statement.

- G. Lead Based Paint Fee for Initial Clearance Test. HUD pays PHAs \$150 to conduct the initial lead-based paint hazard clearance test on paint stabilization efforts in a unit occupied by a family with a child under the age of six in connection with the PHA's housing quality standards inspections before and during assisted occupancy. Paint stabilization is required at 24 C.F.R. Part 35. The initial testing is performed on units that have deteriorated paint above the *de minimis* level specified in the lead-based paint regulation following repair of the deteriorated paint. See 24 C.F.R. 35.1330(a)(3).

The Financial Management Center approves the actual amount to be paid to the PHA based on PHA data reflected on the PHA's year-end settlement statement.

- H. Lead Based Paint Risk Assessment Fee. The PHA must conduct a risk assessment of a unit in which a child under the age of six, with an environmental interventions blood-lead level (EIBLL), has lived at the time the child's blood was last sampled, unless an evaluation has already been conducted by the public health department. HUD pays PHAs

\$350 each time a risk assessment of a unit is conducted on behalf of a family with a child under the age of six with an EIBLL and where the family is assisted by the housing choice voucher program. The EIBLL must be identified by the local health department or other medical provider during the time the family resided at the unit.

The Financial Management Center approves the actual amount to be paid to the PHA based on PHA data reflected on the PHA's year-end settlement statement.

6. **LEASE-SANCTION.** A PHA that has not achieved at least a 95 percent lease up rate (i.e., has not leased at least 95 percent of its contracted units that have been under annual contributions contract for 12 months or has not spent at least 95 percent of its budget authority) is not authorized to use any funds in its administrative fee reserve for any purpose, unless explicitly authorized in writing to use its reserves by the HUD field office. Upon approval of the year end settlement statement, the Financial Management Center will advise the field office if a PHA has not achieved a 95 percent lease-up rate. Until the PHA reaches the 95 percent lease up threshold, the PHA may only use the administrative fee reserve for expenses related to on-going program administration.
7. **OTHER SANCTIONS.** The field office may reduce a PHA's administrative fees if HUD (1) finds HQS violations for a significant percentage of units sampled as part of the management review, or (2) for PHA failure to take corrective action where there has been found evidence of program abuse or unintentional administrative errors (mistakes) by the PHA. The amount of the fee reduction should be reasonable based on the nature of the violation. The field office must notify the PHA of the amount of PHA fee that will be disallowed. A copy of the field office letter must be sent to the Financial Management Center no later than 15 days after the end of the PHA's fiscal year, so that the administrative fee can be reduced as part of the approval of the year-end settlement statement.
8. **REQUESTING HIGHER ADMINISTRATIVE FEES.** A PHA may request from the Financial Management Center an increase in on-going administrative fees to cover higher administrative costs incurred by a PHA as a result of administering a small program or administering a program over a large geographic area. A small program is one where there are less than 200 housing choice voucher program units under ACC. A large geographic area is an area covering multiple counties which are predominantly non-metro.

The maximum on-going administrative fees that may be approved by the Financial Management Center is 110 percent of the monthly on-going fees listed under Column A in the administrative fee tables published annually in the Federal Register. If the Financial Management Center determines that the maximum increase is not adequate, it may submit written justification for a higher fee to the Real Estate and Housing Performance Division in Headquarters. Any increase will only be good for one PHA fiscal year, and does not apply to a prior fiscal year. Higher administrative fees must be paid from annual budget authority. No amendment funding will be provided.

Notice PIH 96-57(HA), Guidelines for Approving HA Request for Higher Administrative Fees, (copy attached) provided more details on the requirements that must be met before the Financial Management Center may approve higher fees for small PHAs and PHA with large geographic jurisdictions.

9. **FOR FURTHER INFORMATION CONTACT.** Inquiries about this notice should be directed to the staff of the Real Estate and Housing Performance Division, Office of Public and Assisted Housing Delivery, at (202) 708-0477.

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Michael Liu, Assistant Secretary for  
Public and Indian Housing