



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 2001-20 (HA)

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Cross References: OMB Approval No.
2577-0169

Subject: Submission and Processing of Public Housing Agency (PHA) Applications in Fiscal Year (FY) 2001 for Housing Choice Vouchers for Relocation or Replacement Housing Related to Demolition or Disposition (Including HOPE VI), and Plans for Removal (Mandatory Conversion) of Public Housing Units Under Section 33 of the U.S. Housing Act of 1937, As Amended.

1. **Purpose.** The purpose of this Notice is to advise PHAs of the availability in FY 2001 of approximately \$ 55.5 million in one-year budget authority that will fund approximately 9,700 housing choice vouchers to assist PHAs with relocation or replacement housing needs resulting from the demolition, disposition or mandatory conversion of public housing units. In addition, this Notice advises PHAs and HUD's local Field Offices of the procedures for submitting a request for housing choice vouchers and the processing requirements.

This Notice does not cover the award of housing choice vouchers for relocation or replacement housing to the Chicago Housing Authority, which is being addressed through a separate process related to its Moving to Work (MTW) Agreement with HUD.

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.** PHAs that qualify under either of the two categories listed below are eligible to submit an application for housing choice voucher funding for relocation or replacement units on the basis of demolition, disposition or mandatory conversion in FY 2001 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 HOPE VI Revitalization Plan (with demolition plan approved after October 21, 1998); or a HUD-approved plan for removal (mandatory conversion) of public housing units under Section 33 of the U.S. Housing Act of 1937, as amended.
- 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, it will not be eligible for housing choice voucher funding for relocation or replacement housing. For example, if a PHA received housing choice voucher or certificate 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.

3. **Expanding Housing Opportunities.** PHAs are urged 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 help acquaint families with the benefits of living in particular lower-poverty neighborhoods; assisting families with transportation to facilitate their visiting potential units; establishing a mentoring program where current voucher holders leasing in lower-poverty 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 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."

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

a. Maximum voucher request. The combined 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. The following are examples that illustrate this principle:

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.

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 units: 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.

b. Reduction for underutilization. The number of vouchers a PHA is requesting under this Notice will be reduced by HUD if the PHA has failed to achieve both a lease-up rate of 95 percent, and a budget authority utilization rate of 95 percent for its combined certificate and voucher program based upon the PHA's most recent fiscal year ended for which there is a HUD-approved form HUD-52681, Year End Settlement Statement. The reduction in the number of vouchers shall be commensurate with the dollar amount by which the PHA falls below a 95 percent rate of budget authority utilization; i.e., the number of vouchers that such a shortfall will fund.

The methodology to be used by HUD in calculating a PHA's lease-up and budget authority utilization rate shall be basically the same as that indicated in all of the

voucher funding announcements issued by HUD for FY 2001, with two basic exceptions. First, only those relocation or replacement vouchers awarded by HUD within the past 12 months shall be excluded from the calculations for lease-up and budget authority utilization; i.e., all relocation and replacement vouchers awarded by HUD prior to the past 12 months shall be included in the calculation of lease-up and budget authority utilization. Second, as indicated above, in calculating the lease-up and budget authority utilization rates, HUD will use the most recent fiscal year ended for the PHA for which there is a HUD-approved form HUD-52681. The basic methodology to be used in making these calculations, with the exception of the two modifications, is in Appendix A of the disability voucher funding announcements published as part of the HUD SuperNOFA located on the HUD web at: <http://www.hud.gov/cio/grants/fundsavail.html>.

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 95 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 during FY 2001, 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 being 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, the funding category; i.e., relocation or replacement, and a copy of the HUD letter advising the PHA of the approval of the demolition or disposition application, HOPE VI revitalization plan (with demolition plan approved after October 21, 1998), or plan for the removal (mandatory conversion) of distressed public housing units under Section 33 of the U.S. Housing Act of 1937, as amended. (A copy of the HUD approval letter is not applicable in the case of a demolition covered under paragraph 2.b above, but the PHA must provide a copy of the form HUD-52860 and a dated copy of the transmittal letter to the SAC.)
 - b. Form HUD-52515, Funding Application.
 - c. The number of housing choice vouchers needed for relocation and those needed for replacement. The PHA submission must identify the number of vouchers to be issued month-by-month on a calendar year schedule for 2001 and/or 2002. Only those vouchers scheduled to be issued during these years should be requested. PHAs may apply to HUD during future fiscal years for the balance of vouchers needed for relocation and replacement housing. Funding of vouchers will be done on a per unit cost basis for each calendar year

funding increment, with those vouchers to be issued in calendar year 2001 having first priority for funding. HUD will establish separate annual contributions contract (ACC) terms for each funding increment. Housing choice vouchers that are not used within 12 months of award by HUD will be reflected in the PHA's utilization rate and may be subject to recapture by HUD.

The deadline for the receipt of applications is **July 31, 2001, 3:00 p.m. local HUD Field Office time**. The funding of approvable applications received after the deadline will be contingent upon the availability of remaining unobligated funding under this Notice for FY 2001, or funding for these same purposes in FY 2002.

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 must promptly submit the missing or corrected information to the local HUD Field Office following receipt of that office's deficiency notification letter. Information received by the local HUD Field Office after **August 17, 2001, 3 p.m. local HUD Field Office time**, will result in the application not receiving initial consideration for funding in FY 2001. Only if sufficient funding under this Notice remains unobligated, after funding all approvable applications meeting the Notice requirements, will PHA applications be considered for funding for which missing or corrected information was submitted after the deadline. In the event there are not enough funds remaining unobligated, such applications will be considered for any relocation or replacement funding which may be available in FY 2002. Consequently, it is advisable that PHAs submit their applications sufficiently in advance of the application deadline of **July 31, 2001, 3 p.m. local HUD Field Office time**, to allow adequate time for the local HUD Field Office's review of applications, issuance of any deficiency notification letter that may be necessary, and for the local HUD Field Office to receive from the PHA any missing or corrected information by not later than **August 17, 2001, 3 p.m. local HUD Field Office time**.
- b. Contacting appropriate Troubled Agency Recovery Center regarding a Troubled PHA's application. The local HUD Field Office will contact and consult the appropriate Troubled Agency Recovery Center regarding any relocation or replacement housing application from a Troubled PHA. 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.
- c. Compliance with Fair Housing and civil rights laws. 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 deadline stated in this Notice. 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 c.

7. **Notification of Unacceptable Applications.** The local HUD Field Office must immediately notify any PHA that submitted an application that 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 shall advise the Section 8 Finance Division in Headquarters by electronic mail of approvable applications for funding in FY 2001, by not later than **August 31, 2001**. The electronic notification should be sent to Eileen T. Davis, with a copy to Brian Fitzmaurice. (Information transmitted on approvable applications after that date will be considered for funding from any unobligated funds under this Notice for FY 2001 or for any funding for similar purposes in FY 2002 .) The following information must be provided on each approvable application:
 - a. All of the information in paragraph 4.a and c above.

 - b. A clear indication as to whether the approvable application was (1) received by the application deadline of **July 31, 2001, 3:00 p.m. local HUD Field Office time and any missing or corrected information was submitted by the PHA to the local HUD Field Office by the deadline of August 17, 2001, 3 p.m. local HUD Field Office time**, or is an approvable application that may be funded only after the applications in category (1); i.e., is an approvable application that (2) was submitted by the application deadline but for which any missing or corrected information was submitted after the deadline for such information, or (3) was an application submitted after the application deadline.

The Section 8 Finance Division shall notify the Section 8 Financial Management Center of approvable applications and the fund assignments by not later than **September 14, 2001**.

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. Headquarters' Section 8 Finance Division will notify the Financial Management Center of applications being funded. The Financial Management Center will reserve the funds and notify the local HUD Field Offices of approved applications.
10. **Notification of Office of Congressional and Intergovernmental Relations and PHA.** Following the notification of funding by the Financial Management Center, the local HUD Field Office shall promptly prepare and transmit the HUD Notification memorandum to the Assistant Secretary for Congressional and Intergovernmental Relations for purposes of obtaining a Congressional release date. Following the 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 Section 8 Financial Management Center.
11. **Unfunded Approvable Applications.** Approvable applications submitted either before or after the application deadline of **July 31, 2001, 3:00 p.m. local HUD Office time**, which remain unfunded due to a lack of unobligated funding under this Notice, will be funded in FY 2002 to the extent appropriations are available from Congress for this purpose in FY 2002.
12. **Extension of Annual Contributions Contract (ACC) Effective Date.** PHAs are advised that effective with the date of publication of this Notice, HUD will no longer extend the effective date of the ACC for relocation and replacement vouchers. PHA requests for ACC extensions have not been uncommon in the past when PHAs have failed to get their relocation and replacement vouchers under lease. Such extensions shall no longer be approved by HUD and any relocation or replacement funding not used within 12 months of award by HUD will be subject to recapture by HUD.

/s/

Paula O. Blunt, Acting General Deputy
Assistant Secretary for Public and Indian Housing