

U.S. Department of Housing and Urban
Development

Office of Public and Indian Housing

Special Attention: Public Housing Office Directors; Administrators, Offices of Native American Programs; Public Housing and Section 8 Housing Agencies; Indian Tribes, Tribally Designated Housing Entities, and Indian Housing Authorities	Notice PIH 98-4 (HA) Issued: January 26, 1998 Expires: October 1, 1998
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Cross References:

Subject: Public Housing, Native American and Section 8 Fiscal
Year 1998 Appropriations Act and Balanced Budget Act of 1997
Provisions

1. **Summary:** This Notice describes the Fiscal Year 1998 funding for public housing, Native American housing assistance, and the Section 8 program. This Notice also describes the administrative provisions of the Balanced Budget Act of 1997 enacted on August 5, 1997 as Public Law 105-33 and HUD's Fiscal Year 1998 Appropriations Act enacted on October 27, 1997 as Public Law 105-65. Most of the Fiscal Year 1996 and 1997 Appropriations Act administrative provisions have been extended one year, until September 30, 1998.

2. **Programs Covered:** This Notice applies to the Public Housing Program, Native American Housing Assistance, Section 8 Tenant-Based Certificate and Voucher Programs (including IHA-administered Section 8 programs), Section 8 Project-Based Certificate Program, and Section 8 Moderate Rehabilitation Program (including the Single Room Occupancy Program and Shelter Plus Care Subcomponent).

3. **Public Housing Requirements:**

a. The federal preferences suspension; suspension of the "one-for-one" replacement housing requirement; ceiling rents; and definition of adjusted income (HA option to adopt additional adjustments to earned income) legislative provisions that became applicable during federal Fiscal Years 1996 and 1997 have been extended through September 30, 1998 without change. (Tenant

rents based on ceiling rents and earned income adjustments continue in effect until the first reexamination after September 30, 1998.)

b. As in federal Fiscal Year 1997, each public housing resident is required to pay a monthly "minimum rent" of up to \$50, as determined by the HA. An HA may set the minimum rent anywhere from \$0 to \$50. (Unless the rent is capped by a ceiling rent, a family must pay the greatest of 30 percent of monthly adjusted income, 10 percent of monthly income, the welfare rent, or any minimum rent of up to \$50.) Changes to the current minimum rent policy must be implemented by amending the HA Admission and Occupancy Policy; the HA must notify the HUD field office immediately if they elect to implement a new minimum rent. HAS that implement a minimum rent are encouraged to consider adopting a policy that provides for hardship exemptions for classes of families (e.g., homeless individuals with minimal income, families with minimal income awaiting determination of eligibility for public assistance, families with minimal income in States without General Assistance benefits, elderly families ineligible for Supplemental Security Income (SSI) benefits, and large families with minimal income in States with particularly low Temporary Assistance to Needy Families benefits). The minimum rent requirements described in this Notice expire on September 30, 1998 unless there is subsequent minimum rent legislation.

c. The Fiscal Year 1998 Appropriations Act did **not** extend §14(q) of the U.S. Housing Act of 1937 which authorized HA use of modernization funds for development activities, development funds for modernization activities, and up to 10 percent of modernization and development funds for operations. Therefore, an HA cannot use Fiscal Year 1998 appropriations for expanded modernization use; an HA may opt, however, to use Fiscal Year 1997 and prior Fiscal Year modernization appropriations for the expanded use previously authorized.

d. The Fiscal Year 1998 Appropriations Act public housing administrative provisions are **not** applicable to programs administered by IHAs, tribes, or tribally designated housing entities (TDHEs). The Native American Housing Assistance and Self-Determination Act of 1996 (Public Law 104-330) provided for implementation of the Native American Housing Block Grant program in Fiscal Year 1998. This new grant program has replaced the Indian housing program.

4. Section 8 Certificate, Voucher and Moderate Rehabilitation Requirements:

a. The federal preferences suspension; three month reissuance delay of turnover certificates and vouchers; "take-one, take-all" suspension; "endless lease" elimination; and suspension of the owner termination notice to HUD legislative provisions that became applicable during federal Fiscal Year 1996 have been extended through September 30, 1998 without change. (Federal preferences generally do not apply to the SRO moderate rehabilitation program or the shelter plus care SRO subcomponent.)

b. Each Section 8 participant (including a SRO participant) is required to pay a monthly "minimum rent" of up to \$50, as determined by the HA. An HA may set the minimum rent anywhere from \$0 to \$50. (For example, a certificate and moderate rehabilitation family must pay the greatest of 30 percent of monthly adjusted income, 10 percent of monthly income, the welfare rent, or any minimum rent of up to \$50.) Changes to the current minimum rent policy must be implemented by revising the HA administrative plan; the HA must notify the HUD field office immediately if they elect to implement a new minimum rent. HAs that implement a minimum rent are encouraged to consider adopting a policy that provides for hardship exemptions for classes of families (e.g., homeless individuals with minimal income, families with minimal income awaiting determination of eligibility for public assistance, families with minimal income in States without General Assistance benefits, and large families with minimal income in States with particularly low Temporary Assistance to Needy Families benefits). The minimum rent requirements described in this Notice expire on September 30, 1998 unless there is subsequent minimum rent legislation.

c. The moderate rehabilitation contract rent annual adjustment policies (comparability and the 1 percent reduction of the Annual Adjustment Factor for non-turnover units) and the tenant-based and project-based certificate contract rent annual adjustment policies (comparability and the 1 percent reduction of the Annual Adjustment factor for all units) effective during federal Fiscal Year 1997 were extended to federal Fiscal Year 1998. Further, these Fiscal Year 1998 Appropriations Act contract rent annual adjustment policies were made permanent law by the Balanced Budget Act of 1997, and will be applicable in future years unless there is subsequent legislation. See Notice PIH 97-57 issued November 19, 1997.

d. The renewal of expiring moderate rehabilitation HAP contracts legislative provisions that became applicable during federal Fiscal Year 1997 have been modified and extended through September 30, 1998. Owners of multifamily moderate rehabilitation projects with HAP contracts that expire between October 1, 1997 and September 30, 1998 generally may opt to renew their project-based assistance for a period not exceeding 1 year. Moderate rehabilitation projects not eligible for the 1 year project-based renewal include projects consisting of 1 to 4 units, projects where the owners have engaged in material adverse financial or managerial actions or omissions, and projects where the owners are in material default of their HAP contracts.

Families living in moderate rehabilitation projects with HAP contracts expiring between October 1, 1997 and September 30, 1998 that are **not** renewed as project-based assistance will be offered tenant-based certificates or vouchers.

See Notice PIH 97-58 issued November 21, 1997 for further information concerning renewal rent levels, renewal procedures and owner notification requirements for expiring moderate rehabilitation HAP contracts.

e. The Fiscal Year 1998 Appropriations Act Section 8 administrative provisions are applicable to Section 8 programs administered by IHAs. Although the Native American Housing Block Grant program is being implemented during Fiscal Year 1998 and will eventually replace IHA-administered Section 8 programs, IHAs will continue to administer current Section 8 programs until ACC expiration. (Expiring IHA Section 8 ACCs will not be renewed.)

5. Comparison of Fiscal Year 1997 and Fiscal Year 1998 Funding Levels and Identification of the Fiscal Year 1998 Allocation

Method/Application Process: The following table summarizes funding provided in the Fiscal Year 1997 and Fiscal Year 1998 Appropriations Acts. It is noted the actual funding levels for each year may be higher since the amounts in the table do not include any available "carryover" funds from prior years.

FUNDING CATEGORY	APPROX. FY 98 FUNDS & UNITS	APPROX. FY 97 FUNDS & UNITS	INCREASE OR [DECREASE]	ALLOCATION METHOD
PUBLIC HOUSING OPERATING SUBSIDY (PFS)	\$2.9 B appropriation	\$2.9 B appropriation	NA	Formula
PUBLIC HOUSING MODERNIZATION (COMP GRANT, CIAP, & TA)	\$2.495 B appropriation (An additional \$5 M is included in the modernization appropriation for TOP)	\$2.5 B appropriation	[\$5 M]	Comp Grant: formula CIAP: future NOFA
ECONOMIC DEVELOPMENT & SUPPORTIVE SERVICES (EDSS), ELDERLY/DISABLED SERVICE COORDINATORS, CONGREGATE SERVICES & MOVING TO WORK (MTW) DEMO	\$30 M EDSS appropriation \$6.5 M public housing service coordinator appropriation \$7 M appropriation for expiring public and	\$45 M EDSS appropriation 0 0	[\$15 M] \$6.5 M \$7 M	EDSS: future NOFA Service Coordinators : future NOFA Expiring Congregate & Service Coordinator Contracts: HUD HQ determines renewal allocation

FUNDING CATEGORY	APPROX. FY 98 FUNDS & UNITS	APPROX. FY 97 FUNDS & UNITS	INCREASE OR [DECREASE]	ALLOCATION METHOD
	<p>assisted housing congregate & service coordinator contracts</p> <p>Up to \$5 M appropriation for the MTW demo</p>	<p>\$5 M MTW appropriation</p>	<p>NA</p>	<p>MTW Demo: HUD HQ allocates funds (additional participants will not be selected in FY 98)</p>
TENANT OPPORTUNITY PROGRAM	<p>\$5 M included in the modernization appropriation</p>	<p>\$5 M appropriation</p>	<p>NA</p>	<p>Future NOFA</p>
HOPE VI PROGRAM (GRANTS & TA)	<p>\$459 M appropriation which includes a \$26 M elderly demo set-aside (An additional up to \$91 M is included in the HOPE VI appropriation for §8 certs/ vouchers)</p>	<p>\$480 M appropriation (An additional up to \$70 M was included in the HOPE VI appropriation for §8 certs/ vouchers)</p>	<p>[up to \$21 M]; this decrease results from the \$21 M increase for §8 certs/ vouchers</p>	<p>Future NOFA</p>
DRUG ELIMINATION GRANTS	<p>\$270 M appropriation which in-</p>	<p>\$280 M appropriation which</p>	<p>[\$10 M]</p>	<p>Future NOFA</p>

FUNDING CATEGORY	APPROX. FY 98 FUNDS & UNITS	APPROX. FY 97 FUNDS & UNITS	INCREASE OR [DECREASE]	ALLOCATION METHOD
	cludes \$10 M for TA; eligible applicants for most of the \$ are HAs & TDHES (HUD has decided not to use any of this appropriation for Youth Sports)	included \$10 M for TA		
OPERATION SAFE HOME	\$20 M appropriation for public and assisted housing which includes a \$10 M OIG setaside	\$10 M appropriation for public and assisted housing which included a \$5 M OIG setaside	\$10 M	HUD HQ OIG allocates funds
NEW APPROACH ANTI-DRUG PROGRAM	\$20 M appropriation (eligible applicants include HAs, Tribes, & TDHES)	\$20 M appropriation for the similar Safe Neighborhood Program	NA	Future NOFA
§8 PUBLIC HOUSING RELOCATION/ REPLACEMENT CERTS & VOUCHERS	up to \$91 M (10,000 units) included in the HOPE VI appropriation	up to \$70 M included in the HOPE VI appropriation	up to \$21 M	HUD HQ determines HA allocation based on approved demolition/ disposition applic or

FUNDING CATEGORY	APPROX. FY 98 FUNDS & UNITS	APPROX. FY 97 FUNDS & UNITS	INCREASE OR [DECREASE]	ALLOCATION METHOD
				distressed public housing conversion plan (see 9/22/97 FR conversion Notice); affected HAs will be invited to apply
§8 TENANT PROTECTION/ REPLACEMENT CERTS & VOUCHERS FOR HUD-OWNED HOUSING RELOCATION; §8 PROJECT- BASED TERMI- NATIONS & OPT-OUTS; §23 CONVER- SIONS; FAMILY UNIFICATION; & WITNESS RELOCATION	\$303 M appropri- ation (Note: there are carryover funds available for liti- gation & counsel- ing)	\$190 M appropri- ation	\$113 M	HUD-Owned Housing Reloc, §8 P-B Termi- nations & Opt-Outs: HUD FO requests funds from HUD HQ; HA invited to apply §23: 1st come, 1st served; HA with lease/ HAP contract expiring in FY 98 submits applic to HUD FO Family Unif: future NOFA Witness Reloc: 1st come, 1st served; see Notice PIH

FUNDING CATEGORY	APPROX. FY 98 FUNDS & UNITS	APPROX. FY 97 FUNDS & UNITS	INCREASE OR [DECREASE]	ALLOCATION METHOD
				96-83 dated 10/96 Litigation & Counseling: HUD HQ determines HA allocation; HA invited to apply or notified by HUD
§8 CERT & VOUCHERS FOR NONELDERLY DISABLED AFFECTED BY ELDERLY DESIGNATION OF PUBLIC HOUSING	\$40 M appropriation (6500 units; surplus \$ will be used for other nonelderly disabled families)	\$50 M appropriation (8400 units)	[\$10 M]	Future NOFA
§8 CERT & VOUCHERS FOR MAINSTREAM PROGRAM FOR DISABLED (§811)	\$48.5 M 5-yr BA appropriation (1700 units)	\$48.5 M 5-yr BA appropriation (2000 units)	NA	Future NOFA
FSS COORDINATORS	\$24 M included in the §8 renewal appropriation	\$15 M appropriation	\$9 M	Future NOFA
§8 CERT, VOUCHER & MOD REHAB RENEWALS	\$5.94 B appropriation (An additional \$24 M for FSS coordinators)	\$2.54 B appropriation	\$3.4 B	HUD FO determines HA renewal allocation

FUNDING CATEGORY	APPROX. FY 98 FUNDS & UNITS	APPROX. FY 97 FUNDS & UNITS	INCREASE OR [DECREASE]	ALLOCATION METHOD
	is included in the renewal appropriation)			
§8 CERT & MOD REHAB COST AMENDMENTS	\$150 M appropriation	\$150 M appropriation	NA	HUD FO determines HA allocation
NATIVE AMERICAN HOUSING BLOCK GRANTS	\$595 M appropriation which includes \$5 M for training & TA; new program in FY 98 which replaces all 1937 Housing Act programs, all homeless programs, & HOME & Youthbuild programs	NA	NA	Needs-based formula (dependent upon receipt of an Indian Housing Plan)
TITLE VI TRIBAL HOUSING ACTIVITIES LOAN GUARANTEE PROGRAM DEMO	\$5 M appropriation (new program in FY 98; \$217 M guarantee limit)	NA	NA	Loan application
§184 INDIAN HOUSING LOAN GUARANTEE PROGRAM	\$5 M appropriation (\$61.5 M guarantee	\$3 M appropriation (\$36.9 M guarantee	\$2 M	Loan application

FUNDING CATEGORY	APPROX. FY 98 FUNDS & UNITS	APPROX. FY 97 FUNDS & UNITS	INCREASE OR [DECREASE]	ALLOCATION METHOD
	limit)	limit)		

_____/s/_____
Kevin Emanuel Marchman,
Assistant Secretary for
Public and Indian Housing