



U.S. Department of Housing and  
Urban Development

Office of Public and Indian  
Housing

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Special Attention:  
Secretary's Representatives,  
State and Area Coordinators,  
Program Centers, Directors,  
Offices of Public Housing,  
Public Housing Agencies  
Administering Section 8  
Programs

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**Notice PIH 98- 65 (HA)**

Issued: 12/30/98  
Expires: 12/31/99

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Cross References:

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Subject: **Renewal of Expiring Contracts in the Section 8 Tenant-Based  
Program During Federal Fiscal Year 1999**

- PURPOSE:** This Notice implements Section 556 of the Quality Housing and Work Responsibility Act (QHWRA) of 1998 which directs HUD to establish an allocation baseline amount of assistance and apply an inflation factor based on local or regional factors to the baseline. HUD will use the following methodology to allocate the amount of funding for renewal of contracts in the tenant-based Section 8 program.
- BACKGROUND:** Section 556(b) of the QHWRA requires HUD to implement section 8(dd) of the Housing Act of 1937 through notice not later than December 31, 1998, and to issue final regulations on this subject that are developed through the negotiated rulemaking process no later than October 21, 1999.
- APPLICABILITY:** This Notice will be in effect for the allocation of Federal Fiscal Year 1999 assistance used to renew funding increments expiring between January 1, 1999 and December 31, 1999. HUD will develop a final rule implementing the requirements of Section 8(dd) through a negotiated rulemaking process in accordance with the statutory requirements of section 556. Calendar Year 2000 funding will be allocated in accordance with the negotiated rule to be effectuated.
- ELIGIBLE PROJECTS:** This Notice applies to the renewal of all expiring rental certificate and voucher funding increments administered by Public Housing Agencies (PHAs). This Notice does not apply to the renewal of expiring Mod Rehab funding increments or Housing Assistance Payment Contracts where contracts are extended 12 months or to Offices of Native American Programs and expiring Section 8 contracts administered by Tribally Designated Housing Entities.
- DETERMINING THE BASELINE UNITS:** The Department will determine the number of units leased on October 1, 1997 through information obtained from the administrative fee supporting documentation submitted by PHAs with the Form HUD-52681, Section 8 Voucher for Payment of Annual Contributions and Operating Statement. Based on this information, HUD will compare the number of units leased to the number of units reserved for the funding increments under Annual Contributions Contract (ACC), on October 1, 1997. The number of units under ACC will be determined as follows: a query of HUDCAPS, the Department's automated accounting system, will provide the number of units under ACC as of October 1, 1997. HUD will add to that

number, the additional authorized units as a result of HUD's review of leasing in excess of contract levels conducted in Federal Fiscal Year 1998 in accordance with letters sent to each affected PHA (see PIH Notice 98-22, Issued April 10, 1998). In establishing the baseline number of units to be renewed, HUD will use the higher of the number of ACC units or leased units, as of October 1, 1997. HUD will also add any additional units, placed under ACC, which were awarded to PHAs from funding available during Federal Fiscal Year 1998, including incremental funding as well as non-incremental funding such as that awarded to sustain assistance to families pursuant to the conversion of project-based assistance to tenant-based assistance. HUD will also add the number of tenant-based units placed under ACC as replacements for expiring Moderate Rehabilitation Housing Assistance Payment Contracts.

**6. DETERMINING ANNUAL COST PER UNIT:** HUD will determine an actual per unit cost from the last year end statement that it has received from each PHA by dividing the total annual contributions earned by the unit months leased. HUD will apply the FY 1999 Section 8 Housing Assistance Payments Program Contract Rent Annual Adjustment Factors from Table 2, published in the Federal Register on September 24, 1998, to inflate the per unit cost from 1998 to 1999. If the last closed year end is prior to 1998, a factor of 2.5 percent will be used to inflate the per unit cost per year to 1998. The inflated, monthly per unit cost will be rounded and multiplied by 12 months. In addition, HUD will add \$5 per unit to fund an estimated increase in the administrative fee authorized in the QHWRA.

**7. DETERMINING THE BUDGET AUTHORITY TO BE ALLOCATED:** The Department will take the number of units for each PHA which are expiring during Calendar Year 1999 and multiply them by the cost per unit determined in accordance with paragraph 2. Renewal funding sufficient to cover a 12 month term will be assigned quarterly for units expiring within each quarter (e.g., the fund assignment for the first quarter of CY 1999 will fund all units expiring from January 1, 1999 through March 31, 1999). In addition, the Department will fund the difference based on the comparison between the units under ACC, as noted in paragraph 1, and leased units as of October 1, 1997 using the per unit cost in accordance with paragraph 2.

**8. RENEWAL FUNDING AVAILABLE:** The budget authority that will be allocated is subject to the availability of appropriations. HUD anticipates that sufficient funding is available to fully fund each PHA in accordance with this notice.

/s/ Cheryl A. Teninga for  
Harold Lucas, Assistant Secretary for  
Public and Indian Housing