



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

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**Special Attention:**

**NOTICE PIH 2010-39 (HA)**

Housing Choice Voucher Program  
Administrators; Public Housing Field Office  
Directors; Section 8 Financial Management Center

Issued: September 28, 2010

Expires: September 30, 2011

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Cross References:

Notice PIH 2007-6 (HA)

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**Subject: Process for Public Housing Agency Voluntary Transfers of Housing Choice Vouchers, Project-Based Vouchers and Project-Based Certificates**

1. **Applicability.** This Notice applies to public housing agencies (PHAs) that administer the Housing Choice Voucher (HCV), Project-Based Vouchers (PBV) and/or Project-Based Certificates (PBC) programs. Five-year mainstream vouchers and Section 8 Moderate Rehabilitation units will be addressed under a separate notice.
2. **Purpose.** The purpose of this Notice is to clarify the circumstances under which HUD will consider a **voluntary** transfer of budget authority and corresponding baseline units for the HCV program (including PBVs and PBCs) from the divesting PHA's Consolidated Annual Contributions Contract (CACC) to the receiving PHA(s)' CACC. It also explains the process and procedures associated with such a transfer. Sections 3 through 12 address the HCV program. Special provisions for transfers of PBVs and PBCs are addressed in separate sections of this notice.
3. **Eligibility.** All transfers will be permanent and for the entire balance of one PHA's HCV program to one or more receiving PHAs. The transfer must be between PHAs within the same metropolitan area, within the same non-metropolitan county, or within the same state where HCV program administration is voluntarily shifted from a city or county PHA to its state PHA or from a state PHA to one or more of its county or city PHAs. Both PHAs are bound by fair housing requirements, including the responsibility to affirmatively further fair housing and to reduce racial and national origin concentrations.
4. **Exceptions to Eligibility.** The Department will consider approving voluntary partial transfers only in the following cases: (1) the transfer is for the purpose of developing project-based voucher units in an area of low poverty concentration; (2) the transfer is to a state or regional PHA; or (3) for a compelling business reason.
5. **Application Process for Transfers.** At least 90 days before the requested effective date of the transfer both the divesting and receiving PHAs must submit letters to their respective Field Offices indicating agreement upon the part of the PHAs of the transfer and the date upon which PHAs would like the transfer to occur. All transfers must have an effective date of either January 1<sup>st</sup> or July 1<sup>st</sup> of a given calendar year (CY); however, HUD will determine whether

there are compelling business reasons to make an exception to this requirement. **No transfer may have an effective date on the first of October and no transfers may be retroactive.** The letters must be signed by their respective Executive Directors with an accompanying board resolution. If the PHA is a unit of local government, the appropriate authorized official must sign the letter. If the transfer is between two PHAs that do not have concurrent or overlapping jurisdiction, the request must have approval from the Office of General Counsel and Office of Fair Housing and Equal Opportunity.

6. **Renewal and Administrative Fee Funding Amounts for Units Transferred and Equity Balances.** At the time of the transfer, the divesting PHA must deliver/transfer to the receiving PHA(s) the total Budget Authority on hand and accumulated Net Restricted Assets (NRA) and Unrestricted Net Assets (UNA) to assure the latter has enough funding to continue operations uninterrupted. Administrative fees earned by the divesting PHA during the months not yet reconciled at the moment of the transfer, whether an underpayment owed to the PHA or an overpayment owed HUD, will be provided (or offset) to the receiving PHA based on the receiving PHA's rates. For subsequent years the renewal funding and administrative fee calculations will be considered based on the receiving PHA's eligibility and leasing reported, respectively, subject to the mandates on the Appropriations Bill for that year.
7. **Recommendation to Headquarters.** No later than 30 days after the receipt of the documents referenced in section 4 of this notice, the Field Office will complete its review of the transfer documents. If the Field Office determines that the request is acceptable, the Public Housing Director will prepare a memorandum to the Headquarters Financial Management Division Director with the following information:

- (1) name and code of the divesting and receiving PHAs;
- (2) the requested effective date of the transfer; and
- (3) the number of HCVs that will be divested to each receiving PHA.

The Field Office will consider a number of factors in determining whether to recommend approval of the transfer to the receiving PHA(s) including:

- (1) the receiving PHA's most recent Section Eight Management Assessment Program (SEMAP) performance designation;
- (2) under utilization based on the receiving PHA's SEMAP leasing indicator regardless of performance;
- (3) outstanding debts to HUD and the status of the receiving PHA's repayment; and
- (4) estimated NRA and UNA balances as of the latest audited Financial Assessment Subsystem (FASS) submission, and restricted cash and investments.

No transfers may be permitted to a receiving PHA with a troubled SEMAP performance designation, nor may transfers be permitted where the receiving PHA has failed to comply with corrective action plans to address financial or program audit findings related to the HCV program.

8. **Approval Notification.** Once Headquarters has approved the transfer, the Public Housing Field Office and Financial Management Center (FMC) Director will be notified. The Public Housing Field Office Director will notify the respective PHAs of the approved transfer of HCV budget authority and units. The FMC will prepare and transmit the requisite amendments to the CACC of all affected PHAs.

9. **Owner and Tenant Notification.** No later than 30 days after approval notification, the receiving PHA must notify owners and participants of the transfer.
10. **Housing Assistance Payments (HAP) Contracts.** No later than at the family's next annual recertification, new HAP contracts must be executed with the existing owners reflecting the name of the receiving PHA. No other changes to the HAP contracts will be required.
11. **Receiving PHA Management Responsibilities.** At the time of the family's next annual recertification, the receiving PHA may apply its occupancy and subsidy standards and any other applicable administrative policies. However, if the payment standards of the receiving PHA are lower than those of the divesting PHA, the receiving PHA must maintain the higher payment standard for the family until its second annual reexamination in accordance with 982.505(c). In addition, the receiving PHA must honor all reasonable accommodation waivers and exceptions.
12. **Public Housing Information Center (PIC) Data.** Headquarters will complete the transfer of all Family Reports (form HUD-50058) in PIC so that all affected families will be recorded under the receiving PHA's code with the last action code (field 2a on the Family Report) entered by the divesting PHA.
13. **Voucher Management System (VMS) Data Entry.** Starting with the effective date of the transfer, the receiving PHA will begin including the transferred units for the applicable month in its next VMS submission. Conversely, the divesting PHA will stop including any divested units starting with the effective month of the transfer.
14. **PBV and PBC Units.** All provisions in sections 1 through 12 will apply. However, PBV and PBC HAP contracts must be executed as soon as possible between the receiving PHA and the owner with the expiration date and all terms and conditions unchanged. The Field Office will consider whether the receiving PHA has the capacity to manage assistance under the PBV and PBC programs.
15. **Information Contact.** Inquiries about this Notice should be directed to your Field Office Public Housing Director or Financial Management Center representative.

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/s/  
Sandra B. Henriquez, Assistant Secretary for  
Public and Indian Housing