



U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

Special Attention:
HUB and Program Center Directors of
Public Housing; Director, Section 8
Financial Management Center; Section 8
Public Housing Agencies; Regional
Directors; State and Area Directors

Notice PIH 2002-14(HA)

Issued: June 7, 2002
Expires: June 30, 2003

Cross References:

**Subject: Housing Choice Voucher Program, Procedures for
Voluntary Reduction of Baseline Units.**

1. **PURPOSE** - This Notice provides procedures for voluntary reduction of housing choice voucher baseline units which have not been leased up and utilized in the public housing agency (PHA) jurisdiction.
2. **BACKGROUND** - On November 1, 2001, HUD published a Federal Register notice (FR-4694-N-01) announcing procedures for reallocating baseline units in the housing choice voucher program. That notice primarily described the circumstances in which a PHA would involuntarily forfeit baseline units and the process for high utilizing agencies from around the country to apply for the available supply of units and funding to be reallocated. The notice also stated that the Department will reduce the number of baseline units by not renewing funding for expiring increments under the PHA's consolidated annual contributions contract (CACC).
3. **APPLICABILITY** - This notice does not apply to voucher baseline units funded under the Welfare To Work program.

This notice does, however, apply to voucher units replacing expiring Section 8 Moderate Rehabilitation (Mod Rehab) units. A PHA, therefore, may use its existing voucher inventory to assist assisted families in expiring Mod Rehab units and request that replacement vouchers not be provided.

4. **TIMING OF PHA REQUEST TO APPROVE REDUCTION OF BASELINE UNITS** - A PHA may at any time submit a request for HUD approval of a reduction to the PHA's adjusted baseline by a specified number of units. It is recommended, however, that the request be made as early as possible in the PHA's fiscal year. The request will be processed according to the procedures described below.
5. **WHEN REDUCTION IS EFFECTIVE** - The units to be

subtracted from the adjusted baseline will remain on the PHA's baseline count (number of units reserved) until HUD reduces the baseline at the earliest expiration of appropriate increment(s) on the Consolidated Annual Contributions Contract (CACC).

The PHA is responsible for the units until the reduction is accomplished by HUD not renewing the requested number of units at the earliest appropriate expiration. The PHA will be notified by the Section 8 Financial Management Center (FMC) of the effective date of unit reductions once the Section 8 Finance Division identifies the effected increments.

6. **PHA SUBMISSION, DESCRIPTION OF EFFORTS TO UTILIZE UNITS**

- A PHA request for HUD reduction of baseline units must be signed by the PHA's executive director, chief operating officer or chief governing authority. Additionally, each request must state the number of units to be reduced and include a narrative description of the efforts made by the PHA to utilize the units and an explanation of the factors preventing higher utilization.

7. **SUBMISSION INSTRUCTIONS** - As early as possible in their fiscal year, the PHA will submit the request to the FMC for processing. Requests that include non-replacement of expiring Mod Rehab units must provide certification that the property owner(s) for the expiring HAP contract(s) did not request renewal of the contract (no subsequent renewal funding will be provided for those contracts). The entire request package will be mailed to:

The Section 8 Financial Management Center
Attention: Voluntary Reallocations
Suite 1150
2345 Grand Boulevard
Kansas City, MO 64108-2603

Concurrently, a copy of the request must also be sent to the HUD HUB or Program Center (whichever is the direct contact with the PHA) for local HUD approval.

8. **HUD PROCESSING** - Upon reviewing the request and accompanying narrative, the HUB/Program Center Public Housing Director will send an approval memorandum with any accompanying recommendations to the FMC within two weeks.

In the event a Public Housing Director disapproves a PHA request, a letter explaining the disapproval will be sent back to the PHA, with a copy to the Headquarters' Section 8 Finance Division as well as the FMC.

The FMC will assemble all approved requests and submit a summary report to the Section 8 Finance Division in Headquarters at the beginning of each quarter. The summary report will contain each PHA name and the number of units approved for voluntary reduction.

The Section 8 Finance Division will determine which expiring voucher increments (or portions thereof) will not be renewed to accomplish the baseline unit reduction. The Section 8 Finance Division will notify the FMC, who will in turn notify the PHA of the effective dates of the reduction. The PHA will retain responsibility for the units, and corresponding lease up measure, until the appropriate increment(s) expires and is not renewed.

The priority is to accomplish the reduction in conjunction with a minimum number of expiring increments as early as possible within the same fiscal year. However, it will still depend on the mix of increments expiring at the time of the analysis and when the earliest appropriate expiration(s) occurs. A HUD approved voluntary unit reduction also reduces the unit months available for leasing during the PHA fiscal year in which the reduction is effective.

Units not renewed due to voluntary reduction are available for reallocation as described in the Federal Register Notice referenced in item 2 above.

9. **FURTHER INFORMATION** - Any questions regarding this notice should be addressed to Brian Fitzmaurice at the Section 8 Finance Division of the PIH Office of Administration and Budget/CFO, at (202) 708-2934, x 4080.

/s/
Michael Liu, Assistant Secretary for
Public and Indian Housing

