

## Clarification on Phase-In Fees for all PHAs

### November 24, 2009

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1. **Question:** Because the 2008 Housing and Economic Recovery Act (HERA) exempted “qualified PHAs” (defined as PHAs that operate 550 or fewer combined public housing and Section 8 units) from the requirement to submit Annual Plans, and because previous guidance instructed PHAs to include requests for phase-in management fees in their Annual Plans, how should these qualified agencies now process requests for safe harbor phase-in management fees? (See <http://www.hud.gov/offices/pih/programs/ph/am/spgdfee.cfm> for more information on safe harbor fees.)

**Answer:** HERA exempted qualified PHAs from the requirement to submit Annual Plans. For the sake of consistency, the Department has chosen to develop guidance that applies equally to qualified and other PHAs. Consequently, *no PHA, regardless of size*, is any longer required to include requests for phase-in fees in its Annual Plan. Rather, a PHA only needs to include the phase-in fees as part of the board-approved operating budget(s). The board approval must include a certification from the PHA that the phase-in fees conform to the safe harbor guidance issued by the Department. Documentation should be maintained in the appropriate project file. Any phase-in fees that do not conform to the safe harbor guidance must still be forwarded to HUD Headquarters.