

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4828-N-01]

Notice of Annual Factors for Determining Public Housing Agency Ongoing Administrative Fees for the Housing Choice Voucher Program and Moderate Rehabilitation Programs

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Notice.

SUMMARY: This notice announces the federal Fiscal Year (FY) 2003 monthly on-going administrative fee amount paid to public housing agencies (PHAs) administering tenant-based assistance under the Housing Choice Voucher Program, and project-based assistance under the Project-based Certificate Program, the Project-based Voucher Program and the Moderate Rehabilitation Programs (including Moderate Rehabilitation Single Room Occupancy (SRO)). The notice also describes other fees, in addition to the on-going administrative fees, that may be approved by HUD for PHA costs of program administration.

EFFECTIVE DATE: May 6, 2003.

FOR FURTHER INFORMATION CONTACT: Gerald J. Benoit, Director, Housing Voucher Management and Operations Division, Office of Housing Voucher Programs, Office of Public and Indian Housing, Department of Housing and Urban Development, Room 4210, 451 Seventh Street, SW., Washington, DC 20410-8000; telephone number (202) 708-0477 (this is not a toll-free telephone number). Hearing- or speech-impaired individuals may access this number via TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

I. Applicability

HUD pays administrative fees to a PHA that administers housing assistance programs under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) in accordance with the annual contributions contract between HUD and the PHA. This notice establishes FY 2003 on-going administrative fees for PHAs administering the following programs: tenant-based assistance under the Housing Choice Voucher Program, and project-based assistance under the Project-based Certificate Program, the Project-based Voucher Program, and the Moderate Rehabilitation Program

(including Moderate Rehabilitation Single Room Occupancy).

The FY 2003 on-going administrative fee amounts in this notice are used to calculate fees earned by a PHA for unit months in federal FY 2003; that is, for unit months from October 1, 2002 to September 30, 2003. HUD will use the on-going fee amount in this notice for review and approval of year-end financial statements for PHA fiscal years ending on December 31, 2002, March 31, 2003, June 30, 2003, and September 30, 2003. (However, this notice only sets the on-going fee amount used to calculate the PHA's administrative fee for the portion of the PHA fiscal year that falls in federal FY 2003. On-going fees for unit months in federal FY 2002 are calculated pursuant to the fee notice for FY 2002 published in the **Federal Register** on April 15, 2002 (67 FR 18402)).

II. Statutory Background

In accordance with the HUD appropriations for FY 2003 (Pub. L. 108-7, 117 Stat. 11, approved February 20, 2003) (as was the case in fiscal years 2000, 2001 and 2002), PHA administrative fees are determined in accordance with Section 202 of the HUD appropriation act for federal FY 1997 (Pub. L. 104-204, 110 Stat. 2874, approved September 26, 1996), which established the requirements for calculating PHA on-going administrative fees in effect immediately before enactment of the Housing Quality and Work Responsibility Act of 1998. (Pub. L. 105-276, 115, 2461, approved October 21, 1998). The ongoing fee amounts may be reduced based upon the provisions of the appropriation act for FY 2003.

As in prior fiscal years, under the pre-FY 99 administrative fee requirements, the on-going administrative fees for the first 600 units, in a PHA's Housing Choice Voucher program is 7.5 percent of the base amount for the first 600 units, 7.0 percent of the base amount for each additional voucher above 600 units and 3.0 percent of the base amount for a PHA-owned unit. The base amount is adjusted annually.

This notice specifies the on-going administrative fee during FY 2003 for PHAs administering the Housing Choice Voucher Program or the Moderate Rehabilitation Programs (including the Moderate Rehabilitation Single Room Occupancy Program).

III. Reduction of Fee Payments—New FY 2003 Appropriation Requirements

The FY 2003 appropriation act also establishes the following new requirements, contained in the

appropriation for prior federal fiscal years:

- Funds made available by the FY 2003 administrative fee appropriations may only be provided to a PHA if the PHA has reported to HUD the amounts remaining available as of January 31, 2003, in the PHA's administrative fee reserve account.
- Administrative fee payments otherwise authorized shall be reduced by any amounts remaining in a PHA's administrative fee reserve accounts as of January 31, 2003, which exceed 105 percent of the amount of administrative fees paid to the PHA from funds made available in FY 2002. This provision does not apply to PHA's with FY 2003 administrative fees of \$100,000 or less.

At this time, information on the new FY 2003 requirements is provided for information only. HUD will provide separate guidance to PHAs on implementation of the new FY 2003 statutory fee reduction requirements. The new requirements do not affect the ongoing fee amounts established by this notice. However, the PHA's aggregate fee income for FY 2003 will be affected by any required reductions.

IV. On-Going Monthly Administrative Fee

How on-going administrative fees are calculated. A PHA is paid an on-going administrative fee for each unit month for which a dwelling unit is covered by a housing assistance payments contract on the first day of the month. In each case, the on-going administrative fee is a specified percentage of a defined "base amount."

(1) *The Base Amount.* The amount of the per unit on-going administrative fee is adjusted each year based on changes in wage data or other objectively measurable data, as determined by HUD, that reflect the costs of administering the program. At this time, this adjustment is implemented by adjusting the base amount (for the prior federal fiscal year) to reflect average local government wages as measured by the most recent Bureau of Labor Statistics data on local government wages (ES-202 series).

(2) *Percentage applied to adjusted base amount.* Under the fee system, the following percentages are applied to the adjusted base amount for the prior federal fiscal year:

- (i) For all units except PHA-owned.
 - (A) 600 unit threshold. 7.5 percent of the adjusted "base amount" for the first 600 units. This threshold is applied separately to determine the on-going fees earned:
 - (1) for the PHA's Housing Choice Voucher Program including, tenant-