

“significant regulatory action” as defined in section 3(f) of the Order (although not an economically significant regulatory action under the Order). Any changes made to this rule as a result of that review are identified in the docket file, which is available for public inspection in the Office of the Rules Docket Clerk, Office of General Counsel, Room 10276, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-0500.

#### **Catalog of Federal Domestic Assistance Number**

The Catalog of Federal Domestic Assistance number for the program affected by this rule is 14.850.

#### **List of Subjects in 24 CFR Part 972**

Grant programs—housing and community development, Low and moderate income housing, Public housing.

■ For the reasons discussed in the preamble, HUD amends title 24 of the Code of Federal Regulations, chapter IX, part 972 as follows:

#### **PART 972—CONVERSION OF PUBLIC HOUSING TO TENANT-BASED ASSISTANCE**

■ 1. The authority citation for part 972 continues to read as follows:

**Authority:** 42 U.S.C. 1437t, 1437z–5, and 3535(d).

■ 2. Subpart A is added to read as follows:

#### **Subpart A—Required Conversion of Public Housing Developments**

##### **Purpose; Definition of “Conversion”**

Sec.

972.100 Purpose.

972.103 Definition of “conversion.”

##### **Required Conversion Process**

972.106 Procedure for required conversion of public housing developments to tenant-based assistance.

972.109 Conversion of developments.

972.112 Relationship between required conversion and demolition/disposition requirements.

972.115 Relationship between required conversion and HOPE VI developments.

972.118 Applicability of Uniform Relocation Act.

##### **Identifying Developments Subject To Required Conversion**

972.121 Developments subject to this subpart.

972.124 Standards for identifying public housing developments subject to required conversion.

972.127 Standards for determining whether a property is viable in the long term.

##### **Conversion Plans**

972.130 Conversion plan components.

972.133 Public and resident consultation process for developing a conversion plan.

972.136 Timing of submission of conversion plans to HUD.

##### **HUD Actions With Respect To Required Conversions**

972.139 HUD actions with respect to required conversions.

#### **Subpart A—Required Conversion of Public Housing Developments**

##### **Purpose; Definition of Conversion**

##### **§ 972.100 Purpose.**

The purpose of this subpart is to implement section 33 of the United States Housing Act of 1937 (42 U.S.C. 1437z–5), which requires PHAs to annually review their public housing inventory and identify developments, or parts of developments, which must be removed from its stock of public housing operated under an Annual Contributions Contract (ACC) with HUD.

This subpart provides the procedures a PHA must follow to develop and carry out a conversion plan to remove the units from the public housing inventory, including how to provide for the transition for residents of these developments to other affordable housing.

##### **§ 972.103 Definition of “conversion.”**

For purposes of this subpart, the term “conversion” means the removal of public housing units from the inventory of a PHA, and the provision of tenant-based or project-based assistance for the residents of the public housing units that are being removed. The term “conversion,” as used in this subpart, does not necessarily mean the physical removal of the public housing development.

##### **Required Conversion Process**

##### **§ 972.106 Procedure for required conversion of public housing developments to tenant-based assistance.**

(a) A PHA must annually review its public housing inventory and identify developments, or parts of developments, which must be converted to tenant-based assistance, in accordance with §§ 972.121–972.127.

(b) With respect to any public housing development that is identified under paragraph (a) of this section, the PHA generally must develop a 5-year plan for removal of the affected public housing units from the inventory, in accordance with §§ 972.130–972.136.

(c) The PHA may proceed to convert the development if HUD approves the conversion plan.

##### **§ 972.109 Conversion of developments.**

(a)(1) The PHA may proceed to convert the development covered by a conversion plan after receiving written approval from HUD. This approval will be separate from the approval that the PHA receives for its Annual Plan.

(2) HUD anticipates that its review of a conversion plan will ordinarily occur within 90 days following submission of a complete plan by the PHA. A longer process may be required where HUD’s initial review of the plan raises questions that require further discussion with the PHA. In any event, HUD will provide all PHAs with a preliminary response within 90 days following submission of a conversion plan.

(b) The PHA may not demolish or dispose of units or property until completion of the required environmental review under part 58 of this title (if a responsible entity has assumed environmental responsibility for the project) or part 50 of this title (if HUD is performing the environmental review). Further, HUD will not approve a conversion plan until completion of the required environmental review. However, before completion of the environmental review, HUD may approve the targeted units for removal from the PHA’s inventory and may authorize the PHA to undertake other activities proposed in its conversion plan that do not require environmental review (such as certain activities related to the relocation of residents), as long as the buildings in question are adequately secured and maintained.

(c) For purposes of determining operating subsidy eligibility, HUD will consider the conversion plan the PHA submits to be the equivalent of a formal request to remove dwelling units from the PHA’s inventory and ACC. HUD will notify the PHA in writing whether it has approved the conversion plan. Units that are vacant or vacated on or after the written notification date will be treated as approved for deprogramming under § 990.108(b)(1) of this title and also will be provided any phase-down of subsidy to which the PHA is entitled pursuant to § 990.114 of this title.

(d) The PHA may apply for tenant-based assistance in accordance with Section 8 program requirements, and HUD will give the PHA a priority for receiving tenant-based assistance to replace the public housing units. It is HUD’s policy to provide funds for one-for-one replacement housing with either public housing or tenant-based assistance, if funds are available. HUD