

undertaken separately from the process for submitting a conversion plan.)

C. Changes Regarding Conversion Plan Requirements

1. *Required consultation with resident council.* This final rule clarifies that the PHA must meet to discuss the proposed conversion with any duly elected resident council that covers the development in question.

2. *Conversion plan consistency with conversion assessment.* This final rule requires that a conversion plan include a description of the plan's consistency with the findings of the conversion assessment.

3. *Relocation plan.* This final rule provides that the relocation-related requirements of a conversion plan must be contained in a relocation plan, which must include a budget for carrying out relocation activities.

4. *Schedule for the provision of moving expenses.* This final rule clarifies that a voluntary conversion plan must also include a timetable for the provision of moving services and/or expenses (including a description of the amounts).

5. *Consideration of resident comments received on conversion plan.* This final rule clarifies that the conversion plan must not only include a summary of the resident comments received during the development of the plan, but must also contain the PHA responses to the comments (including a description of any actions taken by the PHA as a result of the comments).

6. *URA notices of displacement.* For purposes of clarity, HUD has revised the rule to more closely conform to the notice requirements of the URA and the implementing regulations at 49 CFR part 24. As required by 49 CFR 24.203, if a voluntary conversion is subject to the URA, PHAs must provide families scheduled to be displaced with a General Information Notice, a Notice of Relocation Eligibility or Notice of Non-displacement (as applicable), and a 90-day advance notice of the earliest date by which a resident may be required to move.

The General Information Notice provides families subject to displacement with certain information regarding their rights under URA. Under the URA regulation at 49 CFR 24.203, persons subject to displacement must be provided with the General Information Notice "as soon as feasible." Accordingly, this final rule requires that the PHA provide families with the General Information Notice no later than the date the conversion plan is submitted to HUD.

The Notice of Relocation eligibility advises families subject to displacement that they are eligible for relocation assistance as of a certain date that agencies are free to define (called the "date of initiation of negotiations" in the URA regulations). This final rule provides that, for purposes of voluntary conversions, the "date of initiation of negotiations" shall be the date that HUD approves the conversion plan.

HUD Handbook 1378.0, "Tenant Assistance, Relocation and Real Property Acquisition" (issued on March 28, 1996), provides additional details and helpful information regarding the basic statutory and regulatory requirements that must be followed by an agency that carries out real property acquisition or the displacement of a person for a project or program for which HUD financial assistance is provided, including the notice requirements discussed above. Interested persons may download a copy of Handbook 1378.0 through HUD's Client Information and Policy System (HUDCLIPS) Web Page at <http://www.hudclips.org>.

7. *Provision of voucher assistance used for relocation.* This final rule provides that, where Section 8 voucher assistance is being used for relocation, the vouchers must be issued to the family at least 90 days before conversion.

8. *Actual and reasonable relocation expenses.* This final rule clarifies that the PHA has the discretion to define whether a relocation cost is actually or reasonably related to the family's relocation and, therefore, reimbursable.

9. *Mobility counseling.* For purposes of clarity, this final rule specifies that the required PHA counseling to displaced families must include appropriate mobility counseling.

10. *Timing of submission of conversion plan.* This final rule clarifies that a PHA must prepare a conversion plan, and submit it to HUD, as part of the next PHA Annual Plan, within one year after submitting the full conversion assessment, or as a significant amendment to that Annual Plan. The PHA may also submit the conversion plan in the same Annual Plan as the conversion assessment.

11. *HUD review of conversion plans.* This final rule clarifies that 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. Lack of a HUD response within this time frame will constitute automatic HUD approval of the conversion plan.

V. Discussion of Public Comments Received on the July 23, 1999, Proposed Rule

The public comment period closed on September 21, 1999. By close of business on that date, HUD had received six public comments. Comments were submitted by a private citizen; a PHA; two of the three main organizations representing PHAs; and two legal aid organizations. This section of the preamble presents a summary of the significant issues raised by the public commenters on the July 23, 1999, proposed rule and HUD's responses to these comments.

As noted above in this preamble, this final rule does not address the public comments received on the proposed initial assessment requirements (which were addressed as part of HUD's June 22, 2001, final rule on this subject) or on the conversion cost methodology (which is the subject of a separate proposed rule published elsewhere in today's **Federal Register**).

A. General Comments Not Related to a Specific Regulatory Section

Comment: The voluntary conversion program will not work until HUD develops an effective way to enforce Housing Quality Standards (HQS). One commenter wrote that "[s]o long as PHAs are not enforcing HQS, [and] so long as HUD has no capability to monitor the inspection of those properties in Section 8, the [voluntary conversion] process is flawed."

HUD Response. HUD's Section 8 Management Assessment Program (SEMAP) provides for the objective measurement of PHA performance in key areas of the Section 8 tenant-based assistance program (including PHA enforcement of HQS). SEMAP enables HUD to ensure program integrity and accountability by identifying PHA management capabilities and deficiencies and by improving risk assessment to effectively target monitoring and program assistance.

HUD's final rule for the SEMAP was published on September 10, 1998 (63 FR 48548). Most provisions of the final rule took effect on October 13, 1998. The SEMAP regulations enable HUD to assess PHA enforcement of HQS using specific criteria, and to ensure that appropriate corrective action is taken when a PHA fails to adequately enforce HQS.