

Comment: Comments regarding internet cost calculator. The preamble to the proposed rule stated that HUD is considering establishing a web-based cost comparison calculator on HUD's internet homepage to assist PHAs in conducting the cost comparisons required by the proposed rule. (See 64 FR 40241, first column.) Two commenters supported the idea of a web-based cost calculator, writing that it would reduce the workload on PHAs and provide consistency. Another commenter, however, wrote that it is not possible to comment on the web-based calculator until additional details are provided. The commenter also suggested that the methodology used by the web-based calculator should be subject to notice and comment rulemaking procedures.

HUD Response. HUD agrees that an internet cost calculator will reduce PHA administrative burden. HUD also agrees that development of such a calculator will help to ensure the accuracy and consistency of the required cost comparisons. HUD intends to proceed with development of the web-based calculator. Short of a web-based calculator, HUD may post compilation worksheets on its Internet homepage (<http://www.hud.gov>), which will make these calculations easier.

B. Comments Regarding Conversion Assessment Components (§ 972.209 of the Proposed Rule; § 972.218 of This Final Rule)

The proposed rule at § 972.209 described the various components of a conversion assessment (the corresponding provisions of this final rule are located at § 972.218).

Comment: HUD should provide additional guidance regarding the conduct of the conversion assessment. In the preamble to the July 23, 1999, proposed rule, HUD invited public comments on "whether additional guidance should be given regarding how PHAs should conduct the analysis of rental market conditions and the analysis of the impact on the neighborhood and how these analyses relate to the PHA's obligation to affirmatively further fair housing" (see 64 FR 40242, first column).

Two commenters wrote that such guidance would be helpful. One of the commenters wrote that the templates developed for the five-year and annual PHA Plans have been a "helpful addition to the process." The commenter suggested that "[p]erhaps something similar could be developed for [the conversion assessment], and presented for public review and comment." The second commenter

emphasized that HUD should not "prescribe specific requirements for rental market or neighborhood impact analyses beyond those found in the statute."

HUD Response. HUD agrees that additional guidance regarding the conduct of the conversion assessment would be helpful. Where appropriate, HUD has revised the proposed rule to provide additional clarification and guidance on the conversion assessment requirements. For example, HUD has revised the proposed rule to provide examples of the types of characteristics that may impact a family's ability to be housed. The final rule also clarifies that, in considering the success rate of using Section 8 tenant-based assistance, PHAs must consider recent success rates for units renting at or below the established payment standard. HUD may develop further non-regulatory guidance on the voluntary conversion process.

Comment: The impact analysis should include an analysis of the effect of conversion on schools and neighborhood businesses. One commenter made this suggestion.

HUD Response. This final rule requires that the conversion assessment "describe the likely impact of conversion of the public housing development on the neighborhood in which the public housing is located." Section 972.218(d) provides two examples of potential neighborhood impacts that should be included in the analysis: the impact on the availability of affordable housing in the neighborhood, and the impact on the concentration of poverty in the neighborhood. These examples are meant to illustrate the types of impacts on the neighborhood that must be analyzed by the PHA. The examples do not excuse a PHA from analyzing other likely impacts of the conversion, such as the impact on schools and neighborhood businesses. For purposes of clarity, HUD has revised the proposed rule to provide that the impact analysis must also include "any other substantial impacts on the neighborhood." This change clarifies that a PHA may analyze the types of impacts identified by the commenter, as well as any other impacts on the neighborhood that the PHA determines are appropriate for inclusion in the required analysis.

C. Comments Regarding the Necessary Conditions for HUD Approval of Conversion (§ 972.213 of the Proposed Rule; § 972.224 of This Final Rule)

The proposed rule at § 972.213 provided that a conversion assessment is required for any PHA that seeks approval to convert a property to tenant-

based assistance. The assessment must demonstrate that the conversion of the development will: (1) Not be more expensive than continuing to operate the development (or a portion of it) as public housing; (2) principally benefit the residents of the public housing development (or portion thereof) to be converted, the PHA, and the community; and (3) not adversely affect the availability of affordable housing in the community. (The corresponding provisions of this final rule are located at § 972.224.)

Comment: HUD should provide additional guidance on what it means to "principally benefit" residents of public housing, the PHA, and the community. Two commenters made this recommendation. One of the commenters wrote that, in determining whether conversion will principally benefit residents, HUD should consider such factors as the availability of participating Section 8 landlords, as well as access to schools, jobs, and transportation.

HUD Response. HUD agrees with the commenters and has revised the rule accordingly. Specifically, this final rule clarifies that in determining whether conversion will principally benefit public housing residents, the PHA, and the community, the PHA must consider the availability of landlords providing Section 8 tenant-based assistance and access to schools, jobs, and transportation. Further, the final rule provides that, in determining whether a conversion will principally benefit residents, the PHA, and the community, HUD will consider whether the conversion will conflict with any litigation settlement agreements, voluntary compliance agreements, or other remedial agreements signed by the PHA with HUD.

D. Comments Regarding the Public and Resident Consultation Process for Developing a Conversion Plan (§ 972.215 of the Proposed Rule; § 972.227 of This Final Rule)

The proposed rule at § 972.215 provided that a conversion plan must be developed in consultation with appropriate public officials and with significant participation by residents of the development. (The corresponding provisions of this final rule are located at § 972.227.)

Comment: Final rule should expand the resident and public participation process. Two commenters recommended the expansion of the public and resident participation standards. One of the commenters objected to the language of the proposed rule, which provided that a PHA could