

the tenants to the utility company. Also, the modernization cost for revitalization is \$60,000,000, or \$60,000 per occupied unit. This will provide standards for viability but not standards for new construction. The cost of demolition and relocation of the 1000 occupied units is \$5 million, or \$5000 per unit, based on recent experience.

B. Key Data, Area: The unit total development cost limit is \$70,000 for two-bedroom walkups and \$92,000 for three-bedroom walkups. The two-bedroom Fair Market Rent is \$600 and the three-bedroom Fair Market Rent is \$800. The applicable monthly administrative fee amount, in column B of the March 12, 1997 FEDERAL REGISTER Notice, at 62 FR 11526, is \$46.

C. Preliminary Computation of the Per-Unit Average Total Development Cost of the Development: This results from applying the location's unit total development cost by structure type and number of bedrooms to the occupied units of the development. In this example, five hundred units are valued at \$70,000 and five hundred units are valued at \$92,000 and the unit-weighted average is \$81,000.

D. Current Per Unit Monthly Occupied Costs of Public Housing:

1. Operating Cost—\$450 (total monthly costs divided by occupied units: in this example, the sum of \$300,000 and \$100,000 and \$50,000—divided by 1,000 units).

2. Amortized Modernization Cost—\$333 (\$60,000 per unit divided by 180 for standards less than those of new construction).

3. Estimated Accrual Cost—\$85 (the per-unit average total development cost minus half of the modernization cost per unit, times .02 divided by 12 months: in this example, \$51,000 times .02 and then divided by 12).

4. Total per unit public housing costs—\$868.

E. Current per unit monthly occupied costs of section 8:

1. Unit-weighted Fair Market Rents—\$700 (the unit-weighted average of the Fair Market Rents of occupied bedrooms: in this example, 500 times \$600 plus 500 times \$800, divided by 1000).

2. Administrative Fee—\$46.

3. Amortized Demolition and Relocation Cost—\$28 (\$5000 per unit divided by 180).

4. Total per unit section 8 costs—\$774.

F. Result: In this example, because revitalized public housing costs exceed current Section 8 costs, a conversion plan for the property would be required.

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

### Subpart A [Reserved]

### Subpart B—Voluntary Conversion of Public Housing Developments

Sec.

972.200 Required initial assessments.

AUTHORITY: 42 U.S.C. 1437t, 1437z-5, and 3535(d).

SOURCE: 66 FR 33618, June 22, 2001, unless otherwise noted.

### Subpart A [Reserved]

### Subpart B—Voluntary Conversion of Public Housing Developments

#### § 972.200 Required initial assessments.

(a) *General.* A PHA must conduct a required initial assessment, in accordance with this section, once for each of its developments, unless:

(1) The development is subject to required conversion under 24 CFR part 971;

(2) The development is the subject of an application for demolition or disposition that has not been disapproved by HUD;

(3) A HOPE VI revitalization grant has been awarded for the development; or

(4) The development is designated for occupancy by the elderly and/or persons with disabilities (i.e., is not a general occupancy development).

(b) *Certification procedure.* For each development, the PHA shall certify that it has:

(1) Reviewed the development's operation as public housing;

(2) Considered the implications of converting the public housing to tenant-based assistance; and

(3) Concluded that conversion of the development may be:

(i) Appropriate because removal of the development would meet the necessary conditions for voluntary conversion described in paragraph (c) of this section; or

(ii) Inappropriate because removal of the development would not meet the necessary conditions for voluntary conversion described in paragraph (c) of this section.

(c) *Necessary conditions for voluntary conversion.* Conversion of a public housing development may be appropriate if the PHA concludes that conversion will:

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(1) Not be more expensive than continuing to operate the development (or portion of it) as public housing;

(2) Principally benefit the residents of the public housing development to be converted and the community; and

(3) Not adversely affect the availability of affordable housing in the community.

(d) *Documentation.* A PHA must maintain documentation of the reasoning with respect to each required initial assessment.

(e) *Timing of submission.* Consistent with statutory submission requirements, the results of each required initial assessment (consisting of the certification described in paragraph (b) of this section) must be submitted to HUD as part of the next PHA Annual Plan after its completion.

**PART 982—SECTION 8 TENANT BASED ASSISTANCE: HOUSING CHOICE VOUCHER PROGRAM**

**Subpart A—General Information**

- Sec.
- 982.1 Programs: Purpose and structure.
- 982.2 Applicability.
- 982.3 HUD.
- 982.4 Definitions.
- 982.5 Notices required by this part.

**Subpart B—HUD Requirements and PHA Plan for Administration of Program**

- 982.51 PHA authority to administer program.
- 982.52 HUD requirements.
- 982.53 Equal opportunity requirements.
- 982.54 Administrative plan.

**Subpart C—Funding and PHA Application for Funding**

- 982.101 Allocation of funding.
- 982.102 Allocation of budget authority for renewal of expiring CACC funding increments.
- 982.103 PHA application for funding.
- 982.104 HUD review of application.

**Subpart D—Annual Contributions Contract and PHA Administration of Program**

- 982.151 Annual contributions contract.
- 982.152 Administrative fee.
- 982.153 PHA responsibilities.
- 982.154 ACC reserve account.
- 982.155 Administrative fee reserve.
- 982.156 Depository for program funds.
- 982.157 Budget and expenditure.

- 982.158 Program accounts and records.
- 982.159 Audit requirements.
- 982.160 HUD determination to administer a local program.
- 982.161 Conflict of interest.
- 982.162 Use of HUD-required contracts and other forms.
- 982.163 Fraud recoveries.

**Subpart E—Admission to Tenant-Based Program**

- 982.201 Eligibility and targeting.
- 982.202 How applicants are selected: General requirements.
- 982.203 Special admission (non-waiting list): Assistance targeted by HUD.
- 982.204 Waiting list: Administration of waiting list.
- 982.205 Waiting list: Different programs.
- 982.206 Waiting list: Opening and closing; public notice.
- 982.207 Waiting list: Local preferences in admission to program.

**Subpart F [Reserved]**

**Subpart G—Leasing a Unit**

- 982.301 Information when family is selected.
- 982.302 Issuance of certificate or voucher; Requesting PHA approval of assisted tenancy.
- 982.303 Term of voucher.
- 982.304 Illegal discrimination: PHA assistance to family.
- 982.305 PHA approval of assisted tenancy.
- 982.306 PHA disapproval of owner.
- 982.307 Tenant screening.
- 982.308 Lease and tenancy.
- 982.309 Term of assisted tenancy.
- 982.310 Owner termination of tenancy.
- 982.311 When assistance is paid.
- 982.312 Absence from unit.
- 982.313 Security deposit: Amounts owed by tenant.
- 982.314 Move with continued tenant-based assistance.
- 982.315 Family break-up.
- 982.316 Live-in aide.
- 982.317 Lease-purchase agreements.

**Subpart H—Where Family Can Live and Move**

- 982.351 Overview.
- 982.352 Eligible housing.
- 982.353 Where family can lease a unit with tenant-based assistance.
- 982.355 Portability: Administration by receiving PHA.

**Subpart I— Dwelling Unit: Housing Quality Standards, Subsidy Standards, Inspection and Maintenance**

- 982.401 Housing quality standards (HQS).