



U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Special Attention:
Secretary's Representatives; State and Area
Coordinators; Director, Section 8 Financial
Management Center; Directors, Offices of
Public Housing; Administrators, Offices of
Native American Programs; Section 8
Public Housing Agencies and Indian
Housing Authorities

Notice PIH 98-27 (HA)

Issued: April 24, 1998

Expires: September 30, 1998

Cross References: Replaces PIH Notice 97-11 and
PIH NOTICE 97-14

Subject: Procedures for Calculating Earned Administrative Fees
in the Section 8 Rental Certificate, Rental Voucher, and
Moderate Rehabilitation Programs

- PURPOSE AND BACKGROUND.** On January 27, 1998, the Department published the monthly per unit fee amounts for use in determining the ongoing administrative fee for housing agencies (HAs) administering the Section 8 rental certificate, rental voucher, and moderate rehabilitation programs (including the single room occupancy and shelter plus care components). This Notice provides guidance to public housing agencies and Indian housing authorities (HAs) for the calculation of the ongoing administrative fees for Federal Fiscal Year (FFY) 1998.
- CALCULATION OF ANNUAL ONGOING ADMINISTRATIVE FEES.** The monthly per unit administrative fees for FFY 1998 were published in the Federal Register on January 27, 1998. The fees are shown in three columns; A, B, and C. The amount in column A shall be applied to the first 7,200 unit months (600 units) leased for the rental certificate and rental voucher programs combined and 7,200 unit months (600 units) covered by housing assistance payment contracts in the moderate rehabilitation program, including the moderate rehabilitation single room occupancy program and the shelter plus care single room occupancy program, during FFY 1998 (October 1, 1997 through September 30, 1998). The amount in column B shall be applied to all remaining rental voucher or certificate program leased units and units under HAP in the moderate rehabilitation program. The amount in column C shall be applied to all units leased in HA owned projects.

An administrative fee is earned for every unit under lease on the first day of each month in the HA's fiscal year. The maximum number of unit months charged to column A for the combined certificate and voucher program, and, for the moderate rehabilitation program separately, in one year is 7,200.

The 7,200 unit month maximum must be prorated between the two FFYs. The proration will be based on the number of months in the HA's fiscal year before and after October 1, 1997. Following are the prorated maximum number of unit months which shall be charged against Column A, based on the applicable HA fiscal year end (FYE).

FYE December 31, 1997	1,800 unit months
FYE March 31, 1998	3,600 unit months
FYE June 30, 1998	5,400 unit months
FYE September 30, 1998	7,200 unit months

Administrative fee rates published in the Federal Register on March 3, 1997 (detailed in HUD Notice PIH 97-11) must be used for periods before October 1, 1997.

An Example: HA X, with a FYE December 31, 1997, has been funded for a total of 1,400 certificates by HUD. The HA had 1,330 units under lease (15,960 unit months for the entire FY, distributed evenly during each month of the FY). The ongoing administrative fee shall be calculated using the monthly per unit fee amount from the March 3, 1997, Federal Register for the period between January 1, 1997 through September 30, 1997, per Notice 97-11.

<u>Column A</u>	<u>Column B</u>
7,200 UMs	8,760 UMs
<u>x .75</u>	<u>x .75</u>
5,400 UMs	6,570 UMs
<u>x 52.19</u>	<u>x 48.71</u>
\$281,826	\$320,025

The total administrative fees earned for the first three quarters of the FY is \$601,851.

For the period from October 1, 1997, through December 31, 1997, the ongoing administrative fees for units under lease shall be calculated using the monthly per unit fee amount from the January 27, 1998, Federal Register and the procedures in this Notice.

<u>Column A</u>	<u>Column B</u>
7,200 UMs	8,760 UMs
<u>x .25</u>	<u>x .25</u>
1,800 UMs	2,190 UMs
<u>x 58.20</u>	<u>x 54.10</u>
\$104,760	\$118,479

The total administrative fee earned for the last quarter of the fiscal year is \$223,239 and the earned administrative fee for the entire fiscal year is \$825,090.

3. **REQUESTS FOR HIGHER ADMINISTRATIVE FEES.** Program participants should follow the guidelines and procedures in Notice PIH 96-57 for approving a HA's request for an increase in administrative fees. If the Field Office determines the HA is entitled to a higher administrative fee, the Field Office may approve a fee rate equal to 110% of Column A. Any recommendations for a fee higher than 110% of Column A must be submitted to Headquarters for approval.

Higher administrative fees must be paid from the annual budget authority. No amendment funding will be provided.

All other guidelines and procedures in Notice PIH 96-57 are reinstated by this Notice, until September 30, 1998. Field Offices must ensure that the higher fees are approved only for HAs that administer a **small program** or administer a program over a **large geographic area**. When the HA submits its year-end settlement statement after the close of the fiscal year for which the higher fee was approved, the Field Office must review the operating reserve balance to make certain that it does not exceed 20 percent of the current year projected administrative expenses.

4. **PORTABILITY.** When calculating the initial HA's fee, HUD reimburses the HA for the first 600 units using the monthly per unit fee amount from Column A. **The initial HA shall pay the receiving HA a portability administrative fee equal to the initial HA's Column B amount.**
5. **HA OWNED UNITS.** These units will earn the ongoing administrative fee shown in column C. This amount will be earned for each month a HA owned unit is under a HAP contract. All HA owned units must be charged to this column. HA owned units shall not be included in the 600 units charged to column A.
6. **ADMINISTRATIVE FEES FOR PRIOR YEARS.** HUD again will reimburse HAs for incorrectly calculated administrative fees for a closed fiscal year. In order for HUD to consider requests for reimbursement, documentation must be provided to support the request. Documentation must include an original HUD approved Form HUD-52681 for the year in question, which validates that the administrative fees were not calculated correctly. Lease-up schedules to support the administrative fee calculations must also be attached to the request.

HUD will collect excess administrative fees paid to HAs in previous years, when detected.

7. **MULTICOUNTY HAs.** HAs that administer the rental voucher and rental certificate programs over multiple FMR areas may use a weighted average of the monthly per unit fees for the purpose of estimating the administrative fees for budget and requisition submissions. However, the HA must report the actual fees earned for each FMR area when preparing the year-end settlement statement.

No. of months 4 units under HAP Contract	x <u>23</u>
Amount to be disallowed through date of Field Office letter to HA	<u>\$927.36</u>

Administrative Fee (PUM)	\$40.32
No. of additional months 4 units were under HAP contract from date of Field Office letter until HA certifications received by Field office (4 units x 4 months)	x <u>16</u>
Additional Administrative Fee Disallowed	<u>\$645.12</u>

Total Administrative Fee to be deducted from Form HUD-52681	<u>\$1,572.48</u>
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If the fee reduction calculated above would significantly jeopardize HA program operations, the Field Office may reduce the fee by a lesser amount.

Note: For the purpose of calculating the amount of fee to be disallowed, any partial month shall be considered as one (1) month.

11. **CONTACT.** If additional information or clarification is needed, please contact the Finance Division at (202) 708-2934.

/s/ Deborah Vincent

General Deputy Assistant Secretary
for Public and Indian Housing