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**SUPPLEMENTARY INFORMATION:**

**I. Introduction**

On October 21, 1998, President Clinton signed into law the Quality Housing and Work Responsibility Act of 1998 (Pub.L. 105-276, 112 Stat. 2461) (the "Public Housing Reform Act") as part of the fiscal year (FY) 1999 HUD appropriations act. The Public Housing Reform Act makes extensive amendments to the United States Housing Act of 1937 (the "1937 Act"), which generally governs HUD's public housing and tenant-based Section 8 housing assistance programs.

This notice announces what action HUD will take with respect to section 9(j)(4)(B) of the 1937 Act, established under section 519(a) of the Public Housing Reform Act, which states that:

Notwithstanding subparagraph (A), any funds appropriated to a public housing agency for fiscal year 1997 or prior fiscal year shall be fully obligated by the public housing agency not later than September 30, 1999.

There was no language in this paragraph that allowed HUD to grant exceptions to the provision. Based on the sanctions statement in a letter dated July 23, 1999 that provided notice to all PHAs affected by 9(j)(4)(B), after October 1, 1999, all PHAs with FY 1997 and prior unobligated public housing modernization funds will be subject to the following sanctions:

1. HUD will not release any FY 2000 funds for modernization activities to a PHA that has unobligated FY 1997 and prior FY modernization funds until all such unobligated funds are obligated by the PHA and HUD has reviewed and confirmed the obligation documents.

2. If these unobligated FY 1997 and prior FY funds are not fully obligated by March 30, 2000, an additional final sanction of the loss of all unobligated FY 1997 and prior FY public housing modernization funds, through notification of annual contributions contract (ACC) default and recapture of outstanding unobligated funds, shall be implemented.

PHAs are advised that they may use unobligated FY 1997 and prior FY public modernization funds for any eligible activity under section 9(d) of the 1937 Act, and are encouraged to do so to avoid the recapture of these funds.

This policy for dealing with section 9(j)(4)(B) provides PHAs a generous opportunity for compliance, given the strict language of the Congressional mandate. The Public Housing Reform Act, which enacted this provision, was

passed more than a year ago; more than nine months have passed since an initial communication on this subject in a February **Federal Register** Notice; and more than four months have passed since HUD's letter of July 23, 1999, explaining there will be sanctions if funding were not obligated by September 30, 1999, as required.

Dated: December 15, 1999.

**Harold Lucas,**

*Assistant Secretary for Public and Indian Housing.*

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**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**[Docket No. FR-4434-N-05]**

**Quality Housing and Work Responsibility Act of 1998; Status of Implementation; Guidance**

**AGENCY:** Office of the Assistant Secretary for Public and Indian Housing, HUD.

**ACTION:** Notice.

**SUMMARY:** On October 21, 1998, President Clinton signed into law the Quality Housing and Work Responsibility Act of 1998 (the "Public Housing Reform Act"). This statute embodies many of the reforms of the HUD 2020 Management Reform Plan that are directed at revitalizing and improving HUD's public housing and Section 8 assistance programs. This notice updates the public on HUD's overall implementation of the Public Housing Reform Act and identifies where existing implementation guidance may be found, with respect to the provisions regarding public housing and tenant-based assistance. This notice also provides further implementation guidance on those provisions of the Public Housing Reform Act that are effective on October 1, 1999 or on October 21, 1999.

**FOR FURTHER INFORMATION CONTACT:** For further information regarding public housing and the Section 8 certificate, voucher and moderate rehabilitation programs contact Stephen I. Holmquist, Office of Policy, Program and Legislative Initiatives, Office of Public and Indian Housing, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 4116, Washington, DC, 20410; telephone (202) 708-0713 (this is not a toll-free number).

Persons with hearing or speech impairments may access that number via TTY by calling the Federal

Information Relay Service at (800) 877-8339. Program specialists for more specific HUD program areas are listed on the HUD web page at <http://hudweb.hud.gov/offices.html>.

**SUPPLEMENTARY INFORMATION:**

**I. Introduction**

On October 21, 1998, President Clinton signed into law the Quality Housing and Work Responsibility Act of 1998 (Public Law 105-276, 112 Stat. 2461) (the "Public Housing Reform Act") as part of the fiscal year 1999 HUD appropriations act. The Public Housing Reform Act makes extensive amendments to the United States Housing Act of 1937 (the "1937 Act"), which generally governs HUD's public housing and tenant-based Section 8 housing assistance programs. Certain provisions of the Public Housing Reform Act became effective immediately on enactment (October 21, 1998). Most provisions, however, became effective on October 1, 1999, although some provisions become effective on October 21, 1999 (one year from enactment) or on other specified dates.

On February 18, 1999 (64 FR 8192), HUD published a Notice of Initial Guidance on the Public Housing Reform Act to advise the public of those provisions that were effective immediately and of action that may or should be taken at that point. The Notice also provided guidance on certain other provisions in the fiscal year 1999 HUD appropriations act that affect the public housing and Section 8 programs. Since publication of the February 18, 1999 notice, HUD has published numerous other notices and proposed, interim, and final rules to implement the Public Housing Reform Act.

This notice updates the public on HUD's overall implementation of the Public Housing Reform Act and identifies where existing implementation guidance may be found, with respect to the provisions regarding public housing and tenant-based assistance. The notice also provides further implementation guidance on those provisions of the Public Housing Reform Act that became effective on October 1, 1999, or on October 21, 1999.

Some of the Public Housing Reform Act provisions do not require HUD rulemaking, while others are the subject of rulemaking that is still in progress. For rulemaking that is still in progress, this notice provides guidance that Public Housing Agencies (PHAs) should follow until HUD completes rulemaking. Unless provided otherwise in this Notice published today, PHAs that follow HUD's guidance will not be

penalized for any changes made later in the rulemaking process. If changes are made later in the rulemaking process, HUD will provide adequate time for PHAs to adjust their policies accordingly.

## II. Summary of Rulemakings Undertaken Under the Public Housing Reform Act

In addition to the Notice of Initial Guidance, published on February 18, 1999, and an update to that Notice, published on April 30, 1999 (64 FR 23344), the following rulemaking has occurred under the Public Housing Reform Act. (The reference to public comments received on the rules refer to written comments received on the rules by the public comment deadline. The number of comments does not include the comments raised at the public forums held on the Public Housing Agency Plan rule and the Section 8 Certificate and Voucher Merger rule. Additionally, the number does not include late comments. Although comments were received late on several rules, HUD made every effort to look at all comments and consider all issues raised.)

### Final Rules

1. *Public Housing Agency Plans*. The final rule was published on October 21, 1999 (64 FR 56844). HUD received 52 public comments on the interim rule published on February 18, 1999 (64 FR 8170); in addition, public forums were held in Atlanta, GA, Omaha, NE, Syracuse, NY, and Washington, DC.

2. *Statutory Merger of the Section 8 Certificate and Voucher Programs (Housing Choice Voucher Program)*. The final rule was published on October 21, 1999 (64 FR 56894). An amendment to the final rule was published on November 3, 1999 (64 FR 59620). HUD received 93 public comments on the interim rule published on May 14, 1999 (64 FR 26632); in addition, public forums were held in Omaha, NE; Syracuse, NY; and Washington, DC.

3. *Renewals of Section 8 Tenant-Based Assistance Contracts*. The final rule for Renewals of Section 8 Tenant-Based Assistance Contracts, developed through negotiated rulemaking, was published on October 21, 1999 (64 FR 56882). (The preamble to the October 21, 1999 final rule includes a discussion of the negotiated rulemaking process, lists the committee members, and provides the twelve dates of the negotiated rulemaking committee meetings.) The notice for calendar year 1999 renewals was published on February 18, 1999 (64 FR 8188). This notice followed a direct notice issued by

HUD's Office of Public and Indian Housing on December 31, 1998, in accordance with the statute.

4. *Revised Restrictions on Assistance to Noncitizens*. The final rule was published on May 12, 1999 (64 FR 25726). HUD received 22 public comments on the interim rule published on November 29, 1996 (61 FR 60535).

5. *Comprehensive Improvement Assistance Program (CIAP)*. The final rule was published on June 23, 1999 (64 FR 33636). This allowed HUD to distribute the funds by formula in fiscal year 1999, one year before the statute required the distribution of funds by formula. HUD received 18 public comments on the proposed rule published on April 30, 1999 (64 FR 23484). The final rule covers funding distribution for fiscal year 1999.

6. *Public Housing Drug Elimination Program (PHDEP) Formula Allocation*. The final rule was published on September 14, 1999 (64 FR 49900). This allowed HUD to distribute the funds by formula in fiscal year 1999, one year before the statute required distribution of funds by formula. HUD received 26 public comments on the proposed rule published on May 12, 1999 (64 FR 25736). HUD received 60 public comments on the Advance Notice of Proposed Rulemaking published on February 18, 1999 (64 FR 8210).

7. *Required Resident on the PHA Board of Commissioners or Similar Governing Body*. The final rule was published on October 21, 1999 (64 FR 56870). HUD received 71 public comments on the proposed rule published on June 23, 1999 (64 FR 33644).

### Proposed Rules (Final Rule Not Yet Published)

1. *Changes to Admissions, Rents and Occupancy Requirements in the Public Housing and Section 8 Programs*. The proposed rule was published on April 30, 1999. HUD received 113 public comments on the proposed rule.

2. *Section 8 Homeownership Vouchers*. The proposed rule was published on April 30, 1999 (64 FR 23488). HUD received 93 public comments on this proposed rule.

3. *Amendments to the Public Housing Assessment System (PHAS)*. The proposed rule was published on June 22, 1999 (64 FR 33348). HUD received 29 public comments on the proposed rule. On October 21, 1999 (64 FR 56676), HUD published a notice advising that HUD would provide transition assistance to the PHAS for PHAs with fiscal years ending September 30, 1999, or December 31, 1999. For these PHAs, no PHAS score

would be issued for fiscal years ending September 30, 1999, and December 31, 1999. Instead these PHAs would receive an assessment solely on the basis of their management operations in accordance with subpart D of the PHAS regulation (24 CFR part 902). PHAs with fiscal years ending after December 31, 1999, would be issued PHAS scores.

4. *Pet Ownership in Public Housing*. The proposed rule was published on June 23, 1999 (64 FR 33640). HUD received 3,777 public comments on the proposed rule. In addition to comments received by the public comment deadline, HUD continued to receive public comments on this rule several weeks after the deadline. These post-deadline comments numbered approximately 3,000.

5. *One Strike Screening and Eviction for Drug Abuse and Other Criminal Activity*. The proposed rule was published on July 23, 1999 (64 FR 40262). HUD received 29 public comments on the proposed rule.

6. *Required Conversion of Developments from Public Housing Stock*. The proposed rule was published on July 23, 1999 (64 FR 40232). HUD received 5 public comments on the proposed rule.

7. *Voluntary Conversion of Developments from Public Housing Stock*. The proposed rule was published on July 23, 1999 (64 FR 40240). HUD received 6 public comments on the proposed rule.

8. *Allocation of Funds Under the Capital Fund*. The proposed rule was developed through negotiated rulemaking and published on September 14, 1999 (64 FR 49924). (The preamble to the September 14, 1999 proposed rule includes a discussion of the negotiated rulemaking process, lists the committee members, and provides the sixteen dates of the negotiated rulemaking committee meetings.) HUD received 10 public comments on the proposed rule.

9. *Consortia of Public Housing Agencies and Joint Ventures*. The proposed rule was published on September 14, 1999 (64 FR 49940). The public comment period for this rule closed on November 15, 1999. HUD received 6 public comments on the proposed rule.

10. *Public Housing Homeownership Program*. The proposed rule was published on September 14, 1999 (64 FR 49932). The public comment period for this rule closed on November 15, 1999. HUD received 12 public comments on the proposed rule.

11. *Direct Funding of Resident Management Corporations*. The proposed rule was published on October

21, 1999 (64 FR 56890). The proposed rule provides for a 60-day public comment period.

*Proposed Rules Under Development*

The following proposed rules are under development and have not yet been published:

1. *Public Housing Capital Fund*. This rule will establish regulatory provisions concerning the Public Housing Capital Fund other than the formula.

2. *Public Housing Mixed Finance*. This rule will implement section 539 of

the Public Housing Reform Act, as further discussed below.

3. *Public Housing Demolition/Disposition*. This rule will implement more fully section 531 of the Public Housing Reform Act, as further discussed below.

4. *Allocation of Funds Under the Public Housing Operating Fund*. This is a proposed rule to be developed using negotiated rulemaking procedures.

In addition to these proposed rules, HUD also expects to publish a proposed rule on tenant participation in public housing, which will amend the existing

tenant participation regulations in 24 CFR part 964, and may determine that other rulemakings related to the Public Housing Reform Act are desirable.

**III. Summary Chart of Status and Guidance**

The following chart summarizes the HUD guidance issued to date on each section of the Public Housing Reform Act covered by this Notice. The chart should be read in conjunction with the narrative which follows in the next section.

Statutory section	Implemented by February 18, 1999— Notice of Initial Guidance	Proposed rule	Interim rule	Final rule	Additional information
Sec. 503(c) Technical Recommendations.					Report containing proposals for technical and conforming legislative changes was submitted to the Congress on July 23, 1999.
Sec. 503(d) List of Obsolete Documents.					The required FEDERAL REGISTER notice was published on October 1, 1999 (64 FR 53400).
Sec. 505 Declaration of Policy and Public Housing Agency Organization.		June 23, 1999 (64 FR 33644).		October 21, 1999 (64 FR 56870).	Rulemaking implemented the statutory requirement that the governing board of each PHA, with certain exceptions, contain at least one member who is directly assisted by the PHA.
Sec. 506 Definitions					Statutory changes were incorporated in HUD rulemakings implementing the Public Housing Reform Act, as appropriate.
Sec. 507 Minimum Rent.	Yes .....	Part of Admissions and Occupancy proposed rule published on April 30, 1999 (64 FR 23459).		In development.	Section 507 was effective upon enactment.
Sec. 508 Determination of Adjusted Income and Median Income.		Part of Admissions and Occupancy rulemaking.		In development.	Partial implementation was required by August 6, 1999 Notice of Guidance on Public Housing Rent Policies (64 FR 42956).
Sec. 509 Family Self-Sufficiency Program.	Yes .....	Part of Admissions and Occupancy rulemaking.		In development.	
Sec. 510 Prohibition on Use of Funds.					Self-implementing; no rulemaking required.
Sec. 511 Public Housing Agency Plans.			February 18, 1999 (64 FR 8170).	October 21, 1999 (64 FR 56844).	Additional guidance provided in PIH Notices 99-33 and 99-51. HUD expects to provide further information and direction.
Sec. 512 Community Service and Family Self-Sufficiency Requirements.	Yes, as to changes to welfare-related programs requirements (see amended subsection 12(d) of the 1937 Act).	Part of Admissions and Occupancy rulemaking.		In development.	

Statutory section	Implemented by February 18, 1999— Notice of Initial Guidance	Proposed rule	Interim rule	Final rule	Additional information
Sec. 513 Income Targeting for Public Housing and Tenant-Based Section 8 Assistance.	Yes .....	Part of Admissions and Occupancy rulemaking.	Part of PHA Plan rulemaking, with regard to deconcentration (see section 511). Part of Section 8 Merger Interim rule with regard to Section 8 vouchers. The interim rule was published on May 14, 1999 (64 FR 26632) (see section 545).	Admissions and Occupancy final rule in development.  Part of PHA Plan rulemaking, with regard to deconcentration (see section 511).  Final Section 8 Merger rule published on October 21, 1999 (64 FR 56894) (see section 545).	
Sec. 514 Repeal of Federal preferences.	Yes .....	Part of Admissions and Occupancy rulemaking (for public housing and Section 8 project based assistance).	Part of Section 8 Merger rulemaking (for Section 8 tenant-based vouchers) (See section 545).	Admissions and Occupancy final rule in development.  Part of Section 8 Merger rulemaking (See section 545). In development.	See specific additional guidance below.
Sec. 515 Joint Ventures and Consortia of PHAs.		September 14, 1999 (64 FR 49940).			
Sec. 516 Public Housing Agency Mortgages and Security Interests.					Rulemaking in development. See specific additional guidance below.
Sec. 517 Mental Health Action Plan.					Development of action plan and compliance with other statutory requirements has begun.
Sec. 518(b) Local Notification.					No rulemaking necessary, but additional elaboration may be provided in Capital Fund program (non formula) rulemaking (see section 519).
Sec. 519:					
1. Capital Fund formula		September 14, 1999 (64 FR 49924).		In development.	See specific additional guidance below.
2. Capital Fund program (non-formula).		In development.			See specific additional guidance below.
Sec. 519 Operating Fund.	Yes (transition provisions).	Negotiated proposed rule in development.			See specific additional guidance below.
Sec. 519 Other Provisions.	Yes .....				See specific additional guidance below.
Sec. 520 Total Development Cost.		In development .....			Guidance also provided in PIH Notice 99-17.
Sec. 521 Sanctions for Improper Use of Amounts.					HUD will cross-reference this sanction authority in its program regulations, as appropriate.

Statutory section	Implemented by February 18, 1999— Notice of Initial Guidance	Proposed rule	Interim rule	Final rule	Additional information
Sec. 522 Repeal of Modernization Fund.					Guidance provided in the March 23, 1999 HUD-CPD memorandum on the "Impacts of the 1999 Appropriations Act on HOME and SHOP", and the March 25, 1999 clarifying memorandum on the same subject. See specific additional guidance below.
Sec. 523 Family Choice of Rental Payment.	Discussed but not implemented.	Part of Admissions and Occupancy rulemaking.		In development.	Implementation required by the August 6, 1999 Notice of Guidance on Public Housing Rent Policies.
Sec. 524 Occupancy by Police Officers and Over-Income Families.	Yes .....	Part of Admissions and Occupancy rulemaking.		In development.	
Sec. 525 Site-Based Waiting Lists.			Part of PHA Plan rulemaking (see section 511).	Part of PHA Plan rulemaking (see section 511).	
Sec. 526 Pet Ownership.		June 23, 1999 (64 FR 33640).		In development.	
Sec. 529 Contract Provisions.					No rulemaking required; to be implemented through amendments to Annual Contributions Contracts (ACCs).
Sec. 530 Housing Quality Requirements.	Yes .....				No rulemaking required; to be implemented through ACC amendments.
Sec. 531 Demolition and Disposition of Public Housing.	Yes .....	In development.	Part of PHA Plan rulemaking (see section 511).	Part of the PHA Plan rulemaking (see section 511).	Additional guidance provided in PIH Notice 99-19.
Sec. 532 Resident Councils and Resident Management Corporations.		October 21, 1999 (64 FR 56890) (provides for the direct funding of RMCs); more comprehensive proposed rule in development.		Final rule for October 21, 1999 proposed rule in development.	
Sec. 533 Voluntary Conversion of Public Housing to Vouchers.		July 23, 1999 (64 FR 40240).		In development.	See specific additional guidance below.
Sec. 534 Transfer of Management of Certain Housing.					No rulemaking necessary or anticipated. See specific additional guidance below.
Sec. 535 Demolition, Site Revitalization, Replacement Housing, and Tenant-Based Assistance Grants for Projects (HOPE VI).					Substantially implemented by the FY 1999 notice of Funding Availability (NOFA) for the HOPE VI program; published on February 26, 1999 (64 FR 9618). HUD may undertake rulemaking in FY 2000.
Sec. 536 Public Housing Homeownership.		September 14, 1999 (64 FR 49932).		In development.	
Sec. 537 Required Conversion of Public Housing to Vouchers.		July 23, 1999 (64 FR 40232).		In development.	

Statutory section	Implemented by February 18, 1999— Notice of Initial Guidance	Proposed rule	Interim rule	Final rule	Additional information
Sec. 538 Linking Services to Public Housing Residents.					Implemented through FY 1999 NOFA on the Resident Opportunities and Self-Sufficiency (ROSS) program; published on August 10, 1999 (64 FR 43530). HUD may undertake rulemaking in FY 2000.
Sec. 539 Mixed-Finance Public Housing.		In development.			
Sec. 545 Merger of Certificate and Voucher Programs.			May 14, 1999 (64 FR 26632).	October 21, 1999 (64 FR 56894). An amendment to the final rule was published on November 3, 1999 (64 FR 59620).	
Sec. 546 Public Housing Agencies.			Part of Section 8 merger rulemaking (see section 545).	Part of Section 8 merger rulemaking (see section 545).	
Sec. 547 Administrative Fees.	Yes .....				Initial guidance will be supplemented by annual notices.
Sec. 548 Law Enforcement and Security Personnel in Assisted Housing.	Yes .....	Part of Admissions and Occupancy rulemaking.		In development.	
Sec. 549 Advance Notice to Tenants of Expiration, Termination, or Owner Nonrenewal of Assistance Contracts.	Yes .....		Part of Section 8 merger rulemaking (see section 545)..	Part of Section 8 merger rulemaking (see section 545).	Additional guidance provided in PIH Notice 98-64.
Sec. 550 Technical and Conforming Amendments.					No rulemaking necessary or anticipated.
Sec. 551 Funding and Allocation.	Yes.				
Sec. 553 Portability			Part of Section 8 merger rulemaking (see section 545).	Part of Section 8 merger rulemaking (see section 545).	
Sec. 554 Leasing to Voucher Holders.	Yes .....		Part of Section 8 merger rulemaking (see section 545).	Part of Section 8 merger rulemaking (see section 545).	
Sec. 555 Home-ownership Option.		April 30, 1999 (64 FR 23488).		In development.	
Sec. 556 Renewals				Negotiated final rule published on October 21, 1999 (64 FR 56894).	Consistent with statutory requirement, the October 21, 1999 final rule was preceded by an implementing PIH Notice (98-65). For the convenience of the public, the PIH notice was also published in the FEDERAL REGISTER on February 18, 1999 (64 FR 8188).
Sec. 557 Manufactured Housing Demonstration Program.					Implemented by letter to the participating housing authorities.
Sec. 559 Rule-making and Implementation.			Part of Section 8 merger rulemaking (see section 545).	Part of Section 8 merger rulemaking (see section 545).	
Sec. 561 Home Rule Flexible Grant Demonstration.	Yes.				

Statutory section	Implemented by February 18, 1999— Notice of Initial Guidance	Proposed rule	Interim rule	Final rule	Additional information
Sec. 563 Performance Evaluation Study.					HUD has entered into the statutorily required contract, with the National Academy of Public Administration (NAPA), and the study is proceeding.
Sec. 564 Public Housing Management Assessment Program.		June 22, 1999 (64 FR 33348).		In development.	Partial implementation (regarding independent assessment of small troubled PHAs) provided in the April 30, 1999 Initial Implementation Guidance Update Notice (64 FR 23344). Further details were also provided in a FEDERAL REGISTER notice published on October 21, 1999 (64 FR 33348).
Sec. 565 Expansion of Powers for Dealing with Public Housing Agencies in Substantial Default.	Yes .....	Part of the PHAS rulemaking (see section 564).		In development.	
Sec. 566 Audits .....					To be implemented through ACC amendment.
Sec. 567 Advisory Council for Housing Authority of New Orleans.					No rulemaking is necessary or anticipated.
Sec. 568 Troubled PHAs and Consolidated Plans.					Effective on October 1, 1999. Will be implemented through rulemaking on Consolidated Plans.
Sec. 575 Provisions Applicable Only to Public Housing and Section 8 Assistance.	Yes (the provision regarding obtaining information from drug abuse treatment facilities).	The remaining provisions are part of the "One Strike" rulemaking (64 FR 40262, July 23, 1999).		In development.	
Sec. 576 Screening of Applicants for Federally Assisted Housing.		Part of the "One Strike" rulemaking.		In development.	
Sec. 577 Termination of Tenancy and Assistance.		Part of the "One Strike" rulemaking.		In development.	
Sec. 578 Ineligibility of Dangerous Sex Offenders for Public Housing.		Part of the "One Strike" rulemaking.		In development.	
Sec. 579 Definitions					These definitions are applicable to the requirements described in sections 575–578.
Sec. 581 Annual Report.					The first annual report was submitted to the Congress in accordance with the required schedule.
Sec. 582 Repeals ..					Effective on October 1, 1999. No rulemaking is necessary or anticipated.
Sec. 583 Consolidated Plans.					Effective October 1, 1999. Will be implemented through rulemaking on Consolidated Plans.
Sec. 584 Use of American Products.	Yes.				

Statutory section	Implemented by February 18, 1999— Notice of Initial Guidance	Proposed rule	Interim rule	Final rule	Additional information
Sec. 585 GAO Study on Housing Assistance Programs.					The study required by this section is under way.
Sec. 586 Drug Elimination Program.		May 12, 1999 (64 FR 25736).		September 14, 1999 (64 FR 49900).	Proposed rule was preceded by Advance Notice of Proposed Rulemaking published on February 18, 1999 (64 FR 8210). Report was submitted to Congress as required.
Sec. 587 Report on Drug Elimination Contracts.					Report was submitted to Congress as required.
Sec. 589 Notice on Treatment of Occupancy Standards.					Required FEDERAL REGISTER notice published on December 18, 1998 (63 FR 70256). No further regulation is necessary.
Sec. 592 Use of Assisted Housing by Aliens.				May 12, 1999 (64 FR 25726).	
Sec. 595 Native American Housing Assistance.					Implemented by notice. No rulemaking is necessary or anticipated.
Sec. 596 Community Development Block Grant Public Services Cap.					No rulemaking is necessary or anticipated.
Sec. 597 Moderate Rehabilitation Terms for Contract Renewals.	Yes .....				Additional guidance provided in PIH Notice 98-62. No rulemaking is necessary or anticipated.
Sec. 599 Tenant participation.		June 17, 1999 (64 FR 32782).		In development.	
Sec. 599H Miscellaneous.					No rulemaking is necessary or anticipated.

#### IV. Section-by-Section Narrative of Status of Public Housing Reform Act Implementation and Guidance

The following narrative clarifies and elaborates upon the information provided in the preceding chart, and is organized by section number from the Public Housing Reform Act. Several statutory sections of the Public Housing Reform Act were effective upon enactment. HUD's February 18, 1999 Notice of Initial Guidance provided notification of those sections of the Public Housing Reform Act that were immediately effective and HUD provided guidance concerning the action, if any, that was required to be taken. Therefore, reference in this narrative to a statutory section being "implemented by the February 18, 1999 Notice of Initial Guidance" is a reference to the notification and guidance provided in this February 18, 1999 notice. Also, dates on which rules were published, and which were listed in Section II of this notice, are not always restated below.

*Section 503(c)—Technical Recommendations.* Section 503(c) requires HUD to submit to the

Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives recommended technical and conforming legislative changes necessary to carry out the Public Housing Reform Act. HUD submitted its recommendations to the appropriate committees on July 23, 1999. One of the important recommended sections, regarding income eligibility adjustment, was enacted in the HUD/VA Independent Appropriations Act for Fiscal Year 2000 (Pub.L. 106-74, approved October 20, 1999).

*Section 503(d)—List of Obsolete Documents.* Section 503(d) requires HUD to publish in the **Federal Register**, by October 1, 1999, a list of all rules, regulations, and orders (including all handbooks, notices, and related requirements) pertaining to public housing or Section 8 tenant-based programs issued or promulgated under the 1937 Act before enactment of the Public Housing Reform Act that are or will be obsolete because of the enactment of the Public Housing Reform Act or are otherwise obsolete. The

required list was published in the **Federal Register** on October 1, 1999 (64 FR 53400).

*Section 505—Declaration of Policy and Public Housing Agency Organization.* Section 505 of the Public Housing Reform Act, which became effective October 1, 1999, amends section 2(b) of the 1937 Act to require that the membership of the board of directors or similar governing body of each PHA, with certain exceptions, contain not less than one member who is directly assisted by the PHA. The resident board member may, if provided in the PHA plan, be elected by the residents directly assisted by the PHA. The final rule implementing section 505 of the Public Housing Reform Act was published on October 21, 1999.

*Section 506—Definitions.* Section 506 of the Public Housing Reform Act became effective October 1, 1999, and amends section 3(b) of the 1937 Act to modify definitions relating to the terms "public housing," "single persons," and "person with disabilities" (the latter definition is also included in the "One Strike" proposed rule). This section also adds definitions of the terms "drug-

related criminal activity," "mixed-finance project," "public housing agency plan," "Capital Fund," and "Operating Fund." Conforming amendments have been and will be made to applicable HUD regulations to reflect the statutory revisions to these terms.

*Section 507—Minimum Rent.* Section 507 of the Public Housing Reform Act became effective October 21, 1998, and was implemented by the February 18, 1999 Notice of Initial Guidance, which provided guidance on how PHAs should comply until publication of the Admissions and Occupancy final rule. Publication of this rule is expected within the next several weeks.

*Section 508—Determination of Adjusted Income and Median Income.* Section 508 of the Public Housing Reform Act amends section 3(b)(5) of the 1937 Act to provide the manner in which adjusted income and median income will be determined, and provides certain mandatory exclusions. This section was effective beginning on October 1, 1999 (except that the provision relating to income limits in Rockland County, New York was effective October 21, 1998). In anticipation of the final rule on Admissions and Occupancy, HUD published a Notice of Guidance on Public Housing Rent Policies in the **Federal Register** on August 6, 1999 (64 FR 42956), which made clear that the choice of rent and mandatory disregard of increased earned income provisions were to be implemented by PHAs on October 1, 1999. As the August 6, 1999 notice stated, any PHAs which followed that guidance will not be penalized for any changes made by HUD at the final rule stage.

*Section 509—Family Self-Sufficiency Program.* Section 509 of the Public Housing Reform Act amends section 23 of the 1937 Act, regarding the Family Self-Sufficiency program, and was effective beginning on October 21, 1998. This section was implemented by the February 18, 1999 Notice of Initial Guidance and will be elaborated on in the Admissions and Occupancy final rule.

*Section 510—Prohibition on Use of Funds.* Section 510 of the Public Housing Reform Act is effective beginning on October 1, 1999. Section 510 amends section 5 of the 1937 Act by adding a new subsection (l) that provides as follows:

None of the funds made available to the Department of Housing and Urban Development to carry out [the Public Housing Reform Act], which are obligated to State or local governments, public housing agencies, housing finance agencies, or other

public or quasi-public housing agencies, shall be used to indemnify contractors or subcontractors of the government or agency against costs associated with judgments of infringement of intellectual property rights.

No rulemaking is necessary to implement this section.

*Section 511—Public Housing Agency Plan.* Section 511 of the Public Housing Reform Act adds a new section 5A to the 1937 Act that requires each PHA, beginning with Federal Fiscal Year 2000 funds, to submit a PHA Plan consisting of a 5-Year Plan and an Annual Plan. Section 511 was implemented by the interim rule published on February 18, 1999. On July 30, 1999, HUD issued Notice PIH 99-33, which provides the electronic template for PHA Plan submissions. HUD published the final rule on the PHA Plan on October 21, 1999. On November 24, 1999 (64 FR 66106), HUD published a **Federal Register** notice announcing optional extensions for first PHA Plan due dates for PHAs with fiscal years beginning on January 1, 2000 and April 1, 2000. On December 14, 1999, HUD issued PIH Notice 99-51, which supplements the initial electronic template. HUD expects to provide further information and direction.

*Section 512—Community Service and Family Self-Sufficiency Requirements.* The portion of section 512 which prevents reductions in assisted housing rents where a family has had its welfare benefits reduced for fraud or failure to comply with self-sufficiency requirements was implemented in the February 18, 1999 Notice of Initial Guidance and will be elaborated on in the Admissions and Occupancy final rule. Those documents also implemented the requirement that PHAs use best efforts to enter into cooperation agreements with local agencies, both to target services which will help housing assistance recipients become self-sufficient and to provide information needed to administer the new rent and community service provisions.

The remainder of section 512 became effective beginning on October 1, 1999. Section 512 amends section 12 of the 1937 Act by adding a new subsection (c) that imposes a requirement on adult public housing residents, with important exceptions, to participate for at least 8 hours per month in a community service or economic self-sufficiency program. In some cases, PHAs must not renew a resident's 12-month lease for failure to satisfy this requirement. Each PHA must include in its PHA Plan a detailed description of the manner in which the agency intends to implement and administer the community service requirement.

Although section 12(c) was effective beginning on October 1, 1999, PHAs must have sufficient time to develop community service programs and include detailed descriptions in their PHA Plan as the law requires. Accordingly, PHAs that are required to submit their PHA Plans for the fiscal years commencing January 1, 2000 or April 1, 2000 are not required to include community service programs in those Plans. HUD's final rule on Admissions and Occupancy will assist PHAs with their planning of the community service programs.

*Section 513—Income Targeting for Public Housing and Tenant-Based Section 8 Assistance.* Section 513 of the Public Housing Reform Act, which was effective beginning on October 21, 1998, amends section 16 of the 1937 Act to establish, among other things, public housing deconcentration and income mixing requirements and income targeting requirements for public housing and tenant-based Section 8 assistance, including annual requirements for admitting families with incomes below 30% of area median income. The deconcentration and income mixing requirements were initially implemented by the February 18, 1999 Notice of Initial Guidance and the PHA Plan interim rule, and are included in the PHA Plan final rule (for which further direction will be provided as indicated above).

The income targeting requirements were implemented by the February 18, 1999 Notice of Initial Guidance and are contained in the final rule on the statutory merger of the Section 8 certificate and voucher programs (for Section 8 tenant-based assistance), and will be contained in the Admissions and Occupancy final rule (for public housing as well as section 8 project-based assistance).

*Section 514—Repeal of Federal Preferences.* Section 514 of the Public Housing Reform Act was effective as of October 21, 1998, and was initially implemented by the February 18, 1999 Notice of Initial Guidance. Final guidance is now provided in the final rule implementing the statutory merger of the Section 8 Certificate and Voucher programs (for Section 8 tenant-based assistance) and will be provided in the Admissions and Occupancy final rule (for public housing as well as section 8 project-based assistance).

*Section 515—Joint Ventures and Consortia of PHAs.* Section 515 of the Public Housing Reform Act creates a new section 13 of the 1937 Act, and was effective beginning on October 1, 1999. New section 13(a) authorizes PHAs to administer any or all of their housing

programs through a consortium of PHAs. New section 13(b) authorizes PHAs to use subsidiaries, joint ventures, partnerships or other business arrangements to administer their housing programs or to provide supportive or social services. As noted earlier in this notice, a proposed rule implementing section 515 was published on September 14, 1999 (64 FR 49940).

In the September 14, 1999 proposed rule, HUD noted that before enactment of section 13, some PHAs had established cooperative arrangements for carrying out some of their responsibilities. A principal difference between such arrangements and consortia as authorized under new section 13, is that under section 13 funding may be directed to a representative of the consortium on behalf of several PHAs instead of being paid to the PHAs separately. Another major difference is that under a section 13 consortium, a joint PHA plan is submitted on behalf of participating PHAs. Enactment of section 13, however, does not restrict the ability of PHAs to continue to establish cooperative arrangements under which they receive funding separately and submit separate PHA plans.

HUD also noted that with respect to joint ventures, partnerships, affiliates, subsidiaries, and other business arrangements, the September 14, 1999 proposed rule only covered the public housing program. PHAs engaged in Section 8 program administration have been and continue to be free to engage in such arrangements without any new regulatory restrictions.

HUD's final rule implementing section 515 is under development. PHAs that wish to form consortia may indicate this in PHA Plans that are submitted prior to the effective date of the final rule. PHAs then, after the final rule is effective, may propose consortia through "significant amendments" to their PHA Plans.

**Section 516—Public Housing Agency Mortgages and Security Interests.** Section 516 of the Public Housing Reform Act, which was effective beginning on October 1, 1999, provides that HUD may, upon such terms and conditions as HUD may prescribe, authorize a PHA to mortgage or otherwise grant a security interest in any public housing project or other property of the PHA. In making any such authorization, HUD may consider the ability of the PHA to use the proceeds of the mortgage or security interest for low-income housing uses; the ability of the PHA to make payments on the mortgage or security interest; and

other criteria. Section 516 also provides that no action taken under this provision shall result in any liability to the Federal government.

Until rulemaking is done, PHAs wishing to use the authority of section 516 may submit requests to HUD headquarters, Office of Public Housing Investments, Room 4130. HUD will review such requests and provide approvals on a case-by-case basis if appropriate. However, HUD's review of such requests will take into account the fact that rulemaking is pending and that these regulatory requirements, once established, will guide implementation of section 516. To minimize the risk of loss of public housing property, HUD also will encourage full collateralization of any debt secured by such a mortgage, independent of and at risk before the public housing property. In addition, until rulemaking is completed, the regulations in 24 CFR part 941, subpart F (mixed finance development) continue to govern.

**Section 517—Mental Health Action Plan.** Section 517 of the Public Housing Reform Act was effective beginning on October 1, 1999. Section 517 provides that HUD, in consultation with the Department of Health and Human Services, the Department of Labor, and State and local officials, shall develop an action plan and a list of recommendations for improving severe mental illness treatment to families and individuals receiving housing assistance under the 1937 Act. Additionally, HUD is required to develop and disseminate a list of current practices that serve to benefit persons in need of mental health care. HUD has met with the other Federal agencies involved and has begun the process of developing the action plan and fulfilling other requirements.

**Section 518(b)—Local Notification.** Section 518(b) of the Public Housing Reform Act was effective beginning on October 1, 1999. Section 518(b) amends section 5(e)(2) of the 1937 Act to provide, generally, that HUD shall require each local cooperation agreement to provide that, notwithstanding any order, judgment, or decree of any court (including any settlement order), before making any amounts available for use for the development of any housing or other property not previously used as public housing, the PHA shall: (1) notify the appropriate local government official of such use, and (2) pursuant to the request of such local government, provide such information as may reasonably be requested by the local government regarding the public housing to be so assisted (except to the extent otherwise

prohibited by law). PHAs must comply with the requirements of section 518(b) beginning on October 1, 1999, and should endeavor to have cooperation agreements amended accordingly. HUD may provide further elaboration on this provision in the forthcoming rulemaking on the Capital Fund program (the non-formula rulemaking) and eventually may make it an amendment to the Annual Contributions Contract (ACC).

**Section 519—Public Housing Capital and Operating Funds.** Section 519 of the Public Housing Reform Act amends section 9 of the 1937 Act to establish a Capital Fund and an Operating Fund for public housing. Section 519 also provides that HUD shall develop the formulas for allocating such funds through negotiated rulemaking procedures.

1. **Capital Fund.** As noted earlier in this notice, a final rule has been published allowing fiscal 1999 Comprehensive Improvement Assistance Program (CIAP) funds to be distributed by formula. In addition, negotiated rulemaking on the Capital Fund formula has been completed and the proposed rule, as also noted earlier in this notice, was published on September 14, 1999. Federal Fiscal Year 2000 Capital Funds will be distributed pursuant to the final rule on the Capital Fund formula. Upon the effective date of the final rule implementing the Capital Fund formula, PHAs may begin to undertake the eligible activities listed in section 9(d)(1) of the 1937 Act.

HUD intends soon to publish a proposed rule on all aspects of the Capital Fund program (other than the formula), with a final rule to follow in the first half of calendar year 2000. Until completion of that rulemaking, the regulations at 24 CFR part 968 continue to apply to assistance made available to PHAs through the Comprehensive Grant Program (CGP) or CIAP under section 14 of the 1937 Act for Federal fiscal year 1999 and prior years unless this Notice provides otherwise. In addition, the regulations at 24 CFR part 941 continue to apply to assistance made available under those provisions.

Effective October 21, 1998, new section 9(g)(2) of the 1937 Act allows PHAs with less than 250 dwelling units (small PHAs), to use capital or operating funds for any eligible capital or operating expense subject to certain conditions. This provision was implemented in the February 18, 1999 Notice of Initial Guidance. PHAs should follow that guidance until completion of rulemaking on the Capital Fund program.

Section 9(g)(3)(A) states that, with certain exceptions, a PHA may not use any of the amounts allocated for the PHA from the Capital Fund or Operating Fund for the purpose of constructing any public housing unit, if such construction would result in a net increase from the number of public housing units owned, assisted, or operated by the PHA on October 1, 1999, including any public housing units demolished as part of any revitalization effort. HUD's current regulations at 24 CFR part 941 require HUD authorization for such PHA activity. Until rulemaking on the new law is completed, HUD will provide the necessary authorization where consistent with the standards of the new law.

Section 9(m) allows the commitment of capital assistance only (as well as operating assistance only, as discussed later in this notice) to public housing units in appropriate circumstances. This will be the subject of rulemaking in the near future. Until that time, PHAs wishing to use this provision for the development of public housing must request HUD approval. Until rulemaking is completed, public housing units developed and operated using capital assistance only shall be subject to all public housing laws and regulations.

2. *Operating Fund.* Negotiated rulemaking on the Operating Fund formula is still underway, and the current operating formula may continue as section 519 permits. Upon the effective date of the final rule implementing the Operating Fund formula, PHAs may begin to undertake the eligible activities listed in section 9(e)(1) of the 1937 Act (except use of the Operating Fund for repayment of debt service incurred to finance rehabilitation or development of public housing, which the statute makes subject to reasonable requirements set by HUD; such requirements will be the subject of rulemaking).

Except as otherwise provided in this Notice, the Performance Funding System and current program rules at 24 CFR part 990 will continue to apply to operating subsidy provided to PHAs under section 9 of the 1937 Act, as in effect prior to October 21, 1998. Section 9(l), however, provides that income from nonrental sources (as determined by the Secretary) is to be retained by PHAs and used only for low-income housing or to benefit assisted residents. This subsection therefore will be put in effect for Federal Fiscal Year 2000, by the funding notice regarding fiscal year 2000 operating subsidy.

Sections 519(d) and (e) of the Public Housing Reform Act include provisions

relating to ceiling rents, transitional funding before implementation of the new Operating Fund formula, and the adoption of rental amounts other than ceiling rents or optional earned income disregards. These provisions were discussed in the February 18, 1999 Notice of Initial Guidance. PHAs should continue to follow that guidance until rulemaking on the Operating Fund or Admissions and Occupancy, as applicable, is completed.

Commencing October 1, 1999, PHAs are required to give residents a choice on an income-based rent or a flat rent. Until the new Operating Fund formula is implemented, flat rents set comparable to market (as provided by the August 6, 1999 **Federal Register** Notice of Guidance on Public Housing Rent Policies and as will be provided by the Admissions and Occupancy final rule) shall be treated in the same manner as ceiling rents were treated in the past. This will be elaborated on in the Federal Fiscal Year 2000 funding notice referenced above.

Section 9(m) allows for public housing assistance using operating assistance only. This will be the subject of rulemaking. Until rulemaking is completed, PHAs wishing to use this provision must request HUD approval and the housing assisted in this manner will be subject to all public housing laws and regulations.

3. *Other Provisions.* Section 9(h) of the 1937 Act, regarding technical assistance and related activities, is effective immediately and needs no regulations. Section 9(n)(2) and 9(n)(3), regarding New York City Housing Authority programs, were implemented by the Notice of Initial Guidance.

*Section 520—Total Development Costs.* Section 520 of the Public Housing Reform Act, effective October 1, 1999, amends sections 3(c)(1) and 6(b) of the 1937 Act, which govern Total Development Costs for the development of public housing. HUD expects to conduct rulemaking on section 520. Until rulemaking is completed, PHAs should follow PIH Notice 99-17, issued March 15, 1999, which is consistent with section 520.

*Section 521—Sanctions for Improper Use of Amounts.* Section 521 of the Public Housing Reform Act was effective beginning on October 1, 1999. Section 521 amends section 6(j) of the 1937 Act to provide for sanctions which HUD may impose on a PHA receiving amounts from the Capital Fund or Operating Fund for public housing if the PHA has failed to comply substantially with any provision of the 1937 Act relating to the public housing program. Section 521 also contains provisions

regarding the termination of such sanctions. Rulemaking is not necessary to implement this section. However, HUD will reference this sanction authority in appropriate program regulations.

*Section 522—Repeal of Modernization Fund.* Section 522(a) of the Public Housing Reform Act, which repeals section 14 of the 1937 Act, was effective beginning on October 1, 1999 (for guidance see the discussion of section 519 of the Public Housing Reform Act, above). Sections 522(b)(1) through 522(b)(4) of the Public Housing Reform Act contain conforming amendments which were effective October 1, 1999. Section 522(b)(5) contains a conforming amendment regarding the use of HOME program funds for public housing (see the HUD Office of Community Planning and Development memorandum on the "Impacts of the 1999 Appropriations Act on HOME and SHOP" dated November 23, 1998, and the clarifying memorandum on the same subject dated March 25, 1999). Section 522(c) was effective on October 21, 1998 and provides that, before implementation of the Capital Fund and Operating Fund formulas, PHAs may continue to use the authority in section 14(q) of the 1937 Act, as amended (including the amendment made by section 208 of the fiscal year 1999 HUD appropriations act), notwithstanding the repeal of the modernization fund by section 522(a).

*Section 523—Family Choice of Rental Payment.* Section 523 of the Public Housing Reform Act is effective October 1, 1999. Section 523 amends section 3(a) of the 1937 Act to provide that each family can elect annually whether the rent payment is a flat rate or income based. Guidance on how to implement this provision was discussed in the February 18, 1999 Notice of Initial Guidance and in the August 6, 1999 **Federal Register** Notice of Guidance on Public Housing Rent Policies.

Final guidance on section 523 will be contained in the Admissions and Occupancy final rule. The final guidance on flat rents may result in somewhat different flat rents from those PHAs have implemented if they followed the August 6, 1999 **Federal Register** guidance. If so, PHAs must change their flat rents accordingly, in time to include such flat rents in PHA Plans for fiscal years commencing on and after July 1, 2000.

*Section 524—Occupancy by Police Officers and Over-Income Families.* Section 524 of the Public Housing Reform Act became effective on October 21, 1998 and was originally implemented in the February 18, 1999

Notice of Initial Guidance. Section 524 allows PHAs, under certain conditions, to allow police officers who are not otherwise eligible for public housing, and over-income families, to occupy a public housing unit. Section 524 is being implemented by the final rule on Admissions and Occupancy.

**Section 525—Site-Based Waiting Lists.** Section 525 of the Public Housing Reform Act, effective October 1, 1999, amends section 6 of the 1937 Act to allow PHAs to establish a system of site-based waiting lists, subject to applicable civil rights laws. Section 525 was initially implemented in the PHA Plan interim rule published on February 18, 1999. Implementation of this provision is made final by the PHA Plan final rule published on October 21, 1999.

**Section 526—Pet Ownership.** Section 526 of the Public Housing Reform Act provides that public housing residents may have pets, subject to the reasonable requirements of PHAs and other conditions. This section will be effective on completion of the rulemaking that is now in progress.

**Section 529—Contract Provisions.** Section 529 of the Public housing Reform Act, effective October 1, 1999, amends section 6 of the 1937 Act to make technical and conforming changes to the contents of ACC for the public housing program. No rulemaking is necessary or anticipated.

**Section 530—Housing Quality Requirements.** Effective October 1, 1999, Section 530 amends section 6 of the 1937 Act to add a new subsection (f), which requires ACCs to include a requirement that a PHA maintain its public housing units in compliance with safety and habitability standards specified by HUD. For implementation guidance, PHAs should refer to the discussion of section 530 in the February 18, 1999 Notice of Initial Guidance. No rulemaking is necessary or anticipated. However, HUD will issue an amendment to the ACC to reflect this provision.

**Section 531—Demolition and Disposition of Public Housing.** Section 531 of the Public Housing Reform Act amends section 18 of the 1937 Act. Section 531 became effective on October 21, 1998 and was implemented by the February 18, 1999 Notice of Initial Guidance, the PHA Plan interim rule, and PIH Notice 99-19 issued on April 20, 1999. PHAs should rely on that guidance and on the PHA Plan final rule until HUD completes its rulemaking revising 24 CFR part 970. Until HUD completes rulemaking on section 531, PHAs also must comply with the regulations in 24 CFR part 970 except to the extent that these regulations have

been revised by section 531 and the revisions were implemented by the February 18, 1999 Notice of Initial Guidance and PIH Notice 99-19.

**Section 532—Resident Councils and Resident Management Corporations.** Section 532 of the Public Housing Reform Act revises section 20 of the 1937 Act and was effective October 1, 1999. HUD issued a proposed rule implementing section 532, published on October 21, 1999, which provides for the direct payment of operating and capital funds from HUD to Resident management Corporations (RMCs). HUD expects to conduct comprehensive rulemaking on resident participation during Federal Fiscal Year 2000.

**Section 533—Voluntary Conversion of Public Housing to Vouchers.** Section 533 of the Public Housing Reform Act became effective October 1, 1999. Section 533 amends section 22 of the 1937 Act to allow PHAs to convert public housing to tenant-based assistance under certain conditions. As noted earlier in this notice, HUD published a proposed rule to implement this section on July 23, 1999. The public comment period on this rule closed September 21, 1999. PHAs that wish to commence the conversion assessment of all their properties required by section 22(b) (2) and (3), may begin that assessment by following the process for certifications under § 972.207(b)(1) of the proposed rule. Because the "cost test" may change at the final rule stage, PHAs should not begin to apply that test with respect to assessments or possible voluntary conversions.

**Section 534—Transfer of Management of Certain Housing.** Section 534 which became effective October 1, 1999 amends section 25 of the 1937 Act to provide that HUD may transfer the management of public housing from a PHA to another management entity in accordance with certain requirements. Residents may use this authority by making a request to the HUD field office. No rulemaking is necessary or anticipated.

**Section 535—Demolition, Site Revitalization, Replacement Housing, and Tenant-Based Assistance Grants for Projects (HOPE VI).** Section 535 of the Public Housing Reform Act amends section 24 of the 1937 Act to provide continued authority for the HOPE VI program, and establishes application selection and grant requirements. This provision was effective beginning on October 21, 1998 and was substantially implemented by HUD's Fiscal Year 1999 Notice of Funding Availability (NOFA) for the HOPE VI program (which was part of HUD's Fiscal Year 1999 SuperNOFA, published in the **Federal**

**Register** on February 26, 1999 (64 FR 9618)). HUD may undertake rulemaking on section 535 in Federal Fiscal Year 2000.

**Section 536—Public Housing Homeownership.** Section 536 of the Public Housing Reform Act, which became effective October 1, 1999, adds section 32 to the 1937 Act, which authorizes a new public housing homeownership program that replaces, but is substantially based on, the former "Section 5(h) program." As noted earlier in this notice, HUD published a proposed rule to implement section 536 on September 14, 1999. The public comment period for this rule closed November 15, 1999.

Until the final rule is published, HUD will process public housing homeownership proposals under its Section 5(h) program regulations at 24 CFR part 906. As noted, the Congress modeled section 32 on the Section 5(h) program, and there are many similarities between section 32 and the part 906 regulations. Accordingly, the use of 24 CFR part 906 until rulemaking on section 32 is completed is consistent with Congressional intent. Further, the use of the part 906 regulations will permit HUD to process homeownership proposals using well established regulatory requirements.

**Section 537—Required Conversion of Public Housing to Vouchers.** Section 537 of the Public Housing Reform Act, effective October 1, 1999, adds a new section 33 to the 1937 Act concerning the removal of public housing units identified as distressed from the public housing inventory and the ACC. As noted earlier in this notice, HUD published a proposed rule on section 537 on July 23, 1999. The public comment period on this rule closed on September 21, 1999. While the final rule is being completed, PHAs should prepare for required conversion by determining if the PHA has developments that would fail the vacancy rate test included in part 972.104(b) of the proposed rule and, if so, devoting appropriate attention to the situation of any such development.

Although section 202 of the fiscal year 1996 HUD Appropriations Act (the forerunner to section 537) is repealed, it continues to apply to public housing identified by HUD or a PHA prior to October 21, 1998 for conversion or for assessment of whether conversion is required under section 202.

**Section 538—Linking Services to Public Housing Residents.** Section 538 of the Public Housing Reform Act became effective October 21, 1998. Section 538 adds a new section 34 to the 1937 Act, which authorizes a program of

supportive services and resident empowerment activities to assist public housing residents in becoming self-sufficient. Section 34 was implemented through a Fiscal Year 1999 NOFA (Resident Opportunities and Self-Sufficiency (ROSS) Program) published on August 10, 1998 (64 FR 43530). HUD may undertake a rulemaking to codify its implementation of section 534 in Federal Fiscal Year 2000.

**Section 539—Mixed-Finance Public Housing.** Section 539 of the Public Housing Reform Act, effective October 1, 1999, authorizes PHAs to own, operate, assist or otherwise participate in one or more mixed-finance projects, in accordance with certain requirements. HUD will undertake a rulemaking to implement section 539 in Federal Fiscal Year 2000. Until this future rulemaking is completed, parties proposing to use these provisions must notify HUD. The existing regulations at 24 CFR part 941, subpart F will continue to apply to mixed-finance transactions to the extent they are consistent with section 539.

**Section 545—Merger of Certificate and Voucher Programs.** Section 545 of the Public Housing Reform Act amends section 8(o) of the 1937 Act to merge the Section 8 tenant-based Certificate and Voucher programs into a new Housing Choice Voucher Program. As noted earlier in this notice, HUD published an interim rule implementing section 545 on May 14, 1999. The May 14, 1998 interim rule provided for an effective date of August 14, 1999. By **Federal Register** notice published on August 11, 1999 (64 FR 43613), HUD extended the effective date to October 1, 1999. On September 14, 1999 (64 FR 49656), HUD published a technical correction to the May 14, 1999 interim rule. The final rule was published on October 21, 1999. Additionally, on November 3, 1999 (64 FR 59620), HUD published an amendment to the final rule concerning initial rent burden of certain voucher holders.

**Section 546—Public Housing Agencies.** Section 546 of the Public Housing Reform Act amends the definition of the term “public housing agency” and is implemented by the Housing Choice Voucher Program final rule.

**Section 547—Administrative Fees.** Section 547 of the Public Housing Reform Act amends section 8(q) of the 1937 Act relating to Section 8 administrative fees, and is effective for fiscal year 1999 and subsequent fiscal years. Section 547 was implemented by the February 18, 1999 Notice of Initial Guidance and will be supplemented by annual notices. As discussed in the

Notice of Initial Guidance, PHAs may propose fee adjustments where they incur additional expenses to serve persons with disabilities more fully.

**Section 548—Law Enforcement and Security Personnel in Assisted Housing.** Section 548 of the 1998, which became effective October 1, 1999, provides, that for purposes of increasing security, Section 8 project-based assistance may be provided to police officers and other security personnel who are not otherwise eligible for assistance. This section is addressed in HUD’s proposed rule on Admissions and Occupancy.

**Section 549—Advance Notice to Tenants of Expiration, Termination, or Owner Nonrenewal of Assistance Contract.** Section 549 of the Public Housing Reform Act was effective as of October 21, 1998. This provision was implemented for the Section 8 tenant-based assistance program by the February 18, 1999 Notice of Initial Guidance and by PIH Notice 98–64, and is elaborated on in the Housing Choice Voucher Program interim and final rules.

**Section 550—Technical and Conforming Amendments.** Section 550 of the Public Housing Reform Act, which became effective beginning on October 1, 1999, contains various technical and conforming amendments relating to the statutory merger of the tenant-based Section 8 certificate and voucher programs. No rulemaking is necessary or anticipated.

**Section 551—Funding and Allocation.** Section 551 of the Public Housing Reform Act was implemented and made effective by the February 18, 1999 Notice of Initial Guidance, to which PHAs should refer for guidance. In general, section 551 provides that local government comments with respect to affected PHA applications for Section 8 and public housing funds are no longer required.

**Section 553—Portability.** Section 553 of the Public Housing Reform Act amends section 8(r) of the 1937 Act with respect to the portability of tenant-based Section 8 assistance. Section 553 is made effective by the Housing Choice Voucher Program interim and final rules.

**Section 554—Leasing to Voucher Holders.** Section 554 permanently repeals the so-called “take one, take all” provision in the Section 8 tenant-based assistance program as of October 21, 1998. Section 554 is also discussed in the February 18, 1999 Notice of Initial Guidance and in the Housing Choice Voucher Program interim and final rules.

**Section 555—Homeownership Option.** Section 555 of the Public Housing

Reform Act amends section 8(y) of the 1937 Act, effective October 21, 1998, to authorize a PHA to provide tenant-based Section 8 assistance for an eligible family that purchases a dwelling unit that will be occupied by the family. As noted earlier in this notice, HUD published a proposed rule to implement section 555 on April 30, 1999, and expects to issue a final rule within the next several months. HUD has demonstration authority under section 555 and has approved several demonstrations which are consistent with the proposed rule.

**Section 556—Renewals.** Section 556 of the Public Housing Reform Act amends the 1937 Act by adding subsection 8(dd), which directs HUD to establish an allocation baseline amount of assistance to cover the renewal of expiring tenant-based Section 8 ACCs, and to apply an inflation factor (based on local or regional factors) to the baseline. Section 556 also required HUD to implement this provision through notice not later than December 31, 1998, and to issue final regulations on the allocation of tenant-based Section 8 ACC renewal funding that are developed through negotiated rulemaking no later than October 21, 1999. Consistent with the statutory requirement, HUD issued PIH Notice 98–65 on December 30, 1999. This notice was published for the convenience of the public on February 18, 1999 (64 FR 8188). The required final rule was published on October 21, 1999.

**Section 557—Manufactured Housing Demonstration Program.** Section 557 of the Public Housing Reform Act became effective October 21, 1998 and requires HUD to carry out a program during Federal Fiscal Years 1999, 2000, and 2001 to demonstrate the effectiveness of providing tenant-based Section 8 assistance directly to eligible families that own manufactured homes and rent real property on which their homes are located. This demonstration program was implemented by letter to the participating housing authorities.

**Section 559—Rulemaking and Implementation.** Section 559 of the Public Housing Reform Act, effective October 21, 1998, requires HUD to issue any interim regulations necessary for the merger of tenant-based Section 8 certificate and voucher assistance. Section 559 also requires HUD to issue final regulations not later than one year after enactment of the Public Housing Reform Act. As discussed previously in this notice, HUD issued its interim rule on the Housing Choice Voucher Program on May 14, 1999. The final rule was published on October 21, 1999.

*Section 561—Home Rule Flexible Grant Demonstration.* Section 561 adds a demonstration program in which eligible jurisdictions, typically units of general local government, could receive public housing and tenant-based assistance for up to five years to meet specified performance goals. The demonstration became effective on October 21, 1998, and was implemented in the February 18, 1999 Notice of Initial Guidance.

As the February 18, 1999 Notice of Initial Guidance stated, any eligible jurisdiction wishing to participate in the demonstration may follow the statute's requirements and submit an application to HUD. HUD will not approve such an application, however, unless the application presents a compelling case that the eligible jurisdiction's participation and proposal would achieve the goals of the statute (which include the underlying program management and performance goals of the public housing and tenant-based assistance programs) in a superior manner to continuation of program management with the affected PHA.

*Section 563—Performance Evaluation Study.* Section 563 of the Public Housing Reform Act, effective October 21, 1998, directs HUD to provide for a study to be conducted to determine the effectiveness of various alternative methods of evaluating the performance of PHAs and other providers of federally assisted housing. Section 563 also requires HUD to request that the National Academy of Public Administration (NAPA) enter into a contract to conduct the study. HUD has entered into such a contract with NAPA and the study is proceeding.

*Section 564—Public Housing Management Assessment Program.* Section 564 of the Public Housing Reform Act, effective October 1, 1999, amends section 6(j) of the 1937 Act to modify and add to the indicators HUD uses to evaluate PHA management performance. These provisions are addressed in the June 22, 1999 PHAS proposed rule, and will be included in the final rule. Notification that the provisions amending requirements for independent assessment of newly troubled PHAs were in effect was provided by the Initial Guidance Update Notice, published on April 30, 1999 (64 FR 23344). As noted earlier in Section II of this Notice, further details regarding the phase-in of the Public Housing Assessment System (PHAS) were published in a **Federal Register** notice on October 21, 1999.

*Section 565—Expansion of Powers for Dealing with Public Housing Agencies in Substantial Default.* Effective October

21, 1998, section 565 of the Public Housing Reform Act provides for an expansion of various powers to be exercised by HUD or receivers and requires HUD to petition for court-ordered receivership (or to implement an administrative receivership, in the case of PHAs with fewer than 1,250 public housing units), with respect to certain troubled PHAs where the PHA remains troubled longer than the specified time period. This provision was implemented in the February 18, 1999 Notice of Initial Guidance, was elaborated on in the June 22, 1999 PHAS proposed rule, and will be part of the PHAS final rule.

*Section 566—Audits.* Section 566 of the Public Housing Reform Act, which became effective October 1, 1999, adds section 5(h) to the 1937 Act to require each ACC to provide that HUD, the HUD Inspector General, and the Comptroller of the United States shall have access to PHA records, and that HUD may withhold assistance from PHAs to pay for audit costs in some circumstances. HUD will begin a process of amending such contracts accordingly.

*Section 567—Advisory Council for Housing Authority of New Orleans.* Section 567 of the Public Housing Reform Act requires appointment of such an Advisory Council. No regulation is necessary to implement this section.

*Section 568—Troubled PHAs and Consolidated Plans.* Section 568 of the Public Housing Reform Act requires local jurisdictions with troubled PHAs to describe in their Consolidated Plans the manner in which they will assist the PHA in improving its operations to remove the troubled designation. Section 568 became effective October 1, 1999, and will be addressed in rulemaking on Consolidated Plans.

*Section 575—Provisions Applicable Only to Public Housing and Section 8 Assistance.* Section 575 of the Public Housing Reform Act contains provisions regarding public housing grievance procedures, termination of tenancy in public housing, availability of criminal records in connection with project-based assisted housing and obtaining information from drug abuse treatment facilities. These provisions generally became effective October 1, 1999. The provision concerning obtaining information from drug abuse treatment facilities, however, was implemented in the February 18, 1999 Notice of Initial Guidance. The remaining provisions are found in HUD's July 23, 1999 "One Strike" proposed rule. The public comment period on this proposed rule closed September 21, 1999.

*Section 576—Screening of Applicants for Federally Assisted Housing.* Section 576 of the Public Housing Reform Act, effective October 1, 1999, is covered by HUD's July 23, 1999 "One Strike" proposed rule.

*Section 577—Termination of Tenancy and Assistance.* Section 577 of the Public Housing Reform Act, which became effective October 1, 1999, is covered by the "One Strike" proposed rule.

*Section 578—Ineligibility of Dangerous Sex Offenders for Public Housing.* Section 578 of the Public Housing Reform Act, which became effective October 1, 1999, is covered by HUD's July 23, 1999 "One Strike" proposed rule.

*Section 579—Definitions.* The definitions in Section 579 of the Public Housing Reform Act are applicable to the requirements described in section 575–578.

*Section 581—Annual Report.* Section 581 of the Public Housing Reform Act requires an annual report on the impact of the Public Housing Reform Act on the demographics of assistance recipients and the economic viability of PHAs, as well as the employment status and earned income of public housing residents. The first such annual report was submitted to the Congress in accordance with the required schedule.

*Section 582—Repeals.* No regulation is necessary to effectuate these repeals, which became effective October 1, 1999.

*Section 583—Consolidated Plans.* Section 583 of the Public Housing Reform Act, which became effective October 1, 1999, requires Consolidated Plans to describe the manner in which the plans will help address the needs of the jurisdiction's public housing. This section will be implemented through rulemaking on Consolidated Plans.

*Section 584—Use of American Products.* Section 584 of the Public Housing Reform Act was implemented in the February 18, 1999 Notice of Initial Guidance. No further regulation is necessary.

*Section 585—GAO Study on Housing Assistance Programs.* The study required by this section is under way.

*Section 586—Drug Elimination Program.* These amendments were implemented by the Public Housing Drug Elimination Program (PHDEP) final rule, published on September 14, 1999, which among other things, provides for formula funding commencing with fiscal year 1999 funding.

*Section 587—Report on Drug Elimination Contracts.* This report was submitted to Congress as required.

*Section 589—Notice on Treatment of Occupancy Standards.* This notice was developed and published in the **Federal Register** on December 18, 1998 (63 FR 70256) as required. No further regulation is necessary.

*Section 592—Use of Assisted Housing by Aliens.* Section 592 of the Public Housing Reform Act, which clarified the scope of PHA "opt outs" for determining alien status, was implemented by the final rule on "Revised Restriction on Assistance to Noncitizens," published on May 12, 1999.

*Section 595—Native American Housing Assistance.* Section 595 of the Public Housing Reform Act made various changes affecting public housing and other housing assistance for Native Americans. The provisions of this section have been implemented by notice. No regulations are necessary or anticipated.

*Section 596—Community Development Block Grants Public Services Cap.* Section 596 of the Public Housing Reform Act extends a waiver from the cap on public services spending for Los Angeles. No regulations are necessary.

*Section 597—Moderate Rehabilitation Terms for Contract Renewals.* These terms were implemented in the February 18, 1999 Notice of Initial Guidance and by Notice PIH 98-62. No regulations are necessary or anticipated.

*Section 599—Tenant Participation.* Section 599 of the Public Housing Reform Act largely covers project-based assisted housing tenant participation rules, but also covers moderate rehabilitation projects and certain projects which receive enhanced vouchers. A proposed rule was published on June 17, 1999 (64 FR 32782). HUD received 73 public comments on the proposed rule.

*Section 599H—Miscellaneous.* Section 599H of the Public Housing Reform Act covers various matters largely relating to particular communities. This section was effective October 21, 1998. None of the matters covered require further regulations.

### Conclusion

Implementation of the Public Housing Reform Act has presented a challenge to HUD and its partners. HUD appreciates the comments submitted to date on its proposed and interim rules (over 600 apart from the proposed rule on pet policies), and those provided at the public forums. HUD also appreciates the hard work of the three negotiated rulemaking committees that were formed to assist in the development of three important formula rules. The

input of HUD's partners, program participants and other interested members of the public has greatly assisted HUD in the promulgation of the rules and notices issued to date under the Public Housing Reform Act.

HUD is committed to working closely with its public housing and Section 8 partners to make the changes in its public housing and Section 8 programs a success. HUD will continue to provide additional guidance and seek public involvement through all appropriate means, so that the purposes and promise of this important legislation may be fulfilled.

Dated: December 15, 1999.

**Rod Solomon,**

*Deputy Assistant Secretary for Policy, Program and Legislative Initiatives.*

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## DEPARTMENT OF THE INTERIOR

### Fish and Wildlife Service

#### Notice of Dates and Location for Public Scoping Meetings

**AGENCY:** Fish and Wildlife Service, Interior, New York State Department of Environmental Conservation; Vermont Fish and Wildlife Department.

**ACTION:** Notice of dates and locations for public scoping meetings on supplemental environmental impact statement for a sea lamprey control proposal in Lake Champlain.

**SUMMARY:** The U.S. Fish and Wildlife Service in cooperation with the Vermont Department of Fish and Wildlife and the New York State Department of Environmental Conservation announces its intention to hold four public scoping meetings on the Supplemental Environmental Impact Statement for sea lamprey control in Lake Champlain. The SEIS will evaluate a proposal to continue sea lamprey control in Lake Champlain, to maintain reduced levels of sea lamprey and achieve further reductions. The SEIS will be prepared pursuant to section 102(2)(c) of the National Environmental Policy Act (NEPA) of 1969, in accordance with the Council on environmental Quality regulations for implementing NEPA (40 CFR parts 1500-1508). The Service invites other Federal agencies, states, Indian tribes, local governments, and the general public to attend the meetings and submit comments or suggestions concerning the scope of the issues to be addressed, alternatives to be analyzed, and the environmental impacts to be

addressed in the Draft Supplemental Environmental Impact Statement. Oral and written comments will be considered equally in preparation of the DSEIS. Those not desiring to submit comments or suggestions at this time, but who would like to receive a copy of the DSEIS for review, should send a request to Mr. Dave Tilton at the address given below.

**DATES AND LOCATIONS:** All written comments related to the scope and content of the DSEIS should be submitted to the Service by February 4, 2000, to the address given below. The scoping meetings will be held at the following times and locations. All meetings will start at 7 p.m. and run until 9:30 p.m.

#### New York Locations

*Date:* January 5, 2000.

*Location:* Clinton County Government Center, Old Court House, 2nd Floor Meeting Room, 1333 Margaret Street, Plattsburgh, NY 12901.

*Date:* January 6, 2000.

*Location:* Ticonderoga High School, Calkins Place, Ticonderoga, NY 12883.

#### Vermont Locations

*Date:* January 10, 2000

*Location:* Middlebury Union High School, 73 Charles Avenue, Middlebury, VT 05753.

*Date:* January 11, 2000

*Location:* Milton High School, 17 Rebecca Lander Drive, Milton, VT 05468.

**ADDRESSES:** Written comments and requests to be included on a mailing list of persons interested in receiving the DSEIS should be sent to Mr. Dave Tilton, Project Leader, U.S. Fish and Wildlife Service Lake Champlain Office, 11 Lincoln St., Essex Junction, Vermont 05452. Alternatively, comments may be submitted electronically to the following address: dave\_tilton@fws.gov.

**FOR FURTHER INFORMATION CONTACT:** Mr. Dave Tilton, Project Leader, USFWS Lake Champlain Office, 11 Lincoln St., Essex Junction, Vermont 05452, 802-951-6313. FAX 802-951-6315. New York contact person is Mr. Lary Nashett, Supervising Aquatic Biologist, New York Department of Environmental Conservation, Region, 5, P.O. Box 296, Ray Brook, New York 12977, 518-897-1333. Vermont contact person is Mr. Tim Hess, Director of Fisheries, Vermont Department of Fish and Wildlife, 103 South Main Street, Waterbury, Vermont 05671, 802-241-3700.

**SUPPLEMENTARY INFORMATION:**