



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

PRINCIPAL DEPUTY ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

Dear Executive Director,

This Administration is committed to addressing substandard public housing stock and ensuring that all assisted residents have a decent, safe, and sanitary home. ^[1] As such, we are eager to help PHAs fully comply with [Section 33 of the 1937 Housing Act](#). **Section 33 of the Housing Act requires PHAs with general occupancy projects of 250 or more public housing units (or contiguous projects totaling 250 or more units) to reposition deeply distressed, high-vacancy public housing developments and provide residents with Section 8 tenant-based assistance instead ([42 USC § 1437z-5\(d\)](#))**. This email provides an overview of Section 33 Required Conversion requirements and process, as laid out in [PIH Notice 2019-10](#) and in HUD's regulations at [24 CFR 972 Subpart A](#). [24 CFR 972 Subpart A](#).

Your agency has been identified as having projects that may meet the Section 33 criteria and thus is required to assess whether those projects meet the criteria for Required Conversion.

Please note that this e-mail **requires a response**.

Section 33: The Basic Requirements

On an annual basis, any PHA that has 250 public housing units or more in one project (or cumulatively in contiguous projects) must analyze such projects and determine whether any have had a vacancy rate at or above 12 percent for each of the last three years ([24 CFR 972.124](#)). When conducting this analysis, PHAs should subtract from their calculations any vacant units that have been approved for Section 18 demolition or dispositions, have sustained casualty damage, are being used for resident services, are subject to a RAD CHAP or a RAD portfolio or multi-phase award, or that meet other criteria laid out in [PIH Notice 2019-10](#).

If a PHA does have 250+ units in a general occupancy project or in contiguous projects that have had a vacancy rate of 12+ percent for three years or more, it must reposition those units and provide residents with Section 8 tenant-based assistance unless it can:

^[1] This Administration's 2026 Budget recognizes a greater role for State and local governments, the private sector, and nonprofits to address community and economic development needs in localities across the Nation. Thus, HUD will continue to seek ways to partner with these governmental and private entities to adopt policies and reduce regulatory barriers that would allow communities to transform neighborhoods and unleash the potential of their residents.

1. Demonstrate that it can make a reasonable investment in rehabilitating the units to ensure their long-term viability as public housing over the next 20-30 years, OR
2. Demonstrate that it is less expensive to modernize and operate the units as public housing than it is to provide Section 8 tenant-based assistance.

Section 33 of the Housing Act requires that PHAs conduct this analysis annually. PHAs that fail to properly identify a development for Required Conversion, or does not submit a conversion plan for a development qualifying for Required Conversion may be disqualified from HUD funding competitions and face other penalties ([24 CFR 972.139\(b\)](#)). If your PHA has any questions about how to analyze and group its properties to conduct this analysis, please do not hesitate to email HUD's Office of Urban Revitalization at our@hud.gov or to request a Property Solutions Panel (strengtheningpublichousing@hud.gov) as described below.

Section 33: Preparing a Mandatory Conversion Plan

If your PHA has a development that is required to undergo a Section 33 mandatory conversion, you must submit a conversion plan to HUD's Special Applications Center (SAC) in IMS/PIC in accordance with the regulations at 24 CFR 972 subpart A. [PIH Notice 2019-10](#) outlines all application requirements, which include resident consultation, an environmental review, PHA board approval, documenting the status of any Capital Funds committed to project, and more. When applying for a Section 33 Mandatory Conversion, a PHA must clarify whether it plans to demolish, dispose of, or retain the units in question. If the units continue to be operated as rental housing, residents may choose to use their tenant-based assistance to remain at the site.

However, PHAs are prohibited from project-basing Section 8 assistance at properties undergoing a Section 33 mandatory conversion.

PIH Notice 2019-10 details what types of documentation PHAs must provide to the HUD. Please submit conversion plan documentation directly to the Office of Urban Revitalization (OUR). This documentation typically must demonstrate that the properties' rehabilitation costs are less than 90% of HUD's Total Development Cost limits. In addition, PHAs must complete the Required Conversion cost-test calculator and demonstrate that the target public housing development will have an appropriate density and greater income mix.

How HUD's Property Solutions Panels Can Help Identify a Path Forward for Your Development

HUD is here to help your PHA navigate the Section 33 required conversion process. To that end, a list of projects that your PHA must evaluate is attached. This list is not comprehensive- if you have contiguous projects that total 250 or more units, you are required to conduct a mandatory conversion assessment on those projects as if they were a single development. If you have any questions about whether a Section 33 conversion is required or if you want to brainstorm with HUD about how to improve occupancy levels or rehabilitate and/or redevelop a

property, **be sure to request a Property Solutions Panel through your local PIH field office or through strengtheningpublichousing@hud.gov**. Through these panels, your PHA meets with a curated group of HUD experts to discuss specific public housing investment and repositioning tools your PHA can use to address your development's unique needs. Whatever questions you have, HUD is here to provide support and guidance every step of the way.

Please e-mail anthony.m.sarkees@hud.gov and confirm that you have conducted a mandatory conversion assessment for all developments of 250+ units in your portfolio by January 30, 2025.

I look forward to continuing to partner with you all to strengthen our local communities by repositioning and rehabilitating our nation's public housing portfolio.

Regards,



Benjamin Hobbs
Principal Deputy Assistant Secretary
Public and Indian Housing