



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

OFFICE OF PUBLIC AND INDIAN HOUSING

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Special Attention of:  
Office Directors of Public Housing;  
Regional Directors; Public Housing  
Agencies.

**Notice PIH 2017-10 (HA)**

Issued: June 28, 2017

Expires: December 31, 2017

Cross Reference:

This Notice updates PIH Notice 2017-07

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**SUBJECT: Implementation of the Federal Fiscal Year (FFY) 2017 Funding Provisions for the Housing Choice Voucher Program**

- 1. Purpose.** This Notice implements the Housing Choice Voucher (HCV) program funding provisions of the Consolidated Appropriations Act, 2017 (P.L. 115-31), referred to hereafter as “the 2017 Act,” enacted on May 5, 2017. The 2017 Act establishes the allocation methodology for calculating housing assistance payments (HAP) renewal funds, new incremental vouchers and administrative fees.
- 2. Organization.** This Notice is grouped into two sections. Sections 3 through 13 describe the funding made available under the 2017 Act and the Department of Housing and Urban Development’s (HUD) implementation of the provisions related to the allocation of that funding. Sections 14 through 19 provide other important information regarding the administration of the public housing agency’s (PHA) HCV program.
- 3. Summary.** The HCV program is HUD’s largest rental assistance program. Funding is provided through the 2017 Act, which HUD allocates to PHAs in accordance with such Act as described in this Notice.

The 2017 Act requires the Department to provide renewal funding based on validated Voucher Management System (VMS) leasing and cost data for the prior calendar year (CY), (January 1, 2016 – December 31, 2016).

In 2017, the amount Congress appropriated to fund the HCV program is broken down in the amounts and sections of the Act as follows:

**2017 Appropriations**

HAP Renewal Funding <sup>1</sup>	\$18,355,000,000
Tenant Protection Vouchers	\$110,000,000
Administrative Fees	\$1,650,000,000
Mainstream 5 Year Program	\$120,000,000
Tribal HUD-VASH Renewals	\$7,000,000
Veterans Affairs Supportive Housing	\$40,000,000
Family Unification Program	\$10,000,000
<b>Total Available CY 2017 Appropriations</b>	<b>\$20,292,000,000</b>

This implementation notice provides information on how HUD calculates HAP renewal funding for each PHA’s HCV program. In addition, each PHA will receive a funding letter with the individual PHA’s specific funding calculations attached. If a PHA has questions related to the calculations or this Notice, the PHA should contact its Financial Analyst (FA) at the Financial Management Center (FMC).

PHAs are encouraged to pay particular attention to the set-aside funding provisions (listed in Section 5 and Attachment A) of this Notice.

**4. Calculation of CY 2017 HAP Renewal Funding**

The 2017 Act requires that HUD apply a re-benchmarking renewal formula based on validated leasing and cost data in VMS for **CY 2016** (January 1, 2016 to December 31, 2016) to calculate the PHA’s renewal allocation. The renewal provisions of the Act are stated in **Appendix A**.

HUD is providing renewal funding as follows:

Step 1: A new HAP funding baseline is established based on all validated leasing and cost data<sup>2</sup> (not to exceed unit months available under the Annual Contributions Contract (ACC)) in VMS for CY 2016.

Step 2: As required by the 2017 Act, HUD adjusts for the first-time renewal of certain vouchers. These are tenant protection vouchers and special purpose vouchers such as Veterans Affairs Supportive Housing (VASH) vouchers that initially expire in CY 2017. The adjustment is an inflation factor to reflect cost increases expected in CY 2017. PHAs should refer to their renewal funding allocation enclosure for further details. First time increments not initially funded for twelve months receive the additional funding required for CY 2017, as identified on the funding enclosures of the

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<sup>1</sup>From the HAP Renewal funding, the 2017 Act provides that up to \$75 million may be used as a set-aside to address four specific categories of need.

<sup>2</sup> In those rare instances where vouchers were transferred from one PHA to another during the re-benchmarking period, the leasing and cost data of the PHAs will be adjusted to ensure that the leasing and costs represented by the transferred vouchers are properly accounted for in the eligibility determinations.

affected PHAs. Note: Vouchers for original families receiving assistance under DVP/DHAP-IKE may not be reissued. Both the units under the PHA's ACC and the renewal funding provided in CY 2017 reflect the reduced units based on the families under assistance as reported in VMS as of December of 2016. Additionally, renewal of vouchers received under the sunset provisions, identified in Section 6, is calculated in the same manner as DVP/DHAP-Ike renewal vouchers.

Step 3: The Renewal Funding Inflation Factor adjusted for localities is applied to the PHA's calculated 12-month renewal requirement after all adjustments have been applied under Steps 1 and 2 above. The Renewal Funding Inflation Factors that HUD uses to reflect inflation are published by HUD's Office of Policy, Development and Research at <http://www.huduser.org/portal/datasets/rfif/rfif.html>.

Step 4: Proration: HUD determines the total eligibility for all PHAs and compares that amount to the total available HAP renewal funding per the 2017 Act in order to determine a proration factor. This proration factor is then applied to each PHA's CY 2017 eligibility. A proration of less than 100 percent is applied if the nationwide eligibility exceeds the available HAP renewal funding.

Step 5: Offsets: The 2017 Act provides that HUD may offset PHAs' (including Moving to Work PHAs') CY 2017 allocations based on the excess amounts of PHAs' net restricted assets (NRA), including HUD-held program reserves (in accordance with VMS data in CY 2016 that is verifiable and complete), as determined by the Secretary. PIH will perform a small offset for reallocation in CY 2017 in addition to the shortfall prevention set-aside category, to prevent the termination of rental assistance for families as the result of insufficient funding and to sustain the national HAP proration at 97%. Detailed calculations of the offsets will be provided to PHAs in the renewal allocation enclosure. For information on the allocation of offset funding to prevent termination, please see section 5.

## **5. Set-aside of up to \$75 million to Adjust PHA Allocations.**

The 2017 Act authorizes the Department to set aside up to \$75,000,000 for four categories of PHA allocation adjustments: Category 1: Prevention of Terminations Due to Insufficient Funding (Shortfall Funding), Category 2a: Unforeseen Circumstances, Category 2b: Portability Cost Increases, Category 3: Project-Based Vouchers (PBV), Category 4: HUD-VASH.

**Due to FY 2017 funding levels, the Department is estimating that the entire \$75 Million HAP Set-aside will be necessary for Category 1, the Prevention of Terminations Due to Insufficient Funding (Shortfall Funding). Therefore, applications for other categories of set-aside funding will not be accepted. Should there be any remaining set-aside funds after all shortfalls have been awarded, these funds will be distributed on a prorated basis to all agencies.**

**Note that, for FY 2017, both the amounts that HUD may offset from PHAs to prevent the termination of rental assistance for families as the result of insufficient funding and the amounts available from the \$75,000,000 set-aside will be allocated based on PHA applications for Category 1-Shortfall Funding as described below.**

### **Category 1 – Shortfall Funds**

This category of HAP Set-aside is for PHAs that, despite taking reasonable cost savings measures as determined by the Secretary, would otherwise be required to terminate participating families from the program due to insufficient funds. Note that there are two scenarios related to shortfalls for which PHAs may be eligible for funding under this category.

Please note that the eligibility criteria in **PIH Notice #2017-07**, *Guidance Related to (1) Eligibility for Potential Shortfall Funding Under the CY 2017 HAP Renewal Set-Aside for the Housing Choice Voucher (HCV) Program and (2) CY 2017 Administrative Fees*, is **updated** by this Notice.

To be eligible for funding under this category the PHA must meet the criteria outlined below for either **Shortfall Scenario 1** or **Shortfall Scenario 2** and must submit the **2017 Attachment A – Application for Category 1-Shortfall Funds** and PHA Certification of Reasonable Cost Savings Measures Undertaken to Prevent Termination of HCV Participants Due to Insufficient Funds.

**Shortfall Scenario 1:** For PHAs already in a Shortfall Prevention Team (SPT) confirmed shortfall, the certification is as follows:

- (1) At the time of application, the PHA is working with the HUD SPT and the SPT has confirmed the PHA is in a shortfall position. (PHAs that are not currently working with the SPT but believe they are in a shortfall position should immediately contact their HUD Field Office for assistance.)
- (2) The PHA has ceased issuing vouchers to applicants as of the date of notification by the SPT of a potential shortfall.

This requirement **does not** apply to the following:

- Families that are participants and were issued a voucher to move to a different unit, including families moving under portability,
- Tenant protection vouchers that are being issued to targeted families that were residing in the covered property on the date of the eligibility event, or
- Where the PHA is leasing under the HUD-VASH program, up to the baseline level of units under all HUD-VASH allocations (not just recent allocations), including turnover of HUD-VASH vouchers.

- (3) The PHA has rescinded any vouchers remaining on the street that were issued to applicant families and has stopped leasing those rescinded vouchers as of the date of

notification by the SPT of a potential shortfall, unless the applicant has submitted a Request for Tenancy Approval and the unit has passed inspection. Note this does not apply to vouchers issued under the exceptions noted in (2) above. This requirement does not apply to vouchers that were issued for project-based voucher (PBV) HAP contracts for units that were under AHAP as of the application date.

(4) The PHA has ceased absorbing portable vouchers as of the date of notification by the SPT of a potential shortfall.

(5) In regards to PBV HAP contracts, vouchers are not issued to a family that wants to voluntarily move with tenant-based assistance. (However, if a unit becomes vacant, the PBV unit shall be filled with a family from the waiting list.)

**Shortfall Scenario 2:** For those PHAs that manage their HCV program budgets in a reasonable and responsible manner, but are later determined to be in an SPT-confirmed shortfall position, the Department will review each application on a case-by-case basis to determine if the PHA is eligible for funding under this category. The PHA signature at the bottom of 2017 Attachment A indicates that the PHA agrees to comply with all SPT-directed cost savings measures.

Note: In determining a shortfall and the amount of funding to be provided, HUD will use the **Two-Year Forecasting Tool**. PHAs should refer to **Appendix B** of the Notice, which provides the criteria HUD will use to determine if the PHA has a HUD-confirmed shortfall and the calculation of the shortfall amount. HUD's Two-Year Forecasting Tool can be found and the instructions can be found on HUD's website under the [Office of Housing Vouchers](#).

PHAs with specific questions related to the calculation and determination of a HUD-confirmed shortfall should contact the SPT at the following:

[2017ShortfallInquiries@hud.gov](mailto:2017ShortfallInquiries@hud.gov)

The subject line of the e-mail must include the PHA's number (Example: TX123).

## **Submission Requirements:**

### **Category 1: Shortfall Funds:**

PHAs applying for funds under Category 1 - Shortfall Funds, must submit 2017 Attachment A of this Notice - PHA Application for Category 1 - Shortfall Funds, and PHA Certification of Reasonable Cost Savings Measures Undertaken to Prevent Termination of HCV Participants Due to Insufficient Funds.

The application period for shortfall set-aside funding under Category 1 will remain **open throughout the CY 2017; however, PHAs with SPT confirmed shortfalls in September, October or November 2017, must submit an application no later than 5:00 p.m. EDST, Friday, July 28, 2017, in order for HUD to provide funds prior to FFY**

**2017 close-out. For PHAs with SPT confirmed shortfalls in December 2017, an application for shortfall funds must be submitted no later than 5:00 p.m. EST, Monday, January 22, 2018. HUD reserves the right to accept additional applications on case-by-case basis after this date.** PHAs may apply at any time during the application period. PHAs that receive set-aside funds based on their current HAP costs are encouraged to maintain contact with the SPT to ensure all shortfall needs are met. Similarly, PHAs that do not initially qualify for shortfall funding because they have suspended leasing and expect to decrease leasing by attrition are also encouraged to maintain contact with the local Field Office and the SPT if the attrition fails to resolve their shortfall.

PHAs can choose between submitting requests via electronic mail (e-mail) or via regular mail but **shall not submit their request(s) using both methods** as this would result in duplicate applications for the same funds and may delay HUD's review and processing of the request(s).

**Electronic Mail (email) Requests:**

PHA requests, with the appropriate signed Attachments along with all required documentation and calculations (if applicable) may be submitted to the Department at the following mailbox:

[2017Set-AsideApplications@hud.gov](mailto:2017Set-AsideApplications@hud.gov)

The subject line of the e-mail must include the following: **PHA Number, 2017 Set-Aside Application** (Example: XX123, 2017 Set-Aside Application)

**OR**

**Hard Copy Requests via Mail:**

PHA requests, with the appropriate signed Attachment along with all required documentation and calculations (if applicable) may be submitted to the Department at the following physical address:

**U.S. Department of Housing and Urban Development  
Office of Housing Voucher Programs  
Attn: Miguel A. Fontánez, Director  
HV Financial Management Division  
Room 4222  
451 7th Street, S.W.  
Washington, DC 20410**

HUD encourages electronic delivery via email. If your PHA chooses to submit via hard copy, it is recommended that requests be sent using overnight delivery (USPS Express Mail, UPS, Fed Ex, DHL, etc.) that requires signature upon delivery. Hand-delivered or standard delivery mail will be accepted. It is important to note that non-expedited mail (including Priority Mail from the Postal Service) has no guaranteed delivery time and is subject to the Department's security screening, which can delay delivery. Requests will only be accepted

at the above locations (email box or physical address only). Requests delivered to other locations **will not** be accepted. Requests not received on time **will not** be processed. Faxes **will not** be accepted.

## **6. Tenant Protection Vouchers.**

As noted above, the 2017 Act provides \$110 million for Tenant Protection Vouchers, known as TPVs. TPVs are provided to protect HUD-assisted families from hardship as the result of a variety of actions that occur in HUD's Public Housing (Low-Rent) and Multifamily Housing portfolios. In addition to assisting individual families, in many cases TPVs mitigate the loss of HUD-assisted housing units in the community because these TPVs become part of the PHA's HCV program and may be reissued to families on the PHA's waiting list upon turnover. For example, if an owner opts-out of a 50-unit Section 8 project-based contract, there would be a loss of 50 HUD-assisted housing units in the community. The TPVs provided in this instance both assist the impacted families in the occupied units and mitigate the loss of 50 HUD-assisted housing units.

The 2017 Act continues the prohibition on the reissuance of certain TPVs that are initially funded out of this appropriation. The Act provides that any TPV that is not defined as a "replacement voucher" by HUD may not be reissued by the PHA after the initial family that received the voucher is no longer receiving the voucher assistance, and the authority for the PHA to issue the voucher "shall cease to exist." HUD identifies these vouchers as "relocation TPVs" in this Notice to distinguish them from the "replacement TPVs" where reissuance is permitted and these sunset provisions do not apply. Relocation TPVs will sunset when the initial family issued the voucher is no longer receiving voucher assistance. The voucher will not receive renewal funding in the subsequent CY, and HUD will reduce the number of authorized vouchers covered by the PHA's Consolidated Annual Contributions Contract (CACC) accordingly. See section E below for additional details on replacement and relocation TPVs.

**A. Public Housing Actions.** TPVs may be available to PHAs based on certain actions that temporarily or permanently remove units from a PHA's public housing inventory, including:

- Demolitions and/or dispositions approved under Section 18 of the United States Housing Act of 1937, 42 USC 1437 ("1937 Act") (including de minimis demolitions),
- Required conversions approved under Section 33 of the 1937 Act,
- Voluntary conversions approved under Section 22 of the 1937 Act,
- Homeownership plans approved under Section 32 of the 1937 Act,
- Condemnation takings through the exercise of eminent domain authority; and
- Removals authorized under Choice Neighborhoods and/or HOPE VI grants.

**B. Multifamily Housing Actions.** TPVs may be available to assist families affected by certain Multifamily Housing actions such as Moderate Rehabilitation (MR) replacements, Single Room Occupancy (SRO) replacements, and Multifamily Housing conversion actions, such as terminations, opt-outs, prepayments, property disposition relocations, and Choice Neighborhoods vouchers.

TPVs issued based on Multifamily Housing action are generally replacement TPVs because they are issued to replace units that cease to be available as assisted housing. TPVs issued in connection with Section 8(bb) transfers of assistance and Choice Neighborhood grants are considered relocation TPVs because they are issued in connection with a transaction where project-based is simply being transferred from one site to another. PHAs must follow the procedures outlined in this Notice concerning the prohibition on re-issuance of relocation TPVs.

In addition, the 2017 Act provides that HUD may provide TPVs for families in units under a Section 8 contract funded under the “Project-Based Rental Assistance” account where the owner has received a Notice of Default and the units pose an imminent health and safety risk to residents. These vouchers are technically relocation vouchers until the Section 8 contract is terminated, at which point they would be considered replacement vouchers. It is possible that in some circumstances the deficiencies will be addressed and the Section 8 contract will continue, in which case the vouchers would remain relocation vouchers and would be subject to the sunset provisions at such time that the initial family is no longer receiving voucher assistance. HUD will advise the PHA if the TPVs fall under this category and will provide further guidance to the PHA regarding these special circumstances.

**C. TPV Set-Aside.** The 2017 Act provides that up to \$5,000,000 of the \$110,000,000 appropriated for TPVs may be set-aside to provide TPVs to certain at-risk households in low-vacancy areas. Such funding is available only to assist families residing in low-vacancy areas who either are paying or may have to pay rents greater than 30 percent of adjusted household income as the result of:

1. the maturity of a HUD-insured, HUD-held or section 202 loan that requires the permission of the Secretary prior to loan prepayment,
2. the expiration of a rental assistance contract for which the families are not eligible for enhanced voucher or tenant protection assistance under existing law, or
3. the expiration of affordability restrictions accompanying a mortgage or preservation program administered by the Secretary.

TPVs provided under this set-aside are considered replacement TPVs and are not subject to the re-issuance restrictions that apply to certain TPVs under the FY 2017 Act. An owner may request TPV set-aside assistance in the form of either enhanced voucher assistance pursuant to section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f) (“the 1937 Act”) or project-based voucher assistance pursuant to section 8(o)(13) of the 1937 Act. PHAs will receive a special fee for the costs associated with administering enhanced vouchers or PBV assistance issued pursuant to this paragraph.

Guidance related to this set-aside will be provided by HUD at a later date. This guidance will include the procedures for applying for this assistance. Until this guidance is issued, HUD will not consider any applications for 2017 TPV Set-aside funding.

**D. Choice Neighborhoods Initiative (CNI) Actions.** Relocation and/or replacement TPVs may be available to CNI grantees that target public housing based on public housing units that will be temporarily or permanently removed pursuant to a CNI Award. Relocation TPVs may be available to Multifamily Housing CNI Grantees pursuant to a CNI Award.

**E. Relocation vs. Replacement TPVs:**

1. **Relocation TPVs:** Provided in cases where the HUD-assisted housing unit is not permanently lost. These relocation TPVs are provided as a temporary resource to the PHA to assist only the individual families impacted by the Multifamily Housing or Public Housing action until the family ceases to use the TPV either because the family moves into the redeveloped HUD-assisted-housing or ends its participation in the voucher program.

Some cases where HUD-assisted housing is not permanently lost to the community include:

- Transfers under section 8(bb) of the United States Housing Act of 1937 (1937 Act), where the project-based assistance is simply being relocated,
- Certain Demolition and/or Dispositions of public housing units, where all or some of the public housing units that are initially being removed are being redeveloped in connection with the Public Housing action<sup>3</sup>, and
- Certain units that will be temporarily removed pursuant to a Choice Neighborhoods Initiative (CNI) Award, such as public housing redeveloped as public housing units or converted under the HUD Rental Assistance Demonstration (RAD) program, or HUD-assisted Multifamily units that are redeveloped under project-based assistance.

Relocation TPVs are provided to PHAs to assist with relocating families who are being displaced and may only be issued to such families. Relocation TPVs are tenant-based assistance and cannot be project-based.

In the case of Public Housing actions, relocation TPVs are provided to assist PHAs with relocating residents. PHAs must offer families who will be displaced by a Public Housing action with one or more forms of comparable housing which can take the form of another public housing unit, section 8 tenant-based assistance, section 8 project-based assistance, or occupancy in a unit operated by the PHA at a rental rate comparable to that being paid by the resident. If the PHA offers section 8 tenant-based assistance, that assistance can be from the PHA's existing HCV resources or

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<sup>3</sup> HUD (SAC) generally determines that public housing units are being redeveloped in connection with the Public Housing action if the SAC application indicates one of the following: (1) the same property is being redeveloped to include public housing units pursuant to a public housing development transaction through rehabilitation of the same units or demolition and new construction (in this instance, if the redeveloped property will include fewer public housing units than currently exists, the PHA may be eligible for replacement TPVs for the units that will not be replaced); or (2) the PHA is using disposition proceeds to develop new public housing units at another location.

from a new award of TPVs. If the PHA receives a relocation TPV award from HUD in accordance with this Notice, the PHA must provide the relocation TPV to the displaced family.

2. **Replacement TPVs:** In brief, replacement TPVs are TPVs made available as the result of a Multifamily Housing or Public Housing action that reduces the number of HUD-assisted housing units. Replacement TPVs must be used first to assist eligible families impacted by the Public Housing or Multifamily action. However, since replacement TPVs are also being provided to make up for the loss of HUD-assisted housing to the community, if, after ensuring all eligible families in the impacted Public Housing or Multifamily Housing project have been offered TPV assistance, the PHA may issue any remaining replacement TPVs to families on its waiting list and/or project-base the remaining replacement TPVs in accordance with all applicable HCV tenant-based or project-basing requirements.

## F. Awarding TPVs.

1. **Multifamily Housing Actions.** HUD will initiate the TPV process for Multifamily Housing Actions by inviting the PHA to apply for the TPVs. HUD will identify whether the TPVs are replacement or relocation TPVs in the funding allocation letter. In cases where the allocation includes both replacement and relocation TPVs, HUD will identify the number in each category of TPV. The 2017 Act provides that HUD may only provide replacement TPVs for units that were occupied within the previous 24 months that cease to be available as assisted housing, and only to the extent that funding is available (see Appendix A for appropriations text). However, based on limited funding, HUD is only initially providing TPVs (relocation and replacement) for Multifamily Housing actions for units occupied on the date the TPV application is submitted to HUD.

Subject to the availability of funding, HUD may subsequently be able to provide TPVs for vacant units lost due to Multifamily Housing actions in the impacted properties in accordance with the authority provided under the 2017 Act.

Note that in some instances, families may have had to vacate units prior to the Multifamily Housing eligibility event because the units posed imminent health or safety risks (e.g., as the result of a fire, flooding, or a natural disaster; discovery of lead, severe mold, or another environmental hazard; etc.). In such circumstances, HUD will still process an eligible TPV application in order to make TPVs available for units that were occupied immediately prior to the event or determination that required families to vacate the units. PHAs in this situation should contact their local HUD Multifamily Housing Office for additional information and assistance.

2. **Public Housing Actions.**
  - a. **Public Housing Action Application.** As part of the Public Housing action application (e.g. SAC application or CNI application), PHAs indicate the number of relocation and replacement TPVs that they are

requesting. In making the request, PHAs should consider their planned redevelopment of public housing units in connection with the removal action, other sources of comparable housing (e.g. other public housing units) that may be offered to families as relocation resources, and family relocation preferences. HUD's approval of the Public Housing action will identify the maximum number of both relocation and replacement TPVs that the PHA is eligible to receive. The maximum number will be based on the occupancy of the public housing units at the time the SAC application (or CNI application) is approved by HUD. In cases where the allocation includes both replacement and relocation TPVs, HUD will identify the maximum number of TPVs in each category that the PHA is eligible to receive. The 2017 Act provides that HUD may only provide replacement TPVs for units that were occupied within the previous 24 months that cease to be available as assisted housing, and only to the extent that funding is available (see Appendix A for appropriations text).

- b. **TPV Application.** Except in cases of imminent health and safety, HUD will not accept a TPV application (HUD-52515) from a PHA until HUD issues its written approval of the SAC application or CNI Award. In addition, a PHA must not submit a TPV application until it needs the TPVs for purposes of relocating the families who will be displaced (generally no sooner than 30-60 days from the planned start of relocation). Note that the timing of the PHA's TPV application submission and the relocation timetable in the SAC application (e.g. number of days after HUD approval of the SAC application that the PHA plans to start relocating residents) should be consistent.

Notwithstanding the above, TPVs may be available to PHAs before HUD approves a SAC application for public housing units in limited circumstances where public housing units pose an imminent health and safety risk to residents, provided the PHA has submitted a SAC application. The TPV application will be accepted prior to HUD's approval of a SAC application, but all other requirements will remain the same.

- c. **Final TPV Award.**
  - i. **Relocation TPVs.** Final relocation TPV award for Public Housing actions are based on occupancy of the units at the time the TPV application is submitted to HUD. Note that this number may be less (but not more) than the maximum number of relocation TPVs identified in the SAC approval.
  - ii. **Replacement TPVs.** Final replacement TPV award for Public Housing actions is based on the occupancy of the units at the time of the SAC (or CNI) approval. The number of replacement TPVs will not change from the SAC approval unless the PHA's

redevelopment plan has been revised to reduce the number of eligible replacement TPVs.

Subject to the availability of funding, HUD may subsequently be able to provide TPVs for vacant units lost due to Public Housing actions in the impacted properties in accordance with the authority provided under the 2017 Act.

Finally, while HUD will generally only provide TPVs for occupied units at this time, when a public housing development is submitted for demolition or disposition, the Secretary may provide TPVs when the units pose an imminent health and safety risk to residents, prior to HUD approval of the demolition or disposition. In these cases, HUD will still process an eligible TPV application in order to make TPVs available for units that were occupied immediately prior to the event or determination that required families to vacate the units. PHAs in this situation should contact their local HUD Office of Public Housing for additional information and assistance.

**G. Required Documentation.** To apply for TPVs for Public Housing actions, PHAs must submit the following documentation to the Director of its local HUD Office of Public Housing:

- i. A cover letter stating the name IMS/PIC number of the affected public housing project and the number of relocation TPVs requested (this number must be equal or less than the maximum number of TPVs indicated in HUD's approval documents of the SAC application). In addition, PHAs must not request relocation TPVs for units where the displaced family has indicated a preference to be relocated to another public housing unit—and the PHA can accommodate that request).
- ii. The number of occupied units at the public housing project as of the date of the submission (as indicated in IMS/PIC data).
- iii. TPV application (Form HUD-52515). If lease-up will cover more than one calendar year, a separate TPV application for each calendar year is required.
- iv. A leasing schedule that identifies the number of TPVs that will be leased on a month-to-month basis. If lease-up will cover more than one calendar year, the PHA must submit separate leasing schedules for each calendar year.
- v. HUD's written approval of the SAC application--PDF version—signed and dated (or CNI Award or HUD's acknowledgment of the *de minimis* demolition); and
- vi. If the PHA that received the HUD approval of the Public Housing action is a Public Housing only agency (and therefore cannot receive or administer TPVs), the PHA may partner with another PHA (that has an HCV program) in order to obtain relocation TPVs to offer to the displaced residents. In this case, the two PHAs should enter into a written agreement regarding the roles and responsibilities of the two PHAs in relocating the residents. The PHA with the HCV program submits the

TPV application in accordance with this notice based on HUD's approval of the SAC application to the Public Housing only PHA. The PHA with the HCV program should also submit evidence of its agreement (to administer the TPVs) with the PHA that received the HUD approval of the Public Housing action.

- H. Funding Term.** The initial funding term is typically 12 months. However, the initial term may vary subject to availability of tenant protection funding and pending/anticipated demand. When the initial funding term is less than 12 months, the tenant protection increment will be renewed at expiration as part of the HCV renewal funding process. For all TPV actions, determination of funding is based on eligibility for such vouchers, and the Department may amend the PHA's ACC to rescind funding and remove the corresponding units if it is determined that the PHA is not eligible for funding provided (e.g., if units for which TPV funding was provided to a PHA have over-income or otherwise ineligible families). Both relocation TPVs and replacement TPVs must be leased within 12-months of receipt from HUD (or may be subject to reallocation by HUD).
- I. Reporting. Instructions on how PHAs report the leasing status of relocation TPVs in PIC and the process by which HUD will adjust the PHA's CACC and renewal funding for relocation TPVs that ceased to be leased will be provided in the *Advice of Disbursement* letter from the FMC.** Please note that the distinction between relocation TPVs and replacement TPVs and the provisions that apply to relocation TPVs only apply to TPVs that are originally allocated from the FY 2015, 2016 and 2017 Appropriations. These new conditions do not apply to TPVs that were funded from previous year appropriations.

## **7. Funding for Administrative Costs.**

The 2017 Act provides **\$1,650,000,000** for administrative fees to PHAs administering the voucher program (See Appendix A for Appropriations text). Of the appropriated amount, approximately **\$1,640,000,000** will be available for ongoing administrative fees and fees for new vouchers and approximately **\$10,000,000** will be made available to allocate to PHAs that need additional funds to administer their Section 8 programs.

### **A. Ongoing Administrative Fees and Administrative Fees for New Vouchers.**

Ongoing administrative fees and administrative fees for new vouchers are paid based on leasing. These administrative fees are calculated for CY 2017 as provided for by Section 8 (q) of the United States Housing Act (and related Appropriation Act provisions) as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act (QHWRA) of 1998 (Public Law 105-276). Under this calculation, PHAs are paid a fee for each voucher that is under HAP contract as of the first day of each month. Administrative fees for new incremental vouchers are also paid based on leasing.

## 1. Proration and Reconciliation of Administrative Fees:

HUD has developed and posted administrative fee rates for each PHA to enable PHAs to calculate potential fee eligibility. Use the link below to access them: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/hcv](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv)

HUD disburses administrative fees to PHAs each month, based on prior reported leasing. Each PHA's administrative fee eligibility is reconciled after every quarter, based on actual reported leasing. HUD determines an estimated proration level by comparing each quarter's national eligibility for administrative fees to 1/4<sup>th</sup> of the appropriated amount available for ongoing administrative fees. HUD will disburse any amount due to the PHA and will recapture any amount due from the PHA via a reduction from a subsequent administrative fee payment. A final reconciliation will be completed after the December 2017 leasing data is reported in VMS, at which time the final pro-ration for the CY will be determined.

## 2. Blended Rate Administrative Fees and Higher Administrative Fee Rates:

- (a) **Blended Rate Administrative Fees:** PHAs serving multiple administrative fee areas may, in lieu of the fee determined for their agency, request a blended rate based on the actual location of their assisted units. The blended rate will be used for the entire CY 2017.

Note: PHAs were previously advised in PIH Notice 2017-07 of the application deadline of May 22, 2017 (subsequently extended to June 23, 2017) for Blended Rate Administrative Fee requests. No additional requests may be submitted after the deadline date of June 23, 2017.

- (b) **Higher Administrative Fee Rates:** A PHA that operates over a large geographic area, defined as multiple counties, may request higher administrative fees. An approved higher administrative fee rate will apply only to CY 2017. The PHA will be required to submit evidence of actual costs at the end of the CY to enable HUD to determine if the entire approved increase was needed. Excess funds will be recouped by HUD via a reduction in a future disbursement.

Note: PHAs were previously advised in PIH Notice 2017-07 of the application deadline date of May 22, 2017 (subsequently extended to June 23, 2017) for Higher Fee Rate requests. No additional requests may be submitted after the deadline date June 23, 2017.

B. **Special Fees.** As stated above, HUD will make up to **\$10,000,000** available to allocate to PHAs that need additional funds to administer their Section 8 programs. All fee categories below are subject to the availability of funds. These funds may be provided for the following non-exclusive purposes:

1. **Homeownership Fees:** HUD provides a \$200 special fee for every homeownership closing reported in PIC for families participating in the Voucher Homeownership, Section 8 Family Self-Sufficiency, or Section 8 MTW Homeownership programs. These special fees are paid to the PHAs administering the vouchers after the homebuyers' closings are reported in PIC and closing dates are provided / confirmed to the FMC staff. PHAs do not need to apply for these funds as HUD provides these fees automatically based on PIC data and closing dates confirmations. HUD will also fund a one-time \$500 special fee for each newly created Homeownership Program at any PHA in CY 2017.
2. **Special Fees for Multifamily Housing Conversion Actions:** For multifamily housing conversions, a special (one-time) fee of \$200 will be provided for each unit **occupied** on the date of the eligibility event. PHAs do not need to apply for these funds as HUD provides these fees automatically based on PIC data. This special fee will also be paid to PHAs that agree to administer vouchers on behalf of a Multifamily Choice Neighborhood Grantee.
3. **Special Fees for Portability:** Receiving PHAs, where portability vouchers comprise a significant portion of their vouchers under lease are eligible for a special fee. PHAs must be administering port-in vouchers, which equal 20% or more of the PHAs total number of leased vouchers as of December 31, 2016 to be eligible for special portability fees. For each eligible port-in voucher, the receiving PHA will receive 12 months of funding equal to **5%** of the PHA's 2017 Column A rate for administrative fees. This is a one-time award of special fees and will be calculated based on PHA portability data found in PIC for actions through December 31, 2016 and leased data from the VMS as of December 31, 2016 (from the same VMS database used to determine the 2017 HCV renewal allocations). PHAs do not need to apply for these funds as HUD provides these fees automatically based on PIC data and the VMS data used for the 2017 renewal allocation. PHAs were advised through PIH Notice 2017-07 of the deadline date of May 22, 2017 to ensure all PIC data was updated and successfully submitted.
4. **Special fees for Audit Costs for Declaring Major HCV Programs per Notice 2015-16, and for HCV Voluntary Transfers per PIH Notice 2015-22:** Please refer to Section 4, PIH Notice #2015-16 *Financial Reporting requirements for the Housing Choice Voucher Program Submitted through the Financial Assessment Subsystem for Public Housing and the Voucher Management System*, and Section 6, PIH Notice #2015-22: *Process for Public Housing Agency Voluntary Transfers and Consolidations of Housing Choice Vouchers, Mainstream 5 Year Vouchers, PBV and Project-Based Certificates*, for requesting special fees under this category.

5. **Other special fees under the Secretary's discretion:** A portion of the \$10,000,000 set-aside may be used for on-going administrative fees in order to increase the national fee proration, should HUD determine during the course of the CY that the entire \$10,000,000 may not be needed for extraordinary costs. HUD will consider requests for other unanticipated increases in Administrative Fees on a case-by-case basis. Please note that requests for additional fees because of a lower national fee proration will not be accepted.

### **C. Uses of Administrative Fees.**

For proper uses and reporting of Administrative Fees and Unrestricted Net Position (UNP) (formerly known as Unrestricted Net Assets (UNA) or as the "administrative fee reserve"), please refer to PIH Notice #2015-17: *Use and Reporting of Administrative Fee Reserves*. Use the following link to access it:  
<http://portal.hud.gov/hudportal/documents/huddoc?id=PIH2015-17.pdf>

### **8. Veterans Affairs Supportive Housing (VASH) Funding.**

The 2017 Act provides \$40,000,000 for new incremental vouchers for the VASH program. As provided by the 2017 Act, vouchers will be awarded based on geographic need. HUD will issue comprehensive guidance for this competition at a later date.

### **9. Tribal HUD VASH Renewals.**

The 2017 Act provides **\$7,000,000** for rental assistance and associated administrative fees for Tribal HUD-VA Supportive Housing to serve Native American veterans that are homeless or at-risk of homelessness living on or near a reservation or other Indian areas. Any amounts remaining after renewals may be used for new grants under this program. Further guidance from the Office of Native American Programs will be provided at a later date.

### **10. Mainstream 5-Year Program (MS5).**

The 2017 Act provides **\$120,000,000** for renewal funding and administrative fees for HCV units originally funded out of the Section 811 Account (known as Mainstream 5-Year program, MS5). The renewal funding will be re-benchmarked during CY 2017. Renewals are calculated based on validated Mainstream 5-Year program leasing and HAP expenses reported in VMS for the period January 1 to December 31, 2016 (CY 2016). PHA funding is limited to such CY eligibility and HUD-Held MS5 reserves and, as with the voucher program, PHAs may not over-lease. (See Section 18 for more information on over-leasing.)

In addition, the 2017 Act requires that the administrative and other expenses of the PHAs administering these vouchers, shall be funded under the same terms and be subject to the same pro rata admin fee reductions that apply to all other PHAs administering vouchers, under the HCV program.

Administrative fees are paid based on MS5 leasing data from VMS. Fees are disbursed based on the most recent MS5 leasing data in VMS and fee reconciliations are performed on a quarterly basis. Consistent with the HCV program, PHAs are no longer eligible to receive reimbursement for hard-to-house fees and audit costs.

The 2017 Act also provides that any funds remaining available after funding renewals and administrative expenses shall be available for incremental tenant-based assistance. Further comprehensive guidance regarding MS5 incremental vouchers will be provided at a later date.

#### **11. Family Unification Program (FUP).**

The 2017 Act provides \$10,000,000 for new incremental voucher assistance for the Family Unification Program. A Notice of Funding Availability (NOFA) for this funding will be published at a later date.

The 2017 Act also provides that any PHA administering voucher assistance appropriated in a prior Act under the Family Unification Program (FUP) that determine that it no longer has an identified need for such assistance upon turnover, shall notify the Secretary, and the Secretary shall recapture such assistance from the agency and reallocate it to any other PHA(s) based on need for FUP voucher assistance. HUD will implement this provision through guidance at a later date.

#### **12. Moving To Work (MTW) Agencies.**

MTW agencies' renewal funding is determined pursuant to their MTW agreements and appropriations requirements. HUD is directed by the 2017 Act to apply the same proration factor to the HCV HAP renewal allocations and administrative fee eligibility for MTW agencies as is applied to all other PHAs. Note that MTW agencies may utilize Section 8 funds for Section 9 purposes in accordance with their agreements.

#### **13. Excluded Programs.**

The changes implemented by this Notice do not apply to renewal funding for the Section 8 Moderate Rehabilitation Program or Single Room Occupancy (SRO).

#### **14. HCV Financial Management.**

This year, HUD is again focused on ensuring that PHAs appropriately manage their HCV programs within the funding provided for the CY and existing Restricted Net Position (RNP) and HUD-Held Program Reserves. PHAs are encouraged to use the 2-year forecasting tool to assist them in their budgeting and leasing plans.

**15. HAP Disbursements and Frontloading.**

PHAs receive monthly disbursements from their budgetary allocations, in accordance with the cash management procedures in PIH Notice 2017-06. PHAs may request a frontload when monthly disbursements and available RNP and HUD-held reserves will not cover expenses for the month. PHAs may request a frontload via the 2-year tool or by submitting a request to the FMC FA. PHAs will be required to provide HAP expenses not yet reported in VMS and actual HAP expenses for the period requested. The frontload will be limited to the amount necessary to cover the actual HAP expenses. PHAs must remember that a frontload(s) early in the CY affect(s) the amount(s) available in later month(s) in the CY.

**16. Use of HAP and HAP RNP.**

PHAs are reminded that funds in the HAP RNP account and HUD-held program reserves shall only be used for eligible HAP needs in the current CY. The ACC requires PHAs to use HAP funding to cover rental assistance payments. HAP and/or PHA reserves (HAP RNP and HUD held reserves) shall not under any circumstances be used for any other purpose, such as to cover administrative expenses or be loaned, advanced or transferred (referred to as operating transfers due to/due from) to other component units or other programs such as the Low-Rent (Public Housing) program. Use of HAP for any purpose other than eligible HAP needs is a violation of law, and such illegal uses or transfers may result in sanctions and possible declaration of breach of the ACC. Current year funding may not be used for prior year costs, including MTW agencies.

In instances where a PHA is found to have misappropriated HAP and/or HAP RNP funds by using the funds for any purpose other than valid HAP expenses for units up to the baseline, HUD requires the immediate return of the funds to the HAP or HAP RNP account. HUD may take action, including suspension and debarment, against a PHA or any party that has used HAP funds and/or the HAP RNP account for non-HAP purposes.

**17. VMS/FASS Reporting and Data Integrity.**

PHAs must continue to submit required financial documents including, but not limited to, monthly VMS and annual FASS electronic submissions. PHAs that do not submit the required data by the reporting deadline may be sanctioned as provided by 24 CFR 982.152(d), and in accordance with the procedures outlined in PIH Notice 2012-2, or any successor notice. PHAs that fail to meet the submission requirements may be subject to administrative actions, including but not limited to, an imposition of a penalty against the PHA's monthly administrative fees until the PHA complies with these requirements. This penalty represents a permanent reduction for the current CY that shall not be reversed.

**18. Prohibition on Over-leasing.**

The 2017 Act prohibits the use of appropriated HAP funds by any PHA, except for PHAs participating in the MTW demonstration, to lease units above their ACC baseline units during any CY, even if the PHA has sufficient budget authority (BA) and/or RNP to support

the additional units. If a PHA engages in over-leasing, it must identify other eligible sources to pay for the over-leasing, and the PHA must take immediate steps to eliminate any current over-leasing. Renewal funding allocations will not include over-leased units. Renewal funding eligibility will be reduced based on the number of over-leased unit months and the average PUC during the re-benchmark period. PHAs must still report all over-leasing in VMS and must also report \$0 HAPs in the appropriate categories in VMS.

**19. Use of Outside Sources of Funds.**

HUD issued [PIH Notice 2013-28](#), Guidance on the Use of Outside Sources of Funds in the Housing Choice Voucher (HCV) Program. The Department recommends that all PHAs carefully review the information contained in the Notice.

**Paperwork Reduction Act.**

The additional information collection requirements contained in this document are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). The OMB control number is 2577-0169. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

**Further Information.**

Any questions concerning this Notice should be directed to the Housing Voucher Financial Management Division, Office of Public Housing and Voucher Programs, at (202) 708-2934 (this is not a toll-free number). Persons with hearing or speech impairments may access these numbers via TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

/s/

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Jemine A. Bryon  
General Deputy Assistant Secretary for  
Public and Indian Housing

## Appendix A

### Consolidated Appropriations Act, 2017 (Public Law 115-31)

#### **Tenant-Based Rental Assistance:**

For activities and assistance for the provision of tenant-based rental assistance authorized under the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.) (“the Act” herein), not otherwise provided for, \$16,292,000,000, to remain available until expended, shall be available on October 1, 2016 (in addition to the \$4,000,000,000 previously appropriated under this heading that shall be available on October 1, 2016), and \$4,000,000,000, to remain available until expended, shall be available on October 1, 2017: *Provided*, That the amounts made available under this heading are provided as follows: (1) \$18,355,000,000 shall be available for renewals of expiring section 8 tenant-based annual contributions contracts (including renewals of enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act) and including renewal of other special purpose incremental vouchers: *Provided*, That notwithstanding any other provision of law, from amounts provided under this paragraph and any carryover, the Secretary for the calendar year 2017 funding cycle shall provide renewal funding for each public housing agency based on validated voucher management system (VMS) leasing and cost data for the prior calendar year and by applying an inflation factor as established by the Secretary, by notice published in the Federal Register, and by making any necessary adjustments for the costs associated with the first-time renewal of vouchers under this paragraph including tenant protection, HOPE VI, and Choice Neighborhoods vouchers: *Provided further*, That none of the funds provided under this paragraph may be used to fund a total number of unit months under lease which exceeds a public housing agency’s authorized level of units under contract, except for public housing agencies participating in the MTW demonstration, which are instead governed by the terms and conditions of their MTW agreements: *Provided further*, That the Secretary shall, to the extent necessary to stay within the amount specified under this paragraph (except as otherwise modified under this paragraph), prorate each public housing agency’s allocation otherwise established pursuant to this paragraph: *Provided further*, That except as provided in the following provisos, the entire amount specified under this paragraph (except as otherwise modified under this paragraph) shall be obligated to the public housing agencies based on the allocation and pro rata method described above, and the Secretary shall notify public housing agencies of their annual budget by the latter of 60 days after enactment of this Act or March 1, 2017: *Provided further*, That the Secretary may extend the notification period with the prior written approval of the House and Senate Committees on Appropriations: *Provided further*, That public housing agencies participating in the MTW demonstration shall be funded pursuant to their MTW agreements and shall be subject to the same pro rata adjustments under the previous provisos: *Provided further*, That the Secretary may offset public housing agencies’ calendar year 2017 allocations based on the excess amounts of public housing agencies’ net restricted assets accounts, including HUD held programmatic reserves (in accordance with VMS data in calendar year 2016 that is verifiable and complete), as determined by the Secretary: *Provided further*, That public housing agencies participating in the MTW demonstration shall also be subject to the offset, as determined by the Secretary, excluding

amounts subject to the single fund budget authority provisions of their MTW agreements, from the agencies' calendar year 2017 MTW funding allocation: *Provided further*, That the Secretary shall use any offset referred to in the previous two provisos throughout the calendar year to prevent the termination of rental assistance for families as the result of insufficient funding, as determined by the Secretary, and to avoid or reduce the proration of renewal funding allocations: *Provided further*, That up to \$75,000,000 shall be available only: (1) for adjustments in the allocations for public housing agencies, after application for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in renewal costs of vouchers resulting from unforeseen circumstances or from portability under section 8(r) of the Act; (2) for vouchers that were not in use during the previous 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the Act; (3) for adjustments for costs associated with HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers; and (4) for public housing agencies that despite taking reasonable cost savings measures, determined by the Secretary, would otherwise be required to terminate rental assistance for families as a result of insufficient funding: *Provided further*, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary;

**Tenant Protection:**

\$110,000,000 shall be for section 8 rental assistance for relocation and replacement of housing units that are demolished or disposed of pursuant to section 18 of the Act, conversion of section 23 projects to assistance under section 8, the family unification program under section 8(x) of the Act, relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency, enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act, HOPE VI and Choice Neighborhood vouchers, mandatory and voluntary conversions, and tenant protection assistance including replacement and relocation assistance or for project-based assistance to prevent the displacement of unassisted elderly tenants currently residing in section 202 properties financed between 1959 and 1974 that are refinanced pursuant to Public Law 106-569, as amended, or under the authority as provided under this Act: *Provided*, That when a public housing development is submitted for demolition or disposition under section 18 of the Act, the Secretary may provide section 8 rental assistance when the units pose an imminent health and safety risk to residents: *Provided further*, That the Secretary may only provide replacement vouchers for units that were occupied within the previous 24 months that cease to be available as assisted housing, subject only to the availability of funds: *Provided further*, That of the amounts made available under this paragraph, \$5,000,000 may be available to provide tenant protection assistance, not otherwise provided under this paragraph, to residents residing in low vacancy areas and who may have to pay rents greater than 30 percent of household income, as the result of: (A) the maturity of a HUD-insured, HUD-held or section 202 loan that requires the permission of the Secretary prior to loan prepayment; (B) the expiration of a rental assistance contract for which the tenants are not eligible for enhanced voucher or tenant protection assistance under existing law; or (C) the expiration of affordability restrictions accompanying a

mortgage or preservation program administered by the Secretary: Provided further, That such tenant protection assistance made available under the previous proviso may be provided under the authority of section 8(t) or section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)): Provided further, That any tenant protection voucher made available from amounts under this paragraph shall not be reissued by any public housing agency, except the replacement vouchers as defined by the Secretary by notice, when the initial family that received any such voucher no longer receives such voucher, and the authority for any public housing agency to issue any such voucher shall cease to exist: Provided further, That the Secretary may provide section 8 rental assistance from amounts made available under this paragraph for units assisted under a project-based subsidy contract funded under the "Project-Based Rental Assistance" heading under this title where the owner has received a Notice of Default and the units pose an imminent health and safety risk to residents: Provided further, That to the extent that the Secretary determines that such units are not feasible for continued rental assistance payments or transfer of the subsidy contract associated with such units to another project or projects and owner or owners, any remaining amounts associated with such units under such contract shall be recaptured and used to reimburse amounts used under this paragraph for rental assistance under the preceding proviso;

**Administrative Fees:**

\$1,650,000,000 shall be for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program, of which up to \$10,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs, including fees associated with section 8 tenant protection rental assistance, the administration of disaster related vouchers, Veterans Affairs Supportive Housing vouchers, and other special purpose incremental vouchers: Provided, That no less than \$1,640,000,000 of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year 2017 funding cycle based on section 8(q) of the Act (and related Appropriation Act provisions) as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act of 1998 (Public Law 105-276): Provided further, That if the amounts made available under this paragraph are insufficient to pay the amounts determined under the previous proviso, the Secretary may decrease the amounts allocated to agencies by a uniform percentage applicable to all agencies receiving funding under this paragraph or may, to the extent necessary to provide full payment of amounts determined under the previous proviso, utilize unobligated balances, including recaptures and carryovers, remaining from funds appropriated to the Department of Housing and Urban Development under this heading from prior fiscal years, excluding special purpose vouchers, notwithstanding the purposes for which such amounts were appropriated: Provided further, That all public housing agencies participating in the MTW demonstration shall be funded pursuant to their MTW agreements, and shall be subject to the same uniform percentage decrease as under the previous proviso: Provided further, That amounts provided under this paragraph shall be only for activities related to the provision of tenant-based rental assistance authorized under section 8, including related development activities;

**Mainstream 5 Year Program:**

\$120,000,000 for the renewal of tenant-based assistance contracts under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), including necessary administrative expenses: Provided, That administrative and other expenses of public housing agencies in administering the special purpose vouchers in this paragraph shall be funded under the same terms and be subject to the same pro rata reduction as the percent decrease for administrative and other expenses to public housing agencies under paragraph (3) of this heading: Provided further, That any amounts provided under this paragraph in this Act or prior Acts, remaining available after funding renewals and administrative expenses under this paragraph, shall be available for incremental tenant based assistance contracts under such section 811, including necessary administrative expenses;

**Tribal HUD-VASH Renewals:**

\$7,000,000 shall be for rental assistance and associated administrative fees for Tribal HUD-VA Supportive Housing to serve Native American veterans that are homeless or at risk of homelessness living on or near a reservation or other Indian areas: Provided, That such amount shall be made available for renewal grants to the recipients that received assistance under the rental assistance and supportive housing demonstration program for Native American veterans authorized under the heading "Tenant-Based Rental Assistance" in title II of division K of the Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113-235, 128 Stat. 2733): Provided further, That the Secretary shall be authorized to specify criteria for renewal grants, including data on the utilization of assistance reported by grant recipients under the demonstration program: Provided further, That any amounts remaining after such renewal assistance is awarded may be available for new grants to recipients eligible to receive block grants under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. section 4101 et seq.) for rental assistance and associated administrative fees for Tribal HUD-VA Supportive Housing to serve Native American veterans that are homeless or at-risk of homelessness living on or near a reservation or other Indian areas: Provided further, That funds shall be awarded based on need, and administrative capacity established by the Secretary in a Notice published in the Federal Register after coordination with the Secretary of the Department of Veterans Affairs: Provided further, That renewal grants and new grants under this paragraph shall be administered by block grant recipients in accordance with program requirements under the Native American Housing Assistance and Self-Determination Act of 1996: Provided further, That assistance under this paragraph shall be modeled after, with necessary and appropriate adjustments for Native American grant recipients and veterans, the rental assistance and supportive housing program known as HUD-VASH program, including administration in conjunction with the Department of Veterans Affairs and overall implementation of section 8(o)(19) of the United States Housing Act of 1937: Provided further, That the Secretary of Housing and Urban Development may waive, or specify alternative requirements for any provision of any statute or regulation that the Secretary of Housing and Urban Development administers in connection with the use of funds made available under this paragraph (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative

requirements are necessary for the effective delivery and administration of such assistance: Provided further, That grant recipients shall report to the Secretary on utilization of such rental assistance and other program data, as prescribed by the Secretary;

**VASH Program:**

\$40,000,000 for incremental rental voucher assistance for use through a supported housing program administered in conjunction with the Department of Veterans Affairs as authorized under section 8(o)(19) of the United States Housing Act of 1937: Provided, That the Secretary of Housing and Urban Development shall make such funding available, notwithstanding section 204 (competition provision) of this title, to public housing agencies that partner with eligible VA Medical Centers or other entities as designated by the Secretary of the Department of Veterans Affairs, based on geographical need for such assistance as identified by the Secretary of the Department of Veterans Affairs, public housing agency administrative performance, and other factors as specified by the Secretary of Housing and Urban Development in consultation with the Secretary of the Department of Veterans Affairs: Provided further, That the Secretary of Housing and Urban Development may waive, or specify alternative requirements for (in consultation with the Secretary of the Department of Veterans Affairs), any provision of any statute or regulation that the Secretary of Housing and Urban Development administers in connection with the use of funds made available under this paragraph (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective delivery and administration of such voucher assistance: Provided further, That assistance made available under this paragraph shall continue to remain available for homeless veterans upon turn-over;

**Family Unification Program:**

\$10,000,000 shall be made available for new incremental voucher assistance through the family unification program as authorized by section 8(x) of the Act: Provided, That the assistance made available under this paragraph shall continue to remain available for family unification upon turnover: Provided further, That for any public housing agency administering voucher assistance appropriated in a prior Act under the family unification program that determines that it no longer has an identified need for such assistance upon turnover, such agency shall notify the Secretary, and the Secretary shall recapture such assistance from the agency and reallocate it to any other public housing agency or agencies based on need for voucher assistance in connection with such program; and

**Tracking of Special Purpose Vouchers:**

The Secretary shall separately track all special purpose vouchers funded under this heading.

## **Appendix B**

### **Calculation of HUD-Confirmed Shortfall and Shortfall Amount**

The amount that a PHA will be eligible to receive from either the \$75,000,000 set-aside or available funds from the formula offset will be calculated by HUD, using HUD's 2-year projection tool (see link) and the most recent validated voucher leasing and expense data available in VMS at the time the PHA's application is reviewed, including any updated information supplied by the PHA. HUD's 2-year projection (forecasting) tool and the instructions can be found at [Office of Housing Choice Vouchers](#).

The 2-year tool compares all resources available to support the PHA's HAP payments in CY 2017 with actual HAP expenses for 2017 projected through the end of the CY, based upon the best information available.

Resources are calculated using the HUD calculated RNP as of 12/31/2016, the HUD-held reserve as of 12/31/2016, the PHA's actual Renewal Annual Budget Authority (ABA) for 2017, and any new voucher incremental funding applicable to CY 2017 or set-aside amounts awarded or expected to be awarded in 2017.

HAP expenses are calculated based on current leasing and expense data, projected through the end of CY 2017; the PHA's suspension of general voucher issuance; and projected attrition based on actual attrition for the 12 months prior to the PHA's request for set-aside funds, adjusted for accuracy if the PHA has more recent information that will impact the attrition rate in future months, as reported in PIC, and considering any updated information supplied by the PHA.

The requirement to suspend general voucher issuance is subject to the following exclusions:

1. Vouchers issued to current HCV participants to allow them to move.
2. Vouchers issued to program applicants under special-purpose voucher increments awarded in CY 2016 or CY 2017. These special-purpose vouchers include VASH, Family Unification Program (FUP), Near Elderly Disabled (NED), and Tenant Protection vouchers initially awarded in 2016 and/or 2017.
3. Vouchers issued to applicants moving into Project-Based Voucher (PBV) units in order to allow the PHA to meet its contractual obligation to fill PBV AHAP units being placed under HAP for the first time, and PBV units currently under HAP that are vacated by program participants. However, tenant-based vouchers are not to be issued to participants living in PBV units who are requesting a voluntary move with a tenant-based voucher after the date of date of notification by the SPT of a potential shortfall.

**Any vouchers issued on or after the date of notification by the SPT of a potential shortfall, with the exception of those described in 1, 2, and 3 above, must be rescinded immediately.**

**unless the applicant has submitted a Request for Tenancy Approval and the unit has passed inspection.** To the extent consistent with the PHA's Administrative Plan, holders of these vouchers may be advised that they will be eligible to receive a new voucher when the PHA is able to resume issuance. PHAs cannot issue vouchers and/or execute HAP contracts for families that do not meet any of the exceptions through the end of CY 2017, or until advised in writing by the SPT that they no longer have a shortfall.

The application period for shortfall set-aside funding will remain open throughout the CY 2017, and PHAs may apply at any time during the application period. PHAs that receive set-aside funds based on their current HAP costs are encouraged to maintain contact with the SPT to ensure all shortfall needs are met. Similarly, PHAs that do not initially qualify for shortfall funding because they have suspended leasing and expect to decrease leasing by attrition are also encouraged to maintain contact with the local Field Office and the SPT if the attrition fails to resolve their shortfall.

All PHAs applying for the shortfall set-aside must be working with HUD's SPT at the time of their application. The SPT will review the PHA's funding available for 2017 and their leasing and expense data to date, to determine whether the PHA has a shortfall and the amount needed to resolve the shortfall. The PHA will continue to work with the SPT throughout the year to monitor the PHA's financial position and to implement cost savings measures outlined in Notice PIH 2011-28 to decrease the possibility of an increased shortfall. PHA must adhere to the eligibility requirements detailed in Section 12 of this Notice.

Factors considered by the SPT to determine the amount of a potential shortfall will be determined as follows:

- a. **Cash Supported Total Reserves as of 12/31/2016:** SPT will use the Cash Supported Total Reserves as of 12/31/2016, which consists of the HUD-Held Reserve and the lower of HUD-Estimated Excess Cash, PHA Reported RNP as of 12/31/2016, or the actual amount of cash on hand to support the RNP. If there is a discrepancy with any of these amounts the PHA will be required to provide documentation as requested before this adjustment will be made.
- b. **HUD-held reserve as of 12/31/2016:** SPT will use the balance reported to SPT by HUD's FMC.
- c. **2017 Renewal ABA:** Actual renewal ABA awards for CY 2017.
- d. **Special-purpose voucher and tenant protection funding and set-asides:** FMC will provide amounts to be made available to the PHA in CY 2017 for special-purpose voucher and tenant protection funding increments applicable to any portion of CY 2017, and for any set-aside funding previously awarded in CY 2017.

- e. **Unit months leased:** The unit months leased (UML) for CY 2017 will be projected by taking the number of units reported in VMS in the last month available, and projecting that number through the end of the year. Reductions to projected leasing will be made to adjust for attrition, in accordance with the annual turnover rate used in the 2-year tool. This rate is derived from the PHA's PIC data on families ending participation (EOP). Increases to projected leasing will be made for vouchers on the street prior to the date of the notification by the SPT of a potential shortfall and additional leasing resulting from the admission of families described in 2 and 3 above -- families receiving new special-purpose vouchers, and families moving into new or vacant PBV units. No adjustments will be made for mover families who receive vouchers in accordance with 1 above.
- f. **Total HAP expense:** Total HAP expense for 2017 will be based on a projection of the unit months leased for 2017 (described in e above) at the per-unit cost taken from the PHA's most recent VMS report, and considering any updated information supplied by the PHA. If the PHA's PUC increases in future months, and the PHA again determines that it is in danger of a shortfall, an additional shortfall award may be made without the need to reapply.
- g. **Vouchers issued, or projected to be issued:** The number of vouchers on the street as of the date of notification by the SPT of a potential shortfall taken from the PHA's VMS report will be used to determine future leasing, if any, from vouchers issued prior to the date of notification by the SPT of a potential shortfall. For most PHAs, there will be no units on the street starting on the date of notification by the SPT of a potential shortfall. Planned issuances for vouchers exempt from the suspension will be shown in the months they will be issued. The projected HAP costs for these units will be affected by the voucher success rate provided by the PHA and average time from issuance of the voucher to the HAP effective date.
- h. **Other Planned Additions or Reductions to Leased Units:** This field incorporates into the leasing schedule other planned additions to leasing with fixed start dates, such as the dates that PBV units currently under AHAP are scheduled to come under HAP. The calculated HAP cost for these units is not subject to the success rate calculation.
- i. **2017 Year-End Total HAP Reserve Balance:** Any PHA with a negative projected 2017 year-end balance will be considered to be a shortfall PHA. PHAs with year-end balances of \$0 or above will not be considered as shortfall PHAs or eligible to receive shortfall set-aside funds.

**CY 2017 Housing Choice Voucher Program – Application for Funds from the \$75 Million Set-Aside or from Available Funds from the Formula Offset**

**ATTACHMENT A**

**PHA Application for Category 1, Shortfall Funds and PHA Certification of Reasonable Cost Savings Measures Undertaken To Prevent Termination of HCV Participants Due to Insufficient Funds.**

Name of PHA: \_\_\_\_\_

PHA Number: \_\_\_\_\_

Executive Director: \_\_\_\_\_

The above referenced agency is applying for Category 1 Shortfall Funds and has undertaken reasonable cost savings measures to prevent termination of HCV Participants due to insufficient funds.

Please check Shortfall Scenario 1 or Shortfall Scenario 2 for which your PHA is applying. The application must be signed by the appropriate PHA official.

\_\_\_\_\_ **Shortfall Scenario 1:** For PHAs already in an-SPT confirmed shortfall- the certification is as follows:

I, \_\_\_\_\_, hereby certify to the following:

(1) At the time of application, the PHA is working with the HUD Shortfall Prevention Team (SPT) and SPT has confirmed the PHA is in a shortfall position. (PHAs that are not currently working with the SPT but believe they are in a shortfall position should immediately contact their HUD Field Office for assistance.)

(2) The PHA has ceased issuing vouchers to applicants as **of the date of notification by the SPT of a potential shortfall**. (Please note this does not apply to families that are participants and were issued a voucher to move to a different unit. This restriction is also not applicable to tenant protection vouchers that are being issued to targeted families that were residing in the covered property on the eligibility event, or where the PHA is leasing to homeless veterans under the HUD-VASH program, up to the baseline level of units under all HUD-VASH allocations (not just recent allocations), including turnover of HUD-VASH vouchers.)

(3) The PHA has rescinded any vouchers remaining on the street that were issued to applicant families and has stopped leasing those rescinded vouchers as of **the date of notification by the SPT of a potential shortfall**, unless the applicant has submitted a Request for Tenancy Approval and the unit has passed inspection. Note this does not apply to vouchers issued under the two exceptions noted in (2) above. In addition, PHAs

may enter into PBV HAP contracts for units that were under AHAP as of the application date and still meet this condition.

(4) The PHA has ceased absorbing portable vouchers as of the date of notification by the SPT of a potential shortfall.

(5) In regard to project-based voucher (PBV) HAP contracts, vouchers are not issued to a family that wants to voluntarily move. (However, if a unit becomes vacant, the PBV unit shall be filled with a family from the waiting list.)

\_\_\_\_\_ **Shortfall Scenario 2:** For those PHAs that manage their HCV program budgets in a reasonable and responsible manner, but are later determined to be in an SPT-confirmed shortfall position, the Department will review each application on a case-by-case basis to determine if the PHA is eligible for funding under this category.

I \_\_\_\_\_, here by certify that the PHA agrees to comply with all SPT-directed cost savings measures.

Certification: I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3279, 3802)

\_\_\_\_\_  
Signature of Executive Director and Date

\_\_\_\_\_  
Contact Name and Phone Number