



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 2018-09**

Issued: May 21, 2018

Expires: December 31, 2018

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Cross References:

This Notice updates PIH Notice 2018-05

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**SUBJECT: Implementation of the Federal Fiscal Year (FFY) 2018 Funding Provisions for the Housing Choice Voucher Program**

- Purpose.** This Notice implements the Housing Choice Voucher (HCV) program funding provisions of the Consolidated Appropriations Act, 2018 (P.L. 115-141), referred to hereafter as “the 2018 Act,” enacted on March 23, 2018. The 2018 Act establishes the allocation methodology for calculating housing assistance payments (HAP) renewal funds, new incremental vouchers and administrative fees.
- Organization.** This Notice is grouped into two sections. Sections 3 through 14 describe the funding made available under the 2018 Act and the Department of Housing and Urban Development’s (HUD) implementation of the provisions related to the allocation of that funding. Sections 15 through 21 provide other important information regarding the administration of the public housing agency’s (PHA’s) HCV program.
- Summary.** The HCV program is HUD’s largest rental assistance program. Funding is provided through the 2018 Act, which HUD allocates to PHAs in accordance with such Act as described in this Notice.

The 2018 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, 2017 – December 31, 2017).

In 2018, the amount Congress appropriated to fund the HCV program is broken down in the amounts and sections of the Act as follows:

## **2018 Appropriations**

HAP Renewal Funding <sup>1</sup>	\$19,600,000,000
Tenant Protection Vouchers <sup>2</sup>	\$85,000,000
Administrative Fees	\$1,760,000,000
Mainstream Program	\$505,000,000
Tribal HUD-VASH Renewals	\$5,000,000
Veterans Affairs Supportive Housing	\$40,000,000
Family Unification Program	<u>\$20,000,000</u>
<b>Total Available CY 2018 Appropriations</b>	<b>\$22,015,000,000</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 2018 HAP Renewal Funding**

The 2018 Act requires that HUD apply a re-benchmarking renewal formula based on validated leasing and cost data in VMS for **CY 2017** (January 1, 2017 to December 31, 2017) to calculate each 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 (not to exceed unit months available under the Annual Contributions Contract (ACC)) in VMS for CY 2017.<sup>3</sup> Note that PHAs located in the most impacted and

<sup>1</sup> The 2018 Act provides that up to \$75 million of the HAP renewal funding may be set aside to address four categories of need. A portion of HAP Renewal funding will also be used to meet disaster needs in accordance with the Further Extension of Continuing Appropriations Act, H.R. 1892 (P.L. 115-123), as described below.

<sup>2</sup> The 2018 Act specifies the following uses for the \$85 million: "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...."

<sup>3</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.

distressed areas in which a major Presidentially declared disaster occurred during CY 2017 may also receive adjustments to HAP renewal funding within the 60 day renewal allocation time frame.<sup>4</sup> HUD will provide guidance and information on applying for a second HAP renewal adjustment for PHAs most impacted by a Presidentially Declared Major Disaster at a later date.

Step 2: As required by the 2018 Act, HUD adjusts allocations for the first-time renewals of tenant protection vouchers and special purpose vouchers, such as Veterans Affairs Supportive Housing (VASH) vouchers, for which the initial increment expires in CY 2018. Affected PHAs' renewal funding allocation enclosures indicate the amount of additional funding provided for CY 2018 for first-time increments not initially funded for twelve months. Note: Reissuance of vouchers originally issued to families under the Disaster Voucher Program/Disaster Housing Assistance Payments-IKE (DVP/DHAP-IKE) is not permitted. For DVP/DHAP-IKE vouchers, as with vouchers issued under the sunset provisions identified in Section 6, affected PHAs' Consolidated Annual Contributions Contract (CACC) unit authorizations and CY 2018 renewal funding allocations reflect a reduction in units based on the number of such families under assistance as reported in VMS as of December of 2017.

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: HUD determines the total HAP renewal funding eligibility for all PHAs and compares that amount to the total HAP renewal funds available, per the 2018 Act, to determine a proration factor. This proration factor is then applied to each PHA's CY 2018 eligibility. A proration of less than 100% is applied if the nationwide eligibility exceeds the available HAP renewal funding.

Step 5: The 2018 Act provides that HUD may offset PHAs' (including Moving to Work PHAs') CY 2018 allocations based on the excess amounts of PHAs' net restricted assets (NRA), including HUD-held program reserves (in accordance with VMS data in CY 2017 that is verifiable and complete), as determined by the Secretary. PIH will perform a small offset for reallocation in CY 2018 to ensure the national HAP proration is at or above 99.5% and to prevent the termination of rental assistance for families as the result of insufficient funding. The portion of the offset used to prevent the termination of assistance will supplement the funds provided for the shortfall prevention category within

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<sup>4</sup> Section 21103 of the Continuing Resolution (CR), Further Extension of Continuing Appropriations Act, H.R.1892 (P.L. 115-123), enacted on February 9, 2018, provides the Department with the authority to adjust the HAP renewal funding for CY 2018 for PHAs located in the most impacted and distressed areas in which a major Presidentially declared disaster occurred during 2017. PHAs were notified by letter on April 9, 2018 of this provision and the requirements for submitting a request for adjustment to the Department by close of business on April 30, 2018. Such guidance will be updated to ensure consistency with this statutory authority. Approved adjustments will be incorporated into the renewal allocations of affected PHAs.

the \$75 million set-aside (discussed in Sections 5 and 12). Detailed calculations of the offsets will be provided to PHAs in the renewal allocation enclosure. Offsets will come from excess program reserves reconciled December 31, 2017 and will protect 6 categories of eligibility. Attachment F to this notice is an example of the offset enclosures that will be provided to PHAs and specifically describes this calculation as well as the protected categories of eligibility.

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

The Department has authority to provide adjustments to PHAs for the categories outlined below. Awards will be made to eligible PHAs in accordance with need, as determined by HUD, following an application by the PHA as described in Section 12 of this Notice. Awards could be reduced, in whole or in part, if PHAs have available reserves (RNP and/or HUD-held reserves) above a reasonable threshold, as defined by the Secretary, and/or prorated if the \$75 million is insufficient to cover all awards.

##### Set-Aside Categories:

Category 1: Prevention of Terminations Due to Insufficient Funding

Category 2a: Unforeseen Circumstances

Category 2b: Portability Cost Increases

Category 3: Project-Based Vouchers

Category 4: HUD-VASH

The above numbering of the categories does not reflect priority; however, HUD reserves the right to prioritize or limit Category 1: Prevention of Terminations Due to Insufficient Funding.

Please refer to Section 12 of this Notice for more details about the set-aside categories, eligibility requirements and submission deadlines.

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

As noted above, the 2018 Act provides \$85 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.

This section of the notice describes the two types of TPVs that are made available under the 2018 Act, which are replacement vouchers and relocation vouchers. The section then covers the three categories of TPV funding actions and the funding process for each category. These categories are Multifamily Housing Conversions, Public Housing Actions, and the Set-aside for certain at-risk families in low-vacancy areas.

#### A. Relocation and Replacement TPVs

The 2018 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. Relocation TPVs 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 CACC accordingly.

1. **Relocation TPVs:** Provided in cases where the HUD-assisted housing unit is not permanently lost, relocation TPVs are a temporary resource to the PHA to assist only the individual families impacted by the Multifamily Housing or Public Housing action. These relocation TPVs are available only until the family to whom the TPV was originally issued ceases to use the TPV either because the family moves into the redeveloped HUD-assisted-housing or the family’s participation in the voucher program ends for any other reason.

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

- Actions under section 8(bb) of the United States Housing Act of 1937 (1937 Act), where the project-based assistance consistent with HUD requirements is simply being relocated;
- 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>5</sup>; and

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<sup>5</sup> HUD (SAC) generally determines that public housing units are being redeveloped in connection with the Public Housing action if the SAC application indicates the same property is being redeveloped to include public housing units pursuant to a public housing development transaction (which may include a mixed-finance proposal). The public housing units may be the same units through rehabilitation/modernization or may be newly constructed units after the demolition of the existing public housing units. If the number of public housing units that will be developed on the property is less than number of public housing units that will be redeveloped on this property, the PHA may be eligible for replacement TPVs for the units that will not be replaced.

In the case of a Public Housing action, if a PHA applies for and receives TPVs, it must offer the impacted residents the ability to relocate with that TPV assistance. In the case of replacement vouchers, the TPV assistance offered to impacted residents may take the form of tenant-based and/or project-based assistance. Relocation vouchers are

- 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 and may only be issued to such families who are relocating families (i.e., families who are being displaced and will lose their project-based HUD assistance). Relocation TPVs are tenant-based assistance and cannot be project-based.

In the case of Public Housing actions, PHAs must offer families who will be displaced by a Public Housing action one or more forms of comparable housing which can take multiple forms.<sup>6</sup> If the PHA offers section 8 tenant-based assistance, that assistance can be from the PHA's existing HCV resources or 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.

**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, 2017 and 2018 Appropriations. These new conditions do not apply to TPVs that were funded from previous year appropriations.

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<sup>5</sup>. 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.

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always tenant-based assistance. PHAs cannot offer impacted residents another form of comparable housing (i.e. another public housing units, a RAD unit) if it applies for and receives TPVs for the Public Housing action.

<sup>6</sup> Comparable housing may 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, if the PHA applies for and receives an award, from a new award of TPVs. The TPV assistance offered to impacted residents may take the form of tenant-based and/or project-based assistance. A PHA cannot offer impacted residents another form of comparable housing (i.e., another public housing unit, a RAD unit) if it applies for and receives TPVs for the Public Housing action.

**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, Section 8(bb) actions, property disposition relocations, and Choice Neighborhoods vouchers.

TPVs made available for Multifamily Housing action are generally replacement TPVs because they are issued to replace units that cease to be available as assisted housing. However, TPVs issued in connection with Section 8(bb) transfers of assistance and Choice Neighborhood grants are relocation TPVs because they are issued in connection with a transaction where project-based assistance 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 2018 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 become 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 when inviting the PHA to administer the TPV allocation if the TPVs fall under this particular category and will provide further guidance to the PHA regarding these special circumstances.

#### Funding Process.

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 2018 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). In order to ensure that TPVs are available to assist all families directly impacted by eligible conversion actions, HUD initially will only provide 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, provided that those units were occupied within the previous 24 months from the eligibility event in accordance with the authority provided under the 2018 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 make TPVs available for units that were occupied immediately prior to the event or determination that required families to vacate the units. The families that had to vacate the units as a result of the imminent health and safety risks remain eligible for the TPVs on the basis of the related eligibility event (e.g., termination of the project-based assistance contract). HUD will provide PHAs administering the TPVs in this situation with additional information and assistance with respect to identifying and contacting the eligible families.

**C. 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"),
- Demolitions authorized under de minimis authority of the 1937 Act,
- 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.

#### Funding Process

**1. 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, RAD 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, by category, that the PHA is eligible to receive. The maximum number will be based on the occupancy of the public housing units as described in subparagraph (b) below.

- a. **TPV Application.** Except in cases of imminent health and safety discussed below, 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 (or CNI award as documented in IMS/PIC) (e.g. number of days after HUD



approval of the SAC application that the PHA plans to start relocating residents) should be consistent.

The 2018 Act provides that when a public housing development is submitted for demolition for disposition under section 18 of the 1937 Act, HUD may provide section 8 rental assistance when the units pose an imminent health and safety risk to residents. In these limited circumstances, TPVs may be made available to PHAs before HUD approves a SAC application for the occupied public housing units, provided the PHA has submitted a SAC application. The TPV application will be accepted and processed prior to HUD's approval of a SAC application, but all other requirements will remain the same. PHAs must relocate residents in accordance with the applicable Public Housing action requirements.

In cases where families were relocated from the project due to imminent health and safety risks, HUD will still make TPVs available for units that were occupied immediately prior to the submission of the SAC application. The families that had to vacate the units as a result of the imminent health and safety risks remain eligible for the TPVs on the basis of the related eligibility event (HUD's approval of the demolition application). Furthermore, if the PHA used its current HCV vouchers to immediately relocate the families due to the health and safety risk, the PHA is still eligible to submit the TPV and to request replacement TPVs, provided that the PHA promptly submits the application.

- b. **Final TPV Award.** As discussed above, the 2018 Act provides that HUD may only provide 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). In order to ensure that TPVs are available to assist all families directly impacted by eligible conversion actions, HUD initially will only provide TPVs for Public Housing Actions for units occupied on the dates specified below.
  - 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 replacement TPVs for vacant units lost due to Public Housing actions in the impacted properties provided that those units were occupied within the previous 24 months at the time of the SAC (or CNI) approval in accordance with the authority provided under the 2018 Act, including TPVs for demolition or disposition actions under HUD Notice PIH 2018-04 (Demolition and/or disposition of public housing property, eligibility for tenant-protection vouchers and associated requirements, issued March 22, 2018.)

- 2. 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. TPV application (Form HUD-52515). If lease-up will cover more than one CY, a separate TPV application for each CY is required;
  - iii. 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 CY, the PHA must submit separate leasing schedules for each CY; and
  - iv. HUD's written approval of the SAC application – PDF version- signed and dated (or CNI Award or HUD's acknowledgement of the *de minimis* demolition, as applicable).
- 3. Partnering PHA.** If the PHA that is requesting the HUD approval of the Public Housing action is a Public Housing only agency (and therefore cannot receive or administer TPVs), the PHA must partner with another PHA (that has an HCV program) in order for TPVs to be provided for public housing action. The PHA partner must be approved by the HUD field office. A PHA may contact the HUD field office to request assistance in finding a partnering agency.

The PHA partner must have jurisdictional authority to administer its program in the public housing project's geographic location under State and local law. Additionally, the PHA must have the administrative capacity to administer the TPVs. The partnering PHA must be in compliance with Federal civil rights laws and outstanding civil rights matters must be resolved to HUD's satisfaction prior to HUD's approval of the partnership, provided that all applicable legal processes have been satisfied. If HUD determines the partner PHA fails to meet this standard, HUD will notify the PHAs of its determination and any necessary actions.

The two PHAs must enter into a written agreement regarding the roles and responsibilities of the two PHAs, including communication with the residents. The PHA with the HCV program will submit 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.

The Local Office of Public Housing conducts a threshold review of the TPV request prior to sending the request to HUD's Financial Management Center (FMC). HUD's FMC notifies PHAs of final TPV awards.

- D. TPV Set-Aside.** The 2018 Act provides that \$5,000,000 of the \$85,000,000 appropriated for TPVs may be set-aside to provide TPVs to certain at-risk households in low-vacancy areas.

On February 8, 2018, HUD issued Notice PIH 2018-02, funding availability for set-aside Tenant Protection Vouchers – Fiscal Year 2017. HUD is continuing to accept owner requests for TPV assistance under Notice PIH 2018-02 on a rolling basis. Should the demand exceed the set-aside funding available under Notice PIH 2018-02, HUD may make set-aside funding available out of the FY 2018 Appropriations Act. In that circumstance, HUD will issue a PIH notice. However, until that time eligible owners should continue to request TPV funding under the set-aside in accordance with the project eligibility requirements and application procedures set forth in Notice PIH 2018-02.

- E. Additional Requirements for TPVs.** For all TPV actions, determination of funding is based on eligibility for such vouchers, and the Department may amend the PHA's CACC to rescind funding and remove the corresponding units if it is determined that the PHA is not eligible for funding provided. Both relocation TPVs and replacement TPVs must be leased within 12-months of receipt from HUD (or may be subject to reallocation by HUD).

The Local Office of Public Housing conducts a threshold review of the TPV request prior to sending the request to HUD's FMC). HUD's FMC notifies PHAs of final TPV awards.

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

The 2018 Act provides **\$1,760,000,000** for administrative expenses of PHAs administering the voucher program (see Appendix A for Appropriations text). Of the appropriated amount, approximately **\$1,730,000,000** will be available for ongoing administrative fees and fees for new vouchers and up to **\$30,000,000** 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 allocated based on leasing. These administrative fees are calculated for CY 2018 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 allocated a fee amount for each voucher that is under HAP contract as of the first day of each month. Administrative fees for new incremental vouchers are also allocated 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 actual leasing reported in VMS in prior months. Each PHA's administrative fee eligibility is reconciled after every quarter based on actual reported leasing, adjusted by an estimated proration based on total annual funding for administrative fees. HUD determines the 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 2018 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 2018.

Note: PHAs were previously advised in PIH Notice 2018-05 of the application deadline of April 16, 2018.

- 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 2018. 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 2018-05 of the application deadline of May 22, 2018.

**B. Special Fees.** As stated above, HUD will make up to **\$30,000,000** available to allocate to PHAs that need additional funds to administer their Section 8 programs. A portion of the \$30,000,000 set-aside may be used for on-going administrative fees to increase the national fee proration, should HUD determine during the course of the CY that the entire \$30,000,000 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.

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 allocated 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 2018.
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 allocated 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 have been administering a number of port-in vouchers equal to 20% or more of the PHAs total number of leased vouchers as of December 31, 2017 to be eligible for special portability fees. For each eligible port-in voucher, the receiving PHA will receive 12 months of funding equal to **15%** of the PHA's 2018 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, 2017 and leased data from the VMS as of December 31, 2017 (from the same VMS database used to determine the 2018 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 2018 renewal allocation. PHAs were advised through PIH Notice 2018-07 of the deadline date of March 20, 2018 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 Vouchers, PBV and Project-Based Certificates*, for the eligibility requirements and process to request special fees under this category.

5. **Disaster Fee Adjustments (Sec. 21103 of the Bipartisan Budget Act of 2018):**

HUD will provide an administrative fee adjustment for PHAs located in the most impacted and distressed areas in which a major Presidentially declared disaster occurred during CY 2017 under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.). For details on how to apply for this adjustment, please see Attachment E of this notice.

6. **One-Time Costs Associated with Small Area Fair Market Rent Adoption:**

A portion of the set-aside may be used for one-time costs associated with the adoption of Small Area Fair Market Rents (SAFMRs). Any agency that has already received administrative fee set-aside funds associated with the adoption of SAFMRs is ineligible to apply. Funds will cover the costs of software upgrades up to \$25,000. In addition, agencies may request funding to help cover general start-up costs. Funding requests must include supporting documentation showing expenses incurred, along with a narrative explanation of how the expenses are tied to the PHA's adoption of SAFMRs. HUD will issue subsequent guidance on how to apply for set-aside funding under this category.

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

The 2018 Act provides **\$40,000,000** for new incremental vouchers for the VASH program. As provided by the 2018 Act, vouchers will be awarded based on geographic need and PHA administrative performance. HUD will issue comprehensive guidance for this competition at a later date.

9. **Tribal HUD VASH Renewals.**

The 2018 Act provides **\$5,000,000** 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. Further guidance from the Office of Native American Programs will be provided at a later date.

10. **Mainstream Program.**

The 2018 Act provides **\$505,000,000** for renewal funding and administrative fees for HCV Units. The renewal funding will be re-benchmarked during CY 2018. Renewals are calculated based on validated Mainstream program leasing and HAP expenses reported in VMS for the period January 1 to December 31, 2017 (CY 2017). PHA funding is limited to such CY eligibility and HUD-held mainstream reserves. As with the non-special purpose voucher program, PHAs may not over-lease. (See Section 20 for more information on over-leasing.) In addition, the 2018 Act requires that the administrative and other non-HAP 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 disbursed based on the most recent Mainstream program 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 2018 Act also provides that any funds remaining available after funding renewals and administrative expenses shall be available for incremental tenant-based assistance. The Omnibus Appropriations Act, 2017 also made approximately \$13 million available for this purpose. HUD plans to award the 2017 funding and a portion of the 2018 funding through the 2017 Mainstream Voucher Notice of Funding Availability (NOFA) to qualified applicants. Remaining 2018 funds will be awarded through a future NOFA. Applications under the 2017 Mainstream Voucher Program (FR-6100-N-43) are due on June 18, 2018.

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

The 2018 Act provides **\$20,000,000** for new incremental voucher assistance for the Family Unification Program. On April 25, 2018 HUD issued a Family Unification Program Notice of Funding Availability for Fiscal Years 2017 and 2018, <https://www.grants.gov/web/grants/search-grants.html?keywords=Family%20Unification>. The Notice of Funding Availability makes available a total of \$30,000,000 for incremental voucher assistance through the Family Unification Program from the funds made available under the 2017 Act and 2018 Act.

The 2018 Act also provides that any PHA administering voucher assistance appropriated in a prior Act under the Family Unification Program (FUP) that determines 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. Instructions for Applying for Funds within the \$75 Million HAP Set-Aside.**

### **A. Set-Aside Categories and Eligibility Requirements:**

#### **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.

**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 2018 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 an-SPT confirmed shortfall**, the certification is as follows:

(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 the PHA is notified of the potential shortfall by the SPT**. This requirement does not apply to the following:

- Vouchers issued to current voucher program participants to enable the family to move to a different unit;
- TPVs that are being issued to targeted families that were residing in the covered property on the date of the eligibility event; or
- Instances in which 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 ceased absorbing portable vouchers (note, this certification is not necessary if there was an agreement to halt port-ins prior to the date the PHA is notified of the potential shortfall by the SPT).

(4) With regard to Project-Based Voucher (PBV) HAP contracts, vouchers are not issued to a family that wants to voluntarily move out of the PBV unit 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 are not currently in an SPT-confirmed shortfall position but are later determined to be in one, despite managing their HCV program budgets in a reasonable and responsible manner, 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 2018 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 and the instructions for it can be found through a link on the [Office of Housing Vouchers](#) website.

**In egregious situations, as determined by HUD, HUD reserves the right to further require a PHA to rescind recently issued vouchers to attain full set-aside eligibility.**

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

[2018ShortfallInquiries@hud.gov](mailto:2018ShortfallInquiries@hud.gov)

The subject line of the e-mail must include the PHA's number (for example, TX123).

**Category 2a -Unforeseen Circumstances:** PHAs should be aware that an unforeseen circumstance is an occurrence within or after the re-benchmarking period which the PHA could not reasonably have anticipated and which was out of the PHA's control.

**To be eligible for funding under this category, a PHA must submit the following:**

- a. 2018 Attachment B;
- b. Written narrative detailing the unforeseen circumstances that occurred during or after the CY 2017 re-benchmarking period that have significantly increased renewal costs;
- c. Evidence to support the narrative; and
- d. PHA calculation of the increased costs for CY 2018.

For applications under the unforeseen circumstances category 2a, it is important to note that PHAs must submit all items (a. through d.) above by the application deadline for the application to be considered. **Failure to provide any of the required documents, including the PHA calculation of the increased costs, will result in denial of the application.**

**Category 2b -Portability:** To be eligible for funding under this category, the PHA must have experienced a significant increase in renewal costs due to portability for tenant-based rental assistance under Section 8(r) of the Act. To calculate eligibility under this category, the Department will compare the average HAP Per Unit Cost (PUC) for the re-benchmarking period (1-1-2017 to 12-31-2017) to the average HAP PUC for "Port Vouchers Paid" during the re-benchmarking period, both based on reporting in VMS. If the portability average HAP exceeds 110% of the program-wide average HAP PUC for the re-benchmarking period, the PHA will be eligible for set-aside funding. The difference between the portability average PUC and 110% of the program-wide average PUC is multiplied by the total unit months leased for the "Port Vouchers Paid" reported in VMS during the re-benchmarking period to determine funding eligibility. The Department calculates eligibility under this category, therefore, **no additional documentation will be required or accepted other than**

**2018 Attachment B, which must be completed, signed and submitted by the deadline date.**

**Category 3 -Project-Based Vouchers:** To be eligible for funding under this category, a PHA must show that vouchers were withheld from use during the CY 2017 re-benchmarking period to be available to meet a commitment for project-based voucher (PBV) assistance under Section 8(o) (13) of the Act. Adjustments only apply to vouchers withheld pursuant to a PBV commitment for newly constructed or rehabilitated housing. Adjustments do **not** apply to existing housing, as there is no waiting period for existing housing PBV commitments and accordingly, there is no need to withhold vouchers for such commitments. Adjustments will not be made under any circumstances for units under an Agreement to Enter into a Housing Assistance Payments (AHAP) commitment that, when added to units under lease for CY 2017, exceed the PHA's baseline units under ACC for CY 2017. (The PHA would not have been able to lease those withheld vouchers during CY 2018 due to the restriction on over-leasing.)

For **each** project-based voucher commitment for which a request is being made under this category, the PHA **must provide, from Part 1 of the executed Agreement to Enter into a HAP Contract (AHAP) for New Construction/Rehabilitation,** the following:

1. The page which identifies the parties to the AHAP (both the Housing Authority and the owner);
2. Identification of the project;
3. Section 1.1A which identifies the effective date of the agreement;
4. Section 1.1B which identifies the date of the commencement of the work;
5. Section 1.1C which identifies the time for completion of the work;
6. Exhibit C which identifies the units by size and applicable initial contract rents for the units to be project-based;
7. If the project is to be completed in stages: Exhibit E that identifies the schedule of completion of stages (if applicable). (This exhibit shall identify the units in each stage.); and
8. Signature page that provides the signature of both the Housing Authority and the owner and the dates the AHAP was signed.

Additionally, if the HAP Contract **has been executed** by the time of the submission, the PHA **must provide, from Part 1 of the HAP Contract for New Construction/Rehabilitation,** the following:

9. The page which identifies the parties to the HAP Contract (both the Housing Authority and the owner);
10. Exhibit A which identifies the total number of units in the project covered by the HAP Contract; the initial Contract Rent to owner, and the number and description of the contract units;
11. If the project is to be completed in stages: in addition to the items described in 2. above, Exhibit A must also identify the units to be completed in each phase covered by the HAP Contract;

12. Exhibit B which identifies the services, maintenance and utilities to be provided by the owner;
13. Exhibit C which identifies the utilities available in the contract unit, including a listing of utility services to be paid by the owner (without charges in addition to the rent to owner) and utilities to be paid by the tenant;
14. Section 2a which identifies the initial term of the contract; and
15. Signature page which provides the signature of both the Housing Authority and the owner and the dates the HAP was signed.

**These documents, along with the completed and signed 2018 Attachment B, and the completed and signed 2018 Attachments C and D (for each project-based commitment) must be submitted by June 29, 2018.**

**NOTE: If the HAP Contract has not been executed, the PHA must state that the HAP Contract has not yet been executed.**

**Category 4 -HUD-VASH:** For PHAs administering VASH vouchers that can demonstrate a need for adjustment funding for at least one of the following situations:

- a. Per Unit Cost Increase: PHAs whose program-wide funded CY 2018 HAP PUC is less than their current VASH HAP PUC, based on their latest VASH HAP expenses in CY 2018. The Department will calculate eligibility under this category; therefore, **no additional documentation will be required or accepted other than 2018 Attachment B, which must be completed, signed and submitted by the deadline date.**
- b. Leasing Increase: PHAs whose total VASH leasing for CY 2018 will exceed the leasing level included in their renewal funding plus the leasing that will be supported by the RNP and HUD-held program reserves. The Department will calculate eligibility under this category; therefore, **no additional documentation will be required or accepted other than 2018 Attachment B, which must be completed, signed and submitted by June 29, 2018.**

## **B. Submission Requirements:**

**Category 1: Shortfall Funds:** PHAs applying for funds under Category 1 - Shortfall Funds, must submit 2018 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 2018**. PHAs may apply or re-apply at any time during the application period. PHAs that receive set-aside funds based on their current HAP costs may find it necessary to apply for additional set-aside funds. Similarly, PHAs that do not initially anticipate a shortfall because they have suspended leasing and expect to decrease leasing by attrition may apply later if the attrition fails to resolve their shortfall. PHAs should still be in

contact with the HUD field office and SPT in cases where the PHA anticipates attrition will solve the shortfall.

**Other Categories (2a, 2b, 3 and 4a, 4b):** PHA requests for funds under one or more of the other categories (2a, 2b, 3, and/or 4) shall be combined on 2018 Attachment B of this Notice – Application for \$75 Million Set-Aside for Category(ies) 2a – Unforeseen Circumstances, 2b – Portability, 3 – Project-Based Vouchers, and 4a and 4b HUD-VASH.

**Applications for Categories 2a, 2b, 3, and/or 4a and 4b must be received by 5 p.m. EDST, on June 29, 2018.**

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 (A, B, C and D) along with all required documentation and calculations (if applicable) may be submitted to the Department at the following mailbox:

[2018Set-AsideApplications@hud.gov](mailto:2018Set-AsideApplications@hud.gov)

The subject line of the e-mail must include the following: **PHA Number, 2018 Set-Aside Application** (Example: XX123, 2018 Set-Aside Application)

**OR**

**Hard Copy Requests via Mail:** PHA requests, with the appropriate signed Attachments (A, B, C and D) 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. Fontáñez, 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.

**HUD reserves the right to request missing signatures from Set-Aside application forms (Attachments A, B, C and/or D). HUD does not accept revised applications or augmentations after the submission deadline.**

## Quick Reference and Timeline Sheet for HAP Set-Aside Funds:

Category	Deadline	PHAs must submit
1. Shortfall Funds	Through CY 2018	<ul style="list-style-type: none"> <li>• 2018 Attachment A</li> </ul>
2a. Unforeseen Circumstances	06/29/2018	<ul style="list-style-type: none"> <li>• 2018 Attachment B</li> <li>• Written Justification</li> <li>• Evidence to support justification</li> <li>• PHA's calculation of the increased costs</li> </ul> <p><b>Failure to provide the items identified above, <u>including the PHA calculation of increased costs</u>, WILL result in a rejection of the PHA's application for Unforeseen Circumstances</b></p>
2b. Portability	06/29/2018	<ul style="list-style-type: none"> <li>• 2018 Attachment B</li> </ul>
3. PBV	06/29/2018	<ul style="list-style-type: none"> <li>• 2018 Attachment B</li> </ul> <p>For <b>each</b> PBV project:</p> <ul style="list-style-type: none"> <li>• 2018 Attachment C;</li> <li>• 2018 Attachment D;</li> <li>• Identification of the project; From Part 1 of the AHAP;</li> <li>• The page that identifies the parties to the AHAP (both the Housing Authority and the owner);</li> </ul>

Category	Deadline	PHAs must submit
		<ul style="list-style-type: none"> <li>• Section 1.1A which identifies the effective date of the agreement;</li> <li>• Section 1.1B which identifies the date of the commencement of the work;</li> <li>• Section 1.1C which identifies the time for completion of the work;</li> <li>• Exhibit C which identifies the units by size and applicable initial contract rents for the units to be project-based;</li> <li>• If the project is to be completed in stages: Exhibit E which identifies the schedule of completion of stages (if applicable) (This exhibit shall identify the units in each stage);</li> <li>• Signature page which provides the signature of both the Housing Authority and the owner and the dates the AHAP was signed.</li> </ul> <p>In addition, if the HAP Contract <b>has been executed</b> by the time of the submission of this request for adjustment, the PHA <b>must provide, from Part 1 of the HAP Contract for New Construction/Rehabilitation</b>, the following:</p> <ul style="list-style-type: none"> <li>• The page which identifies the parties to the HAP Contract (both the Housing Authority and the owner);</li> <li>• Exhibit A which identifies the total number of units in the project covered by the HAP Contract; the initial Contract Rent to owner, and the number and description of the contract units;</li> <li>• If the project is to be completed in stages: in addition to the items described in 2. above, Exhibit A must also identify the units to be completed in each phase covered by the HAP Contract;</li> <li>• Exhibit B which identifies the services, maintenance and utilities to be provided by the owner;</li> <li>• Exhibit C which identifies the utilities available in the contract unit, including a listing of utility services to be paid by the owner (without charges in addition to the rent to owner) and utilities to be paid by the tenant;</li> <li>• Section 2a which identifies the initial term of the contract; and</li> <li>• Signature page which provides the signature of both the Housing Authority and the owner and the dates the HAP was signed.</li> </ul> <p><b>NOTE: If the HAP Contract has not been executed, the PHA must state that the HAP Contract has not yet been executed.</b></p> <p><b><u>Note: Failure to provide the required documentation listed above will result in denial of the application for funds under this category.</u></b></p>

Category	Deadline	PHAs must submit
4. HUD-VASH	06/29/2018	<ul style="list-style-type: none"> <li>• 2018 Attachment B with a. and/or b. marked               <ul style="list-style-type: none"> <li>a. Per Unit Cost Increase: PHAs whose program-wide funded CY 2018 HAP PUC is less than their current VASH HAP PUC based on their latest VASH HAP expenses in CY 2018. The Department will calculate eligibility under this category; therefore, no additional documentation will be required or accepted other than Attachment B, which must be completed, signed and submitted by the deadline date.</li> <li><b><u>and/or</u></b></li> <li>b. Leasing Increase: PHAs whose VASH leasing for CY 2018 will exceed the leasing level included in their renewal funding plus the leasing that will be supported by the RNP and HUD-held program reserves. The Department will calculate eligibility under this category; therefore, no additional documentation will be required or accepted other than Attachment B, which must be completed, signed and submitted by the deadline date.</li> </ul> </li> </ul>

### 13. Moving To Work (MTW) Agencies.

MTW agencies' renewal funding is determined pursuant to their MTW agreements and appropriations requirements. HUD is directed by the 2018 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.

### 14. Excluded Programs.

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

### 15. 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.

### 16. HAP Disbursements and Frontloading.

PHAs receive monthly disbursements from their budgetary allocations in accordance with the cash management procedures in PIH Notice 2018-06. 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 frontloading early in the CY affects the amounts available in later months in the CY.

**17. Use of HAP and HAP RNP/HUD-Held Program Reserves.**

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 CACC 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 by MTW agencies.

In instances where a PHA is found to have misappropriated HAP and/or HAP RNP/HUD-held reserve 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/HUD-held reserves 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/HUD-held reserves account for non-HAP purposes.

**18. 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>

**19. 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.

**20. Prohibition on Over-leasing.**

The 2018 Act prohibits the use of appropriated HAP funds by any PHA, except for PHAs in the MTW demonstration, to lease units above their CACC 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.

## **21. Use of Outside Sources of Funds.**

HUD issued [PIH Notice 2013-28](#), Guidance on the Use of Outside Sources of Funds in the 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.

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Dominique Blom  
General Deputy Assistant Secretary for  
Public and Indian Housing

## Appendix A

### Consolidated Appropriations Act, 2018 (Public Law 115-141)

#### **Tenant-Based Rental Assistance – Overall Funding and Renewals:**

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, \$18,015,000,000, to remain available until expended, shall be available on October 1, 2017 (in addition to the \$4,000,000,000 previously appropriated under this heading that shall be available on October 1, 2017), and \$4,000,000,000, to remain available until expended, shall be available on October 1, 2018: Provided, That the amounts made available under this heading are provided as follows: (1) \$19,600,000,000 shall be available for renewals of expiring section 8 tenant-based annual contributions contracts H. R. 1625—661 (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 2018 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, 2018: 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 2018 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 2017 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 2018 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 to be available to meet a commitment pursuant to section 8(o)(13) of the Act; (3) for adjustment 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, as 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:**

\$85,000,000 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 the Secretary shall issue guidance to implement the previous provisos, including, but not limited to, requirements for defining eligible at-risk households within 60 days of the enactment of this Act: *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:**

\$1,760,000,000 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 \$30,000,000 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 \$1,730,000,000 of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year 2018 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 Program:**

\$505,000,000 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:**

\$5,000,000 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 recipients that received assistance under prior Acts under the Tribal HUD-VA Supportive Housing program: *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: *Provided further*, That such assistance shall be administered in accordance with program requirements under the Native American Housing Assistance and Self-Determination Act of 1996 and modeled after the HUD-VASH program: *Provided further*, That the Secretary shall be authorized to waive, or specify alternative requirements for any provision of any statute or regulation that the Secretary 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: *Provided further*, That the Secretary may reallocate, as determined by the Secretary, amounts returned or recaptured from awards under prior acts;

### **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 203 (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:**

\$20,000,000 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.

**Adjustments to Renewal Funding Allocations and Administrative Fees for PHAs in 2017 Disaster Areas (Bipartisan Budget Act of 2018, P.L. 115-123):**

SEC. 21103. For 2018, the Secretary of Housing and Urban Development may make temporary adjustments to the section 8 housing choice voucher annual renewal funding allocations and administrative fee eligibility determinations for public housing agencies located in the most impacted and distressed areas in which a major Presidentially declared disaster occurred during 2017 under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.), to avoid significant adverse funding impacts that would otherwise result from the disaster, or to facilitate leasing up to a public housing agency's authorized level of units under contract (but not to exceed such level), upon request by and in consultation with a public housing agency and supported by documentation as required by the Secretary that demonstrates the need for the adjustment.

## **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 two-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 two-year projection (forecasting) tool can be found at the [Office of Housing Choice Vouchers](#) website that includes a link to the two-year tool instruction page.

The two-year tool compares all resources available to support the PHA's HAP payments in CY 2018 with actual HAP expenses for 2018 projected through the end of the CY, based upon the best information available.

Resources are calculated using the HUD-calculated RNP as of 12/31/2017, the HUD-held reserve as of 12/31/2017, the PHA's actual Renewal Annual Budget Authority (ABA) for 2018, and any new voucher incremental funding applicable to CY 2018 or set-aside amounts awarded or expected to be awarded in 2018.

HAP expenses are calculated based on current leasing and expense data, projected through the end of CY 2018; 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 (note, vouchers in categories 2 and 3 below are also added to the HAP expense projection):

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 2017 or CY 2018. These special-purpose vouchers include VASH, Family Unification Program (FUP), Near Elderly Disabled (NED), and Tenant Protection vouchers initially awarded in 2017 and/or 2018.
3. Vouchers issued to applicants moving into Project-Based Voucher (PBV) units 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 rescinded 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 2018, 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 2018, 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 2018 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. PHAs 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 12/31/2017:** SPT will use the Cash Supported Total Reserves as of 12/31/2017, which consists of the HUD-Held Reserve and the lower of HUD-Estimated Excess Cash, PHA Reported RNP as of 12/31/2017, 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 12/31/2017:** SPT will use the balance reported to SPT by HUD's FMC.
- c. **2018 Renewal ABA:** Actual renewal ABA awards for CY 2018.
- d. **Special-purpose voucher and tenant protection funding and set-asides:** FMC will provide amounts to be made available to the PHA in CY 2018 for special-purpose voucher and tenant protection funding increments applicable to any portion of CY 2018, and for any set-aside funding previously awarded in CY 2018.
- e. **Unit months leased:** The unit months leased (UML) for CY 2018 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 two-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 issued prior to the date of the notification by the SPT of a potential shortfall and for additional leasing resulting from the admission of families described in exception categories 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 category 1 above.

- f. **Total HAP expense:** Total HAP expense for 2018 will be based on a projection of the unit months leased for 2018 (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 issued as of the date of notification by the SPT of a potential shortfall, as shown in 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 issued 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. **2018 Year-End Total HAP Reserve Balance:** Any PHA with a negative projected 2018 year-end balance will be considered a shortfall PHA. PHAs with year-end balances of \$0 or above will not be considered shortfall PHAs or eligible to receive shortfall set-aside funds.

**CY 2018 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 ceased absorbing portable vouchers as of the date of notification by the SPT of a potential shortfall.

(4) With 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

**CY 2018 Housing Choice Voucher Program**

**ATTACHMENT B**

**Application for \$75 Million Set-Aside for Category (ies) 2a - Unforeseen Circumstances; 2b - Portability; 3 - Project-Based Vouchers; and/or 4 - HUD-VASH;**

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

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

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

**CHECK ALL BOXES THAT APPLY**

\_\_\_\_\_ **Category 2a: Unforeseen Circumstances.**

\_\_\_\_\_ **Category 2b: Portability.**

\_\_\_\_\_ **Category 3: Project-Based Vouchers.**

\_\_\_\_\_ **Category 4: HUD-VASH (Please also check a. and/or b. below, as applicable):**

\_\_\_\_\_ **a. Per Unit Cost Increase:** PHAs whose program-wide funded CY 2018 HAP PUC is less than their current VASH HAP PUC based on their latest VASH HAP expenses in CY 2017, and/or

\_\_\_\_\_ **b. Leasing Increase:** PHAs whose total VASH leasing for CY 2018 will exceed the leasing level included in their renewal funding plus the leasing that will be supported by the RNP and HUD-held program reserves .

**Documentation requirements and Deadlines for each of the above categories are contained in Paragraph 12 of this Notice.**

**This certification must be signed by the appropriate PHA official and returned.**

**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



OFFICE OF PUBLIC AND INDIAN HOUSING

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

**CY 2018 Housing Choice Voucher Program - \$75 Million Set-Aside**

**Attachment C**

**Project-Based Commitment Data - Calendar Year 2017**

<b>HA Number</b>	
<b>HA Name</b>	

**PROJECT-BASED COMMITMENTS**

If the PHA had project-based (PB) commitments during CY 2017 for which vouchers were withheld from leasing, the PHA must report for each month the number of vouchers withheld from leasing.

*The PHA must complete a separate Attachment C for each PB commitment.*

Project Identification	NUMBER OF VOUCHERS WITHHELD FOR THIS PROJECT-BASED COMMITMENT ONLY											
	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017

**PHA Certification:** I hereby certify that all 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. Convictions may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, U.S.C. 3729, 3802)

\_\_\_\_\_  
Executive Director Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
PHA Contact

Executive Director Name

Phone Number

CY 2018 - \$75 MILLION SET-ASIDE - PBV DATA - (Page 1 of 2)

**ATTACHMENT D**

**NOTE: PLEASE COMPLETE ATT D FOR EACH PROJECT FOR WHICH PBV SET-ASIDE FUNDING IS BEING REQUESTED**

PHA#:

PHA NAME:

# \_\_\_\_\_ of \_\_\_\_\_ PROJECTS

PROJECT NAME:

PROJECT TYPE:

NEW CONSTRUCTION:

REHABILITATION:

**NOTE: EXISTING HOUSING IS INELIGIBLE FOR THIS CATEGORY**

**INFORMATION ON AHAP:**

EFFECTIVE DATE OF AHAP:

#OF DAYS FROM EFFECTIVE DATE OF HAP TO PROJECT COMPLETION DATE:

END DATE (DATE OF NEW CONSTRUCTION/REHAB COMPLETION DATE):

PERIOD ALLOWED:  
# OF UNITS:

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17

UNIT SIZE

CONTRACT RENT	GROSS RENT	UTILITIES INCLUDED IN GROSS RENT Y/N	# OF UNITS
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(Page 2 of 2)

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COMMENTS:
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**This certification must be signed by the appropriate PHA official and returned.**

**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:**

--

**DATE:**

**CONTACT NAME AND PHONE #:**

--



## Attachment E

### Disaster Extraordinary Administrative Fees Set-aside

#### Purpose of the Disaster Set-aside

The purpose of this set-aside is to provide Extraordinary Administrative Fees (EAF) to cover administrative expenses incurred as the result of a disaster that are above and beyond what the PHA is projected to receive from its ongoing administrative fee allocations.

**A. Award Information.** HUD will reserve up to \$10,000,000 for **Disaster Extraordinary Administrative Fees (Disaster EAF)**. Additionally, HUD will limit the award amount to a percentage of the PHA's estimated CY 2018 administrative fee funding. The maximum percentage of the award will be based on the PHA's size, as outlined below:

- Small: 1 – 250 units, 12%
- Medium: 251 – 500 units, 6%
- Large: 501+ units, 4%

**B. Eligible Activities/Expenses.** Under this Notice, PHAs may apply the Disaster EAF to support necessary additional or extraordinary related administrative expenses incurred in CY 2018, due to a PHA's location in the most impacted and distressed areas in which a major Presidentially declared disaster occurred during 2017. To determine if a PHA qualifies for these funds, check the list of counties and zip codes located in the most impacted and distressed areas provided on page 46 to this notice. Next to apply for these funds, applicants must include the counties and/or zip codes from the list on page 46 are applicable, must also justify, or document actions specifically related to, the impact a specific disaster had on the administrative costs of running an HCV program in CY 2018.

Under this Notice, eligible activities/expenses could include, **but are not limited to the following:**

- Hiring temporary staff to process Request for Tenancy Approval (RFTA) forms;
- Hiring temporary staff to conduct HQS inspections, or pre-inspect units that clients impacted by a disaster are likely to rent;
- Hiring temporary staff to provide new tenants with housing search assistance;
- Hiring temporary staff to serve as a Portability Coordinator for disaster tenants;
- Hosting Landlord Recruitment Fairs and other activities to engage landlords to participate in housing disaster victims;
- Holding extra briefings for new tenants due to the disaster;
- Other services to ensure that disaster-impacted clients can move into their new homes with a voucher in the shortest time period possible.

**Payments made directly to assisted families, such as transportation reimbursement, security deposit assistance, etc., are not considered eligible expenses.**

**C. Application Requirements:** To apply for EAF funding, **ALL** applicants must submit the following:

- A narrative signed by the PHA’s Executive Director certifying to the accuracy of the information provided in the application that includes, but is not limited to the following items:
  - Indicates the amount being requested and provides a calculation of how the amount was determined (see the example on page 40, Sample Request Form for CY 2018 Disaster EAF);
  - Includes the estimated Unrestricted Net Position (Administrative fee reserve) balance as of the day of the request;
  - A statement describing an activity or activities that are being proposed, underway or have completed;
  - A description of the local need that the activity will serve;
  - Data on the number of new issuances as a result of increased need;
  - How the additional funds will lead to an increase in leasing success rates and/or reduce processing time in CY 2018;
  - Budget justification to support request. The budget justification must support the need for additional administrative expenses. The expenses must be above what can be supported by your PHA’s projected administrative fees for the year. To streamline the process, a sample request form is also attached as **Appendix F**.

**F. Funding Adjustments.** Please note that HUD will not fund an ineligible activity and will reduce an award to exclude such costs. Additionally, HUD reserves the right to adjust awards to ensure fair and reasonable distribution of funds.

**G. Reporting.** Reporting and recording of awarded Disaster EAF is included as part of the PHAs HCV administrative financial records under CFDA 14.871.

**H. Requests for Clarification.** HUD reserves the right to contact PHAs for clarification of items provided with the application. Clarifications or corrections must be received by HUD within the time limits specified in the notification.

**I. Deadline Date.** All applications must be received no later than 5:00 p.m. (EST) on Friday, June 29, 2018. All applications must be sent to [2018DisasterApplications@hud.gov](mailto:2018DisasterApplications@hud.gov). The subject line of the email should include the PHA Number, Disaster EAF Application, example, “AB123 Disaster EAF Application”.

**J. Information Contact.** Inquiries about HUD-Disaster EAF/Special Fees should be directed to [2018DisasterApplications@hud.gov](mailto:2018DisasterApplications@hud.gov).

Sample Request Form for CY 2018 Disaster EAF

Estimated Annual CY 2018 Administrative Fee Expenses		
CY 2018 Total Units	Annual CY 2018 PUC	Total Annual CY 2018 Expenses

**Annual CY 2018 Revenue**

Annual CY 2018 Administrative Fee Renewal Funding Based on Leasing	120	\$938	\$112,583
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<b>Total Income:</b>		<b>\$938</b>	<b>\$112,583</b>
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**Annual CY 2018  
Expenditures**

Salaries - 2 Regular FTE and 1 New Hire to Deal with Additional Disaster Workload			
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Salaries		\$83,312	\$0
Overtime		\$1,500	\$0
Benefits		\$15,000	\$0

<b>Total Salary Expenditures:</b>		<b>\$99,812</b>	<b>\$0</b>
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Overhead & Supplies			
Travel			\$0
Printing and Duplicating		\$1,380	\$0
Communications		\$400	\$0
Maintenance, Repairs and Services Performed by Others		\$404	\$0
Professional Services Third Party			\$0
Supplies and Materials		\$318	\$0
Rentals and Insurance		\$6,584	\$0
Awards and Indemnities			\$0
Training		\$312	\$0
IT Services		\$3,096	\$0
Professional Services State Agencies		\$429	\$0
Vehicles, Transportation Costs		\$396	\$0
Inspections		\$500	\$0
Other			\$0

<b>Total Operating Expenditures:</b>		<b>\$13,819</b>	<b>\$0</b>
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<b>Total Expenditures:</b>		<b>\$113,631</b>	<b>\$0</b>
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<b>Net Income Surplus/Deficit:</b>		<b>(\$1,048)</b>	<b>\$112,583</b>
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**The below list provides county names and zip codes that are located in the most impacted and distressed areas in which a major Presidentially declared disaster occurred during 2017:**

List of Counties and Zip Codes						
State of California	State of Florida	State of Georgia	State of Missouri	Commonwealth of Puerto Rico	State of Texas	U.S. Virgin Islands
Sonoma	Brevard	31520	63935	All components of Puerto Rico (Note. HUD has determined that because the areas defined as most impacted in its formula calculation include more than 95% of Puerto Rico population, that for program implementation all areas are most impacted areas).	Aransas	All components of the U.S. Virgin Islands
Ventura counties	Broward	31548	63965		Brazoria	
93108	Clay	31705	64850		Chambers	
94558	Collier		65616		Fayette	
95422	Duval		65775		Fort Bend	
95470	Hillsborough				Galveston	
95901	Lee				Hardin	
	Miami-Dade				Harris	
	Monroe				Jasper	
	Orange				Jefferson	
	Osceola				Liberty	
	Palm Beach				Montgomery	
	Polk				Newton	
	St. Lucie				Nueces	
	Volusia counties				Orange	
	32084				Refugio	
	32091				San Jacinto	
	32136				San Patricio	
	32145				Victoria	
	32771				Wharton counties	
	33440				75979	
	33523				77320	
	33825				77335	
	33870				77351	
	33935				77414	
	34266				77423	
				77482		
				77493		
				77979		
				78934		



<b>ATTACHMENT F</b>			
<b>CY 2018 Offset Reallocation</b>			
HA Number:			
HA Name:			
<b>CY 2017 End of Year Reserves</b>			
<b>PROTECTED CATEGORIES</b>			
<b>A. Difference between the PHA's Eligibility and Prorated Eligibility</b>			
<b>B. CY 2018 Amounts needed to fully lease VASH units</b>			
<b>C. Difference between higher of December 2017 UMLs x 12 or CY 2017 UMLs up to baseline on units under ACC</b>			
<b>D. CY 2017 New incremental BA- 1/2 of Eligibility</b>			
<b>E. CY 2017 Set Aside Protection- 1/2 of Eligibility</b>			
<b>F. Portion of CY 2018 Renewal Eligibility (Based on units under ACC):</b>			
<i>4% - 500 and above units</i>			
<i>6% - 250 to 499 units</i>			
<i>12% - Less than 250 units</i>			
<b>Total Funds Available for Offset</b>			
<b>Offset Amount</b>			
<b>Prorated Eligibility After Offset</b>			
<b>PHA's that received 2017 Shortfall Set-Aside funds are exempt from this offset.</b>			