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

OFFICE OF PUBLIC AND INDIAN HOUSING

August 2026

PHA Code
ED Name and Title
Address

Dear Executive Director,

This letter is to confirm that the Housing Choice Voucher (HCV) program Housing Assistance Payments (HAP) funding disbursed to your public housing agency (PHA) from January through August 2026 may have included 2025 Mainstream Vouchers' (Mainstream) HUD-Held reserves (HHR). This letter provides detailed information about Mainstream HHR and Administrative Fee (Admin Fee) carryover (pre-2026) disbursed to your PHA in **Appendix I.** Additionally, HUD provides the corresponding reporting guidance for Mainstream as a standalone program (Assistance Listing 14.879) for the Financial Data Schedule (FDS) and the Voucher Management System (VMS) in **Appendices II** and **III**, respectively.

Background

Consistent with its authority under the Continuing Appropriations Act, 2026, HUD continued to obligate and disburse Mainstream renewal funding to PHAs separately from their regular HCV renewal disbursements during the initial months of 2026. The Consolidated Appropriations Act, 2026, signed on February 3, 2026, combined HCV program and Mainstream renewal funding into a single funding stream, and HUD has implemented this change for 2026. For PHAs that still have Mainstream HHR, however, HUD has disbursed renewal funding from their Mainstream HHR to cover Mainstream HAP in 2026 before beginning to disburse additional renewal funding via the combined renewal funding stream.

The **Appendix I** in this letter provides the breakout of Mainstream HAP monthly disbursements from the HCV account, the additional disbursement originated from Mainstream HHR, and the Admin Fee carryover for the months of January through August 2026. Moving forward, HUD will continue to provide this breakout for Mainstream HHR starting with September 1, 2026's HAP disbursement. HUD will alert PHAs when their Mainstream HHR has been fully disbursed.

PHAs will continue to report funds received from Mainstream HHR as a standalone program, and under Assistance Listing Number 14.879. The corresponding reporting guidance for the Financial Data Schedule (FDS) and the Voucher Management System (VMS) are in **Appendices II** and **III**, respectively. HUD will update Accounting Briefing #25 to reflect this guidance soon.

If you have any questions regarding this letter and/or the breakdown, please contact your designated FMC Financial Analyst.

Sincerely,

Alison E. Bell
Acting Director
Office of Housing Voucher Programs

Enclosures

Appendix I

Disbursement Schedule

Month	HCV HAP (Including Mainstream) ALN 14.871	Mainstream HAP - HHR ALN 14.879	Mainstream Administrative Fee Carryover ALN 14.879
January 2026			
February 2026			
March 2026			
April 2026			
May 2026			
June 2026			
July 2026			
August 2026			
Total			

Appendix II

Mainstream Voucher Program Closeout Accounting and Reporting Guidance

1. General Background and Reporting Guidance

Prior to the Consolidated Appropriations Act, 2026 (P.L. 119-75), referred to hereafter as the "2026 Act," Mainstream vouchers were funded separately and required to be reported under Federal Assistance Listing Number (ALN) 14.879 (Mainstream Vouchers) for Single Audit and REAC Financial Data Schedule (FDS) purposes.

Beginning with the 2026 Act, HAP renewal and administrative fee funding for the Mainstream Vouchers (Mainstream) was consolidated with the Housing Choice Voucher (HCV) funding. Consequently, Public Housing Agencies (PHAs) may utilize their HCV funding from the 2026 Act to make Housing Assistance Payments (HAP) for:

- Mainstream vouchers;
- Regular HCV vouchers;
- Veterans Affairs Supportive Housing (VASH) vouchers;
- Other eligible HCV special purpose vouchers; and
- Other HAP eligible costs (e.g. Family Self-sufficiency escrow payments)

Administrative fees from the 2026 Act can support the day-to-day administrative operations and activities designed to help families lease and maintain units for these voucher types, including Mainstream. Note: the funding associated with the 2026 Act is on a calendar-year basis (January 1, 2026, through December 31, 2026).

Mainstream Vouchers continue to exist and operate under existing regulations to serve a special population of low-income families; only the funding structure has changed. Reporting and accounting under ALN 14.879 will eventually cease; with revenues, expenses, assets, and liabilities historically associated with Mainstream reporting as a separate funding source being reported under ALN 14.871 (Housing Choice Vouchers) as Mainstream funding paid by CY 2025 and prior-year appropriations (pre-2026 Mainstream funds) is fully spent by the PHA.

Despite this consolidation, pre-2026 Mainstream funds remain restricted and may only be used for Mainstream eligible activities. Most PHAs with a Mainstream program entered calendar year 2026 with existing pre-2026 Mainstream funding available to them. Pre-2026 Mainstream funds must be accounted for and reported separately under ALN 14.879 until all HAP and administrative reserves are fully expended.

HUD strongly encourages PHAs to prioritize using their pre-2026 Mainstream funds to cover Mainstream expenses first. Exhausting these funding sources minimizes the duration that PHAs must maintain separate accounting records for the Mainstream program for FDS and Single Audit purposes. To facilitate this transition, HUD is disbursing any remaining pre-2026 Mainstream funds, so PHAs can close ALN 14.879 as soon as possible.

2. General Accounting and Financial Reporting Instructions

Although Mainstream renewal funding has been consolidated with HCV funding beginning in calendar year 2026, PHAs must continue to separately account and report for all funding originating from pre-2026 Mainstream funds under ALN 14.879 – Mainstream Vouchers. This accounting and reporting include all revenues, expenses, assets, liabilities, etc. associated with these pre-2026 Mainstream funds.

This requirement applies to both:

- Mainstream Housing Assistance Payment (HAP) funding; and
- Mainstream Administrative Fee funding.

ALN 14.879 will continue to be used until both pre-2026 Mainstream administrative fees and HAP have been fully used for their Mainstream eligible purposes. Once HUD has disbursed all pre-2026 Mainstream funds to the PHA and all pre-2026 Mainstream funding (both HAP and administrative fee) has been fully expended by the PHA, the PHA may discontinue separate Mainstream program reporting under 14.879.

It is unlikely that pre-2026 Mainstream HAP funding and pre-2026 Mainstream administrative fees will be fully expended at the same time.

- If pre-2026 Mainstream HAP funding is fully expended first: Mainstream HAP costs will thereafter be paid from available HCV HAP funding (ALN 14.871). Any remaining pre-2026 Mainstream administrative fees should continue to be used for eligible Mainstream administrative costs and reported under ALN 14.879 until those administrative fees are fully expended by continuing to apply administrative costs, as had been done in the past to ALN 14.879.
- If pre-2026 Mainstream administrative fees are fully expended first: The PHA will continue to charge Mainstream HAP costs against the remaining pre-2026 Mainstream HAP funding until those funds are fully exhausted. The administrative costs of operating the Mainstream vouchers will then be reported under ALN 14.871 (HCV) and funded with HCV administrative fees.

From an accounting standpoint, even though the PHA has fully spent its pre-2026 Mainstream funds and will no longer have any transactions, there will likely be certain balance sheet accounts that remain, such as cash and escrow balances related to the family self-sufficiency program, receivables related to repayment agreements, capital assets, lease assets, inventory, pension liabilities, and other like assets and liabilities in ALN 14.879. Once the PHA has fully spent its pre-2026 Mainstream funds these balances should be transferred to the Housing Choice Voucher program (ALN 14.871). For FDS reporting, the PHA should report this transfer in FDS Line (11040- 070 through 11040-110) “Equity Transfers” at the bottom of the FDS income statement.

3. HUD to Provide Detailed Disbursement Data

Any Mainstream funds disbursed in calendar year 2025 or before are pre-2026 Mainstream funds. In calendar year 2026, most PHAs would likely have already received pre-2026 Mainstream funds in 2026. However, the funding information provided by HUD did not distinguish the needed source year of the appropriation (i.e., HUD disbursements originating from pre-2026 Mainstream funds or the 2026 appropriations).

Detailed Disbursement Data. For obligations and/or disbursements made during calendar year 2026, HUD will provide PHAs with detailed disbursement data for both HAP and administrative fee information identifying:

- The portion attributable to pre-2026 Mainstream funds, which would be reported under ALN 14.879; and
- The portion attributable to the 2026 Act, which would be reported under ALN 14.871.

Only the portion of funding attributable to pre-2026 Mainstream funding should continue to be reported under ALN 14.879. Funding received from the 2026 Act, should be reported in the HCV program (ALN 14.871), even if those funds were used for Mainstream expenses.

As PHAs receive this detailed disbursement information, PHAs will need to review their accounting and may need to make adjustments to ensure that the funds and related expenses are properly reported under ALN 14.879 Mainstream and 14.871 HCV.

New Obligations of Pre-2026 Mainstream Funding in 2026**.** HUD is in the process of reconciling and closing out its 2025 Mainstream appropriations. As part of this process, it is likely that a small amount of pre-2026 Mainstream funding will be available for obligation and disbursement to PHAs in 2026. HUD will provide detailed obligation and disbursement information on any new pre-2026 Mainstream obligations, so PHAs can properly identify and account for these funds in ALN 14.879 – Mainstream Program.

4. Housing Assistance Payments (HAP)

HUD recommends that PHAs follow the funding sequence below for Mainstream HAP expenses during CY 2026:

1. Use available PHA-held Mainstream HAP reserves from pre-2026 Mainstream funding.
2. Use HUD-held Mainstream reserve disbursements as they are received.
3. After pre-2026 Mainstream funds have been exhausted, use 2026 HCV renewal funding for Mainstream HAP expenses.

5. Administrative Fee and Expenses

Except for some limited pre-2026 Mainstream funding that a PHA may receive in 2026 for administrative fees, all administrative fees earned will be recorded as revenue of the HCV (ALN 14.871) program regardless of whether Mainstream HAP funding was used for the rental assistance payment. Any accounts receivable or unearned revenue due to the overpayment or under payment of administrative fees will be reported only in ALN 14.871 (HCV program) for the CY 2026 and future years.

Unspent Mainstream administrative fees (UNP) remaining from pre-2026 Mainstream funding continue to be restricted for Mainstream administrative activities. Accordingly:

- These funds may only be used for Mainstream administrative costs.
- PHAs should continue allocating applicable administrative expenses to ALN 14.879 until these balances have been fully expended.

6. Fraud Recovery Revenue

For ease of reporting on Fraud Recovery Revenue, a repayment agreement executed in 2026 and subsequent years with a Mainstream family constitutes a revenue recognition event for the HCV Program and must be reported under ALN 14.871. Likewise, any associated fraud repayment amount collected in 2026 and subsequent may be used for eligible HCV program expenses and should also be reported in ALN 14.871.

7. FDS Reporting for Mainstream Vouchers Available and Leased

To avoid duplicating Mainstream vouchers in FDS reporting between the Mainstream and HCV programs, PHAs should report FDS Lines 11190 “Unit Months Available” and 11210 “Number of Unit Months Leased” as follows:

- ALN 14.879 – Mainstream
    - FDS Line 11190 – Unit Months Available**:** Report all available Mainstream vouchers from the beginning of the PHA’s fiscal year through December 31, 2025, as normal. Beginning January 1, 2026, add one UMA for each Mainstream voucher leased and paid using pre-2026 Mainstream funding each month through the end of the PHA’s fiscal year.
    - FDS Line 11210 – Number of Unit Months Leased**:** Report only Mainstream vouchers leased and paid using pre-2026 Mainstream funding.

- ALN 14.871 – Housing Choice Vouchers
    - FDS Line 11190 – Unit Months Available: Report the difference between the PHA’s total Mainstream UMAs and the UMAs reported under ALN 14.879.
    - FDS Line 11210 – Number of Unit Months Leased: Report Mainstream vouchers leased and paid using 2026 HCV funding.

Example: A PHA with 50 Mainstream vouchers and a July–June fiscal year would report 50 UMAs each month from July through December 2025, for a total of 300 UMAs under ALN 14.879. From January through June 2026, the PHA makes 100 HAP payments for Mainstream vouchers using pre-2026 Mainstream funding. The PHA would report an additional 100 UMAs under ALN 14.879, resulting in 400 UMAs reported under ALN 14.879 for the fiscal year. The remaining 200 UMAs would be reported under ALN 14.871.

For FDS Line 11210, the PHA would report the 100 Mainstream vouchers leased and paid using pre-2026 Mainstream funding under ALN 14.879. Any Mainstream vouchers leased and paid using 2026 HCV funding would be reported under ALN 14.871.

8. Schedule of Expenditures of Federal Awards

For Schedule of Expenditures of Federal Awards (SEFA) reporting:

- Federal Expenditures reported under ALN 14.879 - Mainstream Vouchers should only include expenditures associated with pre-2026 Mainstream funds.

- Federal Expenditures reported under ALN 14.871 – Housing Choice Vouchers, should include expenditures associated with pre-2026 HCV funds and all funding associated with the 2026 Act related to HCV funding.

9. Moving to Work Agencies

Mainstream voucher activity that is paid from the 2026 Act should be accounted for and reported in ALN 14.871 - Housing Choice Vouchers and not under ALN 14.881 - Moving to Work (MTW) Demonstration Program as Mainstream vouchers are not part of a PHA's MTW program, just like a non-MTW agency.

10. Analysis of Mainstream Program Unrestricted Net Position (UNP)

All PHAs should analyze their Mainstream Program UNP balance as of December 31, 2025. This analysis should identify Mainstream payments made in 2025 that were not paid from pre-2026 Mainstream administrative fee funding. This analysis should include reviewing items such as available cash in the Mainstream program and "Due To/Due From" accounts. If such payments occurred, the PHA should ensure that restricted funds, such as post-2003 HCV administrative fees or public housing funds were not used to fund those Mainstream expenses.

Such a transaction would likely result in a "Due To/Due From" that cannot be repaid and could result in an ineligible cost. There would be no ineligible costs if such expenses were paid by an allowable funding source, such as HCV pre-2004 administrative fees or funds from the Central Office Costs Center. However, since the Mainstream program cannot repay these costs the "Due To/Due From" the entry would need to be reclassified as an operating transfer.

Appendix III

VMS Financial Reporting Guidance
For 2026 Mainstream Transition

Mainstream fields to continue to track and report separately

The following fields will continue to be tracked and reported separate from the HCV program:

- Mainstream – UML
- Mainstream – HAP
- Mainstream – HAP Expenses After the First of the Month
- Mainstream Administrative Fee Expenses
- Mainstream FSS Escrow Deposits

(Any pre-2026 Mainstream activity must be reported in the appropriate Mainstream fields when entering prior-month corrections)

If your agency still has pre-2026 Mainstream (HAP and/or Administrative Fee) RNP and/or UNP funding, the following fields must continue to be tracked and reported separately from the HCV program

- Mainstream – Unrestricted Net Position (UNP) as of the Last Day of the Month
- Mainstream – Restricted Net Position (RNP) as of the Last Day of the Month
- Mainstream – Cash/Investment as of the Last Day of the Month

Once all pre-2026 Mainstream Reserve funding has been fully expended, agencies may include Mainstream expenses when calculating **HCV UNP/RNP**.

Mainstream fields no longer required to track and report separately starting in 2026 and forward only

The following fields are no longer required to report for Mainstream activities and should be reported in corresponding HCV fields as of calendar year 2026:

- Mainstream **-** Number of New Vouchers Issued but Not Under HAP Contract as of the Last Day of the Month
- Mainstream HAP Spent on Permissive Deductions
- Mainstream – FSS Escrow Forfeitures This Month
- Mainstream Fraud Recovery

VMS Instructions & Quick Reference Guides:

Updated Instructions and Quick Reference Guides, including the Mainstream updates, will be posted in VMS to help support these changes.