



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

OFFICE OF PUBLIC AND INDIAN HOUSING

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

**PIH Notice 2026-12**

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**Expires: This notice remains in effect until  
amended, superseded, or rescinded**

**Cross References:**

PIH Notices: 2026-02, 2025-19, 2024-21,  
2023-04, 2022-18, 2022-14, 2021-10, 2021-  
08, 2020-04, 2020-01, 2019-08, 2019-01,  
2018-12, 2018-09, 2017-06, 2015-17, 2013-  
28, 2011-28

24 Code of Federal Regulations: §§  
982.152(d), 982.155, 982.404(e)(3),  
982.405(j), 982.635, 982.643, 983.51(f),  
983.154(f), 983.156(c), 983.261  
Statutes: Public Law 119-75, Public Law 114-  
113, Public Law 105-276, 42 U.S.C. § 1437,  
42 U.S.C. § 5170 et seq., 44 U.S.C. §§ 3501-  
3520, 18 U.S.C. §§ 287, 1001, 1010, 1012; 31  
U.S.C. §§ 729, 3802

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**Subject: Implementation of the Federal Fiscal Year (FFY) 2026 Funding Provisions for the  
Housing Choice Voucher Program**

**Table of Contents**

I. Purpose ..... 3  
II. Summary ..... 3  
III. Summary of Changes from Prior Year Notice..... 3  
IV. Housing Assistance Payments ..... 4  
    A. Renewal Calculation ..... 4  
    B. HAP Set-aside ..... 7  
    C. HAP Funding for New Vouchers..... 17  
    D. Tenant Protection Vouchers..... 18  
    E. Mainstream Vouchers ..... 21  
    F. HAP Policy Reminders ..... 23  
V. Administrative Fee Funding ..... 25

A.	Ongoing Administrative Fees .....	26
B.	Blended Rate Administrative Fees.....	26
C.	Higher Administrative Fee Rates.....	27
D.	New Voucher Administrative Fees – HUD-VASH.....	28
E.	Special Fees .....	28
F.	Mainstream Vouchers Administrative Fees.....	34
G.	Administrative Fee Policy Reminders .....	35
VI.	General Requirements Affecting Federal Financial Assistance .....	36
A.	General Administrative, National, and Departmental Policy Requirements .....	36
B.	Statutory and Regulatory Requirements .....	36
C.	General Administrative, National, and Departmental Policy Requirements .....	36
VII.	Information Contact .....	37
VIII.	Paperwork Reduction Act .....	37
	Appendix A: The Consolidated Appropriations Act, 2026 (Public Law 119-75) .....	38
	Appendix B: Shortfall Funding Availability, Shortfall Policies, Application Process, and Calculation of HUD-Confirmed Shortfall .....	43
	Appendix C: HCV HAP Set-Aside Category 1: Prevention of Terminations of Assistance Due to Insufficient Funding.....	51
	Appendix D: HAP Set-aside Category 2: Unforeseen Circumstances .....	53
	Appendix E: HAP Set-aside Category 3: Portability .....	54
	Appendix F: HAP Set-aside Category 4: Project-based Vouchers .....	55
	Appendix G: HAP Set-aside Category 5: MTW Expansion PHAs Development Adjustment....	58
	Appendix H: HAP Set-aside Category 6: HUD-VASH .....	60
	Appendix I: HAP Set-aside Category 8: Disaster.....	61
	Appendix J: HAP Set-aside Category 9: Non-Life Threatening Inspection Withheld HAP .....	63
	Appendix K: HAP Set-aside Category 10: Mainstream Vouchers Increased Costs.....	64
	Appendix L: Special Fee Category I: PHA Exception Payment Standard Elimination .....	65
	Appendix M: Special Fee Category J: Secretary’s Discretion.....	66

## I. Purpose

This notice implements the Housing Choice Voucher (HCV) program funding provisions of the Consolidated Appropriations Act, 2026 (Public Law 119-75), referred to hereafter as “the 2026 Act,” enacted on February 3, 2026. The 2026 Act establishes the methodology for calculating and allocating housing assistance payments (HAP) renewal funds, new incremental vouchers, and administrative fees.<sup>1</sup>

## II. Summary

The HCV program is HUD’s largest rental assistance program. The 2026 Act provides program funding, which HUD allocates to public housing agencies (PHAs) in accordance with the Act as described in this notice. Table 1 summarizes the 2026 Act appropriations for the HCV program.

**Table 1: Calendar Year (CY) 2026 Appropriations for the HCV Program**

<b>Funding Category</b>	<b>Amount</b>
HAP Renewal Funding	\$34,557,000,000
HUD-Veterans Affairs Supportive Housing Program (VASH)	\$15,000,000
Family Unification Program (FUP)	\$30,000,000
Tenant Protection Vouchers (TPV)	\$600,622,000
HAP Set-aside	\$400,000,000
Administrative Fees	<u>\$2,835,935,000</u>
<b>Total Available CY 2026 Appropriations</b>	<b>\$38,438,557,000</b>

## III. Summary of Changes from Prior Year Notice

This year’s notice makes changes from [PIH Notice 2025-13](#), “Implementation of the Federal Fiscal Year (FFY) 2025 Funding Provisions for the Housing Choice Voucher Program.” While most of the content remains the same, some policy changes have been made, including the following:

### **Housing Assistance Payments**

- Mainstream Vouchers renewal funding is included with HCV program renewal funding; however, PHAs must continue to report Mainstream leasing and other data separately, as they do for all special purpose vouchers (SPVs). There is also a new HAP set-aside category for Mainstream.
- As required by the 2026 Act, HUD will consider PHAs’ shortfall risk in determining the reserve offset applied to their renewal funding eligibility.
- For Moving to Work (MTW) Initial PHAs, HUD will implement a renewal offset based on their excess program reserves, including excess amounts associated with their “single fund budget authority,” as authorized by the Consolidated Appropriations Act, 2026 (Public Law 119-75).
- There have been substantial updates to the policies governing PHA eligibility for HAP set-aside funding to prevent terminations of assistance.

<sup>1</sup> This notice does not provide renewal funding calculations for the Emergency Housing Voucher (EHV) program, the Moderate Rehabilitation program or Single Room Occupancy program.

- There is a new exception to the Act’s general prohibition against the use of fiscal year (FY) 2026 renewal funds for overleased units. This exception is for PHAs that exceeded their 2025 authorized level of unit months authorized (UMAs) within available resources due to the transition of Emergency Housing Vouchers (EHVs) to the HCV program. This exception does not extend beyond the 2026 renewal calculation.
- A reminder regarding [SAM.gov](https://www.sam.gov)’s reporting requirements has been added.

#### **Administrative Fees**

- Mainstream administrative fee funding is included with the HCV program administrative fee funding, while PHA reporting for Mainstream and the HCV program will remain separate.
- There is a new Special Fees category for PHAs that reduce their payment standards back into the basic range.

### **IV. Housing Assistance Payments**

This section provides information on HAP for calendar year (CY) 2026, including the renewal calculation, HAP Set-aside, new voucher funding, tenant protection vouchers, and policy reminders.

#### **A. Renewal Calculation**

To calculate each PHA’s renewal allocation for CY 2026, the 2026 Act requires HUD to re-benchmark renewal formula eligibility based on validated Voucher Management System (VMS) leasing and cost data for the prior CY (January 1, 2025 – December 31, 2025). The renewal provisions of the 2026 Act are provided in Appendix A, from the Consolidated Appropriations Act, 2026 (Public Law 119-75).

Each PHA has received or 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).

HUD uses the following steps to calculate HAP renewal eligibility for all non-MTW PHAs (a description of HAP renewal for MTW Initial and Expansion PHAs is provided in subsections 1 and 2).

##### *Step 1: Establish Funding Baseline*

A new HAP funding baseline is established based on validated leasing and cost data for calendar year 2025.<sup>2</sup> This baseline may not exceed the unit months available (UMA) under the PHA’s Annual Contributions Contract (ACC) for CY 2025<sup>3</sup> except in cases

<sup>2</sup> Leasing and cost data includes expenditures using abated and withheld HAP for moving expenses under 24 CFR 982.404(e)(3) and for homeownership assistance payments under 24 CFR 982.635.

<sup>3</sup> In rare instances where vouchers were transferred from one PHA to another during the re-benchmarking period,

where unit months leased (UML) exceeds UMA within available resources due to the transition of EHV families to the HCV program. The baseline includes Mainstream HAP cost data.

*Step 2: Adjust for First-time Renewals*

Allocations are adjusted for first-time renewals<sup>4</sup> of some TPVs and special purpose vouchers (SPVs) such as HUD-VASH, FUP, and The Melania Trump Foster Youth to Independence (FYI) vouchers for which the initial increment expires in CY 2026. For increments funded for less than twelve months in CY 2025, the renewal funding enclosure will indicate the amount of first-time renewal funding provided for CY 2026.

*Step 3: Apply Renewal Funding Inflation Factor (RFIF)*

After all adjustments under step 2 have been applied to the funding baseline established in step 1, HUD applies the RFIF to account for inflation. PHA [RFIFs](#) are published by HUD's Office of Policy Development and Research.

*Step 4: Proration Factor*

HUD determines the total HAP renewal funding eligibility (steps 1-3) for all PHAs and compares that amount to the total HAP renewal funds available under the 2026 Act to determine a proration factor. This proration factor is then applied to each PHA's CY 2026 eligibility. A proration of less than 100 percent is applied if nationwide eligibility exceeds the available HAP renewal funding. The CY 2026 proration factor for HCV is estimated to be 100 percent, although it is subject to change.

*Step 5: Offset of Excess HAP Reserves*

The 2026 Act provides that HUD may perform an offset of excess reserves. The specific offset calculations differ for MTW Initial PHAs and non-MTW and Expansion PHAs. The MTW Initial PHA offset is discussed further in the next section.

For non-MTW and Expansion MTW PHAs, the 2026 Act provides that HUD may offset PHAs' CY 2026 allocations based on the excess amount of HAP program reserves to include PHAs' restricted net position (RNP) and HUD-held reserves (in accordance with VMS data in CY 2025 that is verifiable and complete), as determined by the Secretary. The 2026 Act further provides that the offset may be used to prevent the termination of rental assistance for families as the result of insufficient funding, as determined by the

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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.

<sup>4</sup> The reissuance of relocation TPVs (see section 6 of [PIH Notice 2018-09](#), "Implementation of the Federal Fiscal Year (FFY) 2018 Funding Provisions for the Housing Choice Voucher Program") and of vouchers originally issued to families under the Disaster Voucher Program/Disaster Housing Assistance Payments-IKE (DVP/DHAP-Ike) is not permitted. A PHA's Consolidated ACC will be reduced by the number of DVP/DHAP-Ike vouchers and relocation TPVs that sunsetted in calendar year 2025. The calendar year 2025 costs associated with these units will also be reduced from the HAP funding baseline in Step 1: Establish Funding Baseline.

Secretary, and to avoid or reduce the proration of renewal funding allocations. The 2026 Act includes a new provision applicable to all PHAs that excess amounts shall not be offset if the offset will result in the PHA being put in a CY 2026 shortfall position, as estimated by HUD prior to the offset's implementation. HUD estimates potential shortfall position by comparing 2026 renewal eligibility and available reserves against projected expenditures for the PHA's HCV program using an averaged per unit cost increase estimate.

HUD will perform a reserve offset impacting some non-MTW and MTW Expansion PHAs for CY 2026. Offsets will come from excess program reserves reconciled through December 31, 2025. HUD provides detailed offset calculations in each PHA's renewal allocation enclosure. HUD will protect from offset reserve amounts up to 4, 6, or 12 percent of PHAs' calculated 2026 renewal funding eligibility, for PHAs administering 500 or more, 250 to 499, or fewer than 250 authorized vouchers, respectively.

### **1. MTW Initial PHAs**

The MTW Initial Agencies' renewal funding is determined pursuant to their Standard MTW Agreements and appropriations requirements. The CY 2026 renewal eligibility calculation for any Special Purpose Vouchers (SPVs) will be based on VMS expenses reported in CY 2025, adjusted for inflation by the PHA's 2026 RFIF. HUD is directed by the 2026 Act to apply the same proration factor to the HCV HAP renewal allocations for MTW Initial PHAs as is applied to all other PHAs.

The 2026 Act provides that MTW Initial PHAs are also subject to an offset of excess reserves, including excess amounts previously allocated in accord with the provisions of their MTW Agreements (sometimes called "single fund budget authority"), to the extent permitted under section 239 of the Consolidated Appropriations Act, 2016 (Public Law 114-113). HUD will provide additional details about the MTW Initial PHA offset, including information on appeal policies and procedures, in a separate PIH notice. HUD will send an email notification directly to each MTW Initial PHA once published.

### **2. MTW Expansion PHAs**

HAP renewal funding eligibility for MTW Expansion PHAs<sup>5</sup> will be calculated based on their actual expenses for the previous calendar year (known as the re-benchmark year). For CY 2026, the renewal calculation will include Mainstream HAP expenses per CY 2025 VMS reporting. Mainstream are special purpose vouchers and may be used only to assist Mainstream-eligible households. Consistent with the provisions of the [MTW Operations Notice](#), or any successor notice, MTW Expansion PHAs' actual expenses include: 1) the previous CY's HAP expenses reported in VMS, and 2) the previous CY's eligible non-HAP MTW expenses reported in VMS. For both HAP and non-HAP MTW expenses, the reported expenses must have been paid from an eligible source of funds as described in paragraph 5(b)(iii)(c) of the MTW Operations Notice to be included in the HAP renewal funding baseline.

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<sup>5</sup> Two Initial MTW PHAs joined the MTW Expansion program pursuant to the MTW Operations Notice in CY 2026. For purposes of this notice, they are considered Expansion PHAs.

In addition, MTW HAP renewal funding is subject to an MTW renewal eligibility cap derived from the number of units authorized under the MTW Expansion PHA's Annual Contributions Contract (ACC), as described in paragraph 5(b)(iii)(d) of the MTW Operations Notice. Except in those cases described in the next paragraph, the lower of the total combined HAP and non-HAP expenses or the MTW renewal eligibility cap will then be adjusted by the RFIF and any national HCV renewal proration factor to determine the MTW Expansion PHA's actual CY HAP renewal funding.

In cases where the PHA's actual 2025 HAP expenses alone (excluding non-HAP expenses and any HAP expenses attributable to over-leased units where applicable) exceed the MTW renewal eligibility cap, HUD will use the actual HAP expenses instead of the MTW renewal eligibility cap as the baseline for calculating the PHA's 2026 renewal funding eligibility.<sup>6</sup>

Additional information and examples can be found within the MTW Operations Notice. MTW Expansion PHAs are subject to offset based on the same methodology as HUD applies to non-MTW agencies. MTW Expansion PHAs may utilize their funds in accordance with the MTW Operations Notice.

## **B. HAP Set-aside**

### **1. Overview, Application, and Award Process**

The 2026 Act provides up to \$400,000,000 for the HAP Set-aside, through which HUD makes available additional funding to PHAs beyond their HAP renewal calculation. There are 10 categories for HAP Set-aside adjustments. However, the projected demand for Shortfall funding in 2026 is significant; therefore, there likely will be very limited or possibly no funding available for other categories. As a result, some or possibly all the other categories may not get funded at all. The order in which categories are presented does not reflect priority. PHAs may apply for more than one category of funding and eligibility under funding categories 2-10 does not impact the award amount of the other categories. Category 10, Mainstream Vouchers Increased Costs, is new this year and is only applicable to these vouchers. Because funding for Mainstream vouchers is now rolled into funding for HCVs overall, Mainstream may also be part of a PHA's application under other categories, too. EHV's are not eligible for any HAP Set-aside categories.

PHAs must apply for each HAP Set-aside category using the instructions in this section and the applicable application appendices. PHAs must apply by the deadline listed in Table 2. Further application instructions follow Table 2.

**Table 2: HAP Set-aside Categories, Deadlines, and Application Links**

<b>HAP Set-aside Category</b>	<b>Deadline</b>	<b>Application Link</b>
Category 1: Prevention of Terminations Due to Insufficient Funding (shortfall)	Friday, January 29, 2027 no later than 5 pm local time	<a href="#">Category 1 Application</a>
Category 2: Unforeseen Circumstances	Friday, June 26, 2026 no later than 5pm local time	<a href="#">Category 2 Application</a>

<sup>6</sup> [Operations Notice for the Expansion of the Moving to Work Demonstration Program Technical Revisions](#), 90 FR 13189.

<b>HAP Set-aside Category</b>	<b>Deadline</b>	<b>Application Link</b>
Category 3: Portability	Friday, June 26, 2026 no later than 5pm local time	<a href="#">Category 3 Application</a>
Category 4: Project-based Vouchers	Friday, June 26, 2026 no later than 5pm local time	<a href="#">Category 4 Application</a>
Category 5: MTW Expansion PHAs Development Adjustment	Friday, June 26, 2026 no later than 5pm local time	<a href="#">Category 5 Application</a>
Category 6: HUD-VASH	Friday, September 25, 2026 no later than 5pm local time	<a href="#">Category 6 Application</a>
Category 7: Lower-than-average Leasing	N/A	N/A
Category 8: Disaster	Friday, December 18, 2026 no later than 5pm local time	<a href="#">Category 8 Application</a>
Category 9: Non-Life Threatening Inspection Withheld HAP	Friday, June 26, 2026 no later than 5pm local time	<a href="#">Category 9 Application</a>
Category 10: Mainstream Vouchers Increased Costs	Friday, June 26, 2026 no later than 5pm local time	<a href="#">Category 10 Application</a>

All requests must be submitted through DocuSign, which is an online electronic document management platform. PHAs must complete all fields within the applicable DocuSign form, as well as provide all required documentation and calculations, as applicable. Incomplete requests, requests received after the deadline, and requests not submitted through DocuSign will not be considered. PHAs are encouraged to review detailed [DocuSign instructions](#), including a video tutorial, on the HAP Set-aside application process.

PHAs are urged to confirm application data and attachments for completeness and accuracy prior to submission to avoid having to resubmit applications, per instructions and/or requirements provided within each category's application appendix. If more than one application is submitted by a PHA for a specific category, the system will automatically overwrite older applications and keep the most recent application received. Only the last application received by the deadline date will be reviewed.

Failure to provide any of the required documents and information within DocuSign as instructed will result in denial of the application. Please be aware that DocuSign will not process applications without signatures; therefore, HUD will not receive them for review. Upon successful submission, Executive Directors will receive a confirmation email from the DocuSign system within the same day as the submission.

As noted above, the projected demand for Shortfall funding is significant. Most, if not all, of the HAP set-aside will likely be exhausted by the Shortfall category. HUD reserves the right to fund one, some, or all categories. HUD may prioritize categories with the greatest need and prorate categories depending on the amount of funds available. Awards will be made to eligible PHAs in accordance with need, as determined by HUD, following an application by the PHA as described throughout this section of the notice. HUD has the authority to provide adjustments to PHAs' allocation for all HAP Set-aside categories. Based on availability of funds, awards could be reduced, in whole or in part. While PHAs may apply for multiple categories, HUD will only award to cover a specific need once.

Reporting and recording of awarded HAP set-aside are included as part of the PHA's HCV administrative financial records under Assistance Listing 14.871. HAP Set-aside application links through DocuSign will be active June 1, 2026. All award announcements will be made via email.

**a. Category 1: Prevention of Terminations Due to Insufficient Funding (Shortfall)**

HAP Set-aside Category 1: Prevention of Terminations Due to Insufficient Funding (shortfall) 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 funding, also known as funding shortfalls. In addition to funds available through the HAP Set-aside, this category may also be funded in whole or in part through the offset described in section IV, subsection A, step 5 but the requirements, application process, and appendices of this notice apply regardless of the funding source. While preventing terminations of assistance is HUD's highest priority in allocating HAP set-aside funds, HUD's projections indicate that PHA demand for funding under Category 1 likely will exceed available funds this year. Because of this risk, HUD is implementing significant policy changes in Category 1 for 2026, as explained below and in Appendix B.

When a PHA's HAP expenses are on track to exceed its available budget authority plus any available HAP reserves, the PHA is considered to have a funding shortfall. A funding shortfall is evidence that the PHA's funding, policy, and leasing decisions have created an extreme risk that the PHA will have to terminate assistance for families. While, in some cases, funding or market factors beyond the PHA's control contribute to shortfalls, it is important for PHAs to understand that the availability of shortfall funds is not guaranteed and that being in a shortfall position may indicate that the PHA is not properly and effectively administering the program, and has inadequate financial oversight and planning. As a reminder, PHAs administering the program must manage their programs within their annual budget authority (plus any available reserves, if necessary) and PHAs should not assume that shortfall funds will be available in their financial planning process.

Upon determination that shortfall funds are not adequate to fund all shortfall need, HUD may prioritize or prorate an award to a PHA based on any or all of the following criteria:

- a. Availability of funds and estimated shortfall need
- b. Number of times PHA has been in shortfall
- c. Percentage shortfall need is of annual budget authority (for example, reducing an award for any shortfall amounts over certain percent of ABA)
- d. Complete applications received prior to September 15, 2026
- e. PHA adoption of cost-increasing policies after enactment of the 2026 Act, February 3, 2026
- f. Failure to comply with any shortfall requirements, including requirements pertaining to unallowable new admissions.

HUD may also assess the availability of non-HAP sources of funds that a PHA could use to pay for a portion of its shortfall need in accordance with PIH Notice 2013-28 and section IV,

subsection F, 4 of this notice. HUD may reject a PHA shortfall funding application or may reduce or rescind a PHA's 2026 shortfall funding award if the PHA fails to comply with any of the requirements described in this section or Appendix B.

**PHA Eligibility:** HUD must make the determination that a PHA's HCV program is in shortfall for the PHA to be eligible for funding under this category.<sup>7</sup> Further policies regarding PHA eligibility are in Appendix B.

**Application and Award Process:** PHAs must complete and sign the application for Category 1: Prevention of Terminations Due to Insufficient Funding (shortfall) by the deadline and through the DocuSign link provided in Table 2.<sup>8</sup> An example of the application is in Appendix C. PHAs are required to apply for shortfall funds only once, although they must continue working with the Shortfall Prevention Team until such time that HUD releases them. HUD determines the PHA's eligibility for awards and the timing of the award based on the policies described here and in Appendix B.

HUD will notify PHAs of their estimated shortfall award in writing. If HUD determines later that prioritization and proration policies must be applied due to HUD's lack of available funds for all of the Shortfall need, the PHA will be notified of the prioritization or proration policies that were applied to calculate the amount of the award the PHA qualifies for, which may be a reduction from previously advanced funding.

PHAs that have concerns about potential shortfalls should contact HUD at [shortfallinquiries@hud.gov](mailto:shortfallinquiries@hud.gov).

#### **b. Category 2: Unforeseen Circumstances**

HAP Set-aside Category 2: Unforeseen Circumstances is for PHAs that experience an unforeseen circumstance within the re-benchmarking period that the PHA could not reasonably have anticipated and was out of the PHA's control.

**PHA Eligibility:** The 2026 Act provides that the PHA must experience a significant HAP cost increase, as defined by the Secretary. HUD is establishing the following criteria for significant cost increase to be eligible for this category of funding:

- The PHA's latest validated 2026 per unit cost (PUC) per VMS must exceed the PUC HUD used to determine the PHA's CY 2026 renewal funding (the CY 2026 Renewal PUC) by two percent or more.

HUD will use the most recent validated VMS data available at the time of calculation to calculate PHA eligibility. PHAs with two months or more of reserves will not be considered for

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<sup>7</sup> PHAs with specific questions related to the calculation and determination of a HUD-confirmed shortfall should contact the Shortfall Prevention Team (SPT) at: [ShortfallInquiries@hud.gov](mailto:ShortfallInquiries@hud.gov). The subject line of the email must include the PHA's number (for example, TX001).

<sup>8</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [HCV HAP Set-aside Applicant DocuSign Instructions](#).

funding under this category at this time.

**Application and Award Process:** PHAs must complete and sign the application for Category 2: Unforeseen Circumstances by the deadline and through the DocuSign link provided in Table.<sup>9</sup> An example of the application is in Appendix D.

For PHAs (both Non-MTW and MTW Initial and Expansion), the funding award amount will be calculated as follows, using the most recent validated VMS data available:

- HUD determines the difference between the increased PUC and the PHA's CY 2026 HAP renewal PUC.
- The increased PUC is calculated by dividing total HAP costs by unit months leased (UMLs) for the most recent month.
  - For non-MTW PHAs, the HCV CY 2026 HAP renewal PUC is located in the 2026 HCV renewal Enclosure A, line 29, described as CY 2026 Inflated PUC.
  - For MTW Expansion PHAs, the HCV CY 2025 HAP renewal PUC is located in the 2026 HCV renewal Enclosure A, line 31, described as CY 2026 Inflated Per Unit Cost.
  - For MTW Initial PHAs, the PUC information is located by the prorated eligibility amount on the PHA's renewal enclosure.
- The difference is then multiplied by the PHA's most recent month's UMLs and then by the remaining month in 2026 to determine the total funding amount.

An example of this calculation is in Table 3. In this example, the PHA's PUC increased 23 percent, which meets the eligibility criteria for application review due to significantly increased costs. The PHA is eligible for \$142,500.

**Table 3: Example Calculation for Unforeseen Circumstances HAP Set-aside Award**

Step	Action	Amount	Notes
1	Most recent month's PUC (in this example, July's PUC)	\$500	HUD will use the most recent validated month of VMS reporting
2	PHA's CY 2026 PUC (2026 HCV Renewal Enclosure A, line 29 for non-MTW PHAs and line 31 for MTW Expansion PHAs, described as CY 2026 Inflated Per Unit Cost)	\$405	MTW Initial PHA renewal enclosures have a different format. PUC information can be found by the prorated eligibility amount.
3	Difference between the PUCs	\$95	
4	Is the difference between the 2 PUCs 2% or more than the CY 2026 PUC (Line 1 divided by Line 2, must be greater than 1.02)?	23%	
5	Most recent month's unit months leased	300	HUD will use the most recent validated month of

<sup>9</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [HCV HAP Set-aside Applicant DocuSign Instructions](#).

Step	Action	Amount	Notes
			VMS reporting
6	Unit months leased (Line 5 * 5 Months)	1,500	Multiplied by the number of months remaining in CY 2026.
7	Total Request/Eligibility (Line 3 * Line 6)	\$142,500	

### c. Category 3: Portability

HAP Set-aside Category 3: Portability is for PHAs that experience a significant increase in HAP renewal costs due to portability.

**PHA Eligibility:** 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 U.S. Housing Act of 1937.

To determine eligibility, HUD will compare the average HAP PUC for the re-benchmarking period (January 1, 2025 to December 31, 2025) to the average Port-out Vouchers HAP PUC based on year-to-date reporting in the Inventory Management System (IMS)/Public and Indian Housing Information Center (PIC) as of May 29, 2026. The difference between the portability average PUC and 110 percent of the program-wide average PUC is multiplied by the year-to-date total unit months leased (UML) for the “Port Vouchers Paid” reported in IMS/PIC, extrapolated to 12 months. If the portability average HAP exceeds 110 percent of the HCV program-wide average HAP PUC for the re-benchmarking period, the PHA will be eligible under this category.

**Application and Award Process:** PHAs must complete and sign the application for Category 3: Portability by the deadline and through the DocuSign link provided in Table 2.<sup>10</sup> An example of the application is in Appendix E.

### d. Category 4: Project-based Vouchers

HAP Set-aside Category 4: Project-based Vouchers is for PHAs, including MTW PHAs, that withheld vouchers from use during the CY 2025 re-benchmarking period to meet a commitment for Project-based Vouchers (PBV) to make an adjustment to account for those units.

**PHA Eligibility:** To be eligible for funding under this category, a PHA must show that vouchers were withheld from use during the CY 2025 re-benchmarking period to be available to meet a commitment for PBV assistance under Section 8(o)(13) of the U.S. Housing Act of 1937. Adjustments apply to vouchers withheld pursuant to either an Agreement to enter into HAP contract (AHAP) or a notice of selection under 24 CFR 983.51(f) 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

<sup>10</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [HCV HAP Set-aside Applicant DocuSign Instructions](#).

AHAP commitment or notice of selection that, when added to units under lease for CY 2025, exceed the PHA's baseline units under ACC for CY 2025. (The PHA would not have been able to lease those withheld vouchers during CY 2026 due to the restriction on over-leasing.) As with all other HAP Set-aside categories, EHV's are not eligible for funding under this category. Rental Assistance Demonstration (RAD) PBV units are not eligible under this category either.

To be eligible for HAP Set-aside funding, the HAP contract<sup>11</sup> must be executed within CY 2026. If the HAP Contract has not been executed by the application submission date, the PHA must state when the HAP contract will be executed.

**Application and Award Process:** PHAs must complete and sign the application for Category 4: Project-based Vouchers by the deadline and through the DocuSign link provided in Table 2.<sup>12</sup> An example of the application is in Appendix F.

#### e. Category 5: MTW Expansion PHAs Development Adjustment

HAP Set-aside Category 5: MTW Expansion PHAs<sup>13</sup> Development Adjustment is for eligible MTW Expansion PHAs that can demonstrate a need for adjustment funding. MTW Expansion PHAs may receive this adjustment for an MTW-eligible commitment/activity to develop affordable housing that is not a PBV commitment. For PBV Commitments, MTW Expansion PHAs should apply under Category 4 above.

**PHA Eligibility:** Only MTW Expansion PHAs are eligible under this category. The PHA must have received their MTW designation prior to the date of obligation and demonstrate funds were obligated by the PHA, but not expended during CY 2025, and provide supporting documentation that the obligated funds are for an MTW-eligible commitment/activity for the development of affordable housing. "MTW designation" is defined as the date the MTW Expansion PHA's MTW ACC Amendment is fully executed. The date of MTW ACC Amendment execution is the date that HUD countersigns the MTW ACC Amendment.

Adjustments only apply to obligations made and not expended in CY 2025 and to support planned expenditures in CY 2026. As for all HAP Set-aside categories, EHV's are not eligible for funding under this category. RAD PBV units are not eligible under this category.

**Application and Award Process:** MTW Expansion PHAs must complete and sign the application for Category 5: MTW Expansion PHAs Development Adjustment by the deadline and through the DocuSign link provided in Table 2.<sup>14</sup> An example of the application is in

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<sup>11</sup> On Feb. 13, 2026 (91 FR 6865), HUD provided public notice of its intent to make a PHA-owned certification form available, which PHAs will have the option to use in lieu of a HAP contract upon the effective date of new regulations to be published at 24 CFR § 983.204(e). Once that option becomes effective, PHAs may substitute the PHA-owned certification, if applicable, for the HAP contract requirements described in this section.

<sup>12</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [HCV HAP Set-aside Applicant DocuSign Instructions](#).

<sup>13</sup> Initial MTW PHAs joined the MTW Expansion program pursuant to the MTW Operations Notice in CY 2026, are considered MTW Expansion PHAs for purposes of this notice and are eligible under this category.

<sup>14</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [HCV HAP Set-aside Applicant DocuSign Instructions](#).

## Appendix G.

Awards for eligible applications will be calculated based on the lower of the requested amount and the difference between the PHA's 2026 renewal eligibility based on the re-benchmarking formula, and the CY 2026 maximum renewal eligibility based on total authorized units at the inflated PUC. These two totals are provided within Renewal Enclosures, Line 20 in the CY 2025 Renewal Funding Enclosure and Line 16 of the 2026 Renewal Funding Enclosure, respectively. Awards will be capped at \$2,500,000 per PHA. Finally, for the PHAs submitting obligations for more than one project, the adjustment per project may receive a proration if the total funding adjustment exceeds the delta and/or cap.

### **f. Category 6: HUD-VASH**

HAP Set-aside Category 6: HUD-VASH is for PHAs that administer HUD-VASH vouchers and can demonstrate a need for adjustment funding.

**PHA Eligibility:** Only PHAs that administer HUD-VASH are eligible under this category. The PHA can demonstrate eligibility in one of two ways:

#### *PUC Increase*

For PHAs whose current HUD-VASH PUC per the most recent month's VMS reporting is higher than their CY 2026 HUD-VASH HAP PUC. HUD will calculate eligibility under this category.

Eligibility is determined by comparing the average VMS reported HUD-VASH PUC for the current year (through the latest month for which data has been reported at the time of calculation) to the CY 2026 HUD-VASH HAP PUC, then multiplying the difference between the PUCs by the funded UMLs.

#### *Leasing Increase*

For PHAs whose total HUD-VASH leasing for CY 2026 will exceed the leasing level included in their renewal funding, plus the leasing that will be supported by the RNP and HUD-held reserves, HUD will calculate eligibility under this category.

Eligibility is determined by adding UMLs for all the CY 2025 validated VMS data available to a projection for the remainder of the CY and comparing that total to the initial funded HUD-VASH UMLs (limited to 100 percent of the PHA's UMAs), then multiplied by the CY 2026 PUC.

**Application and Award Process:** PHAs must complete and sign the application for Category 6: HUD-VASH by the deadlines and through the DocuSign link provided in Table 2.<sup>15</sup> An example of the application is in Appendix H.

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<sup>15</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [HCV HAP Set-aside Applicant DocuSign Instructions](#).

### **g. Category 7: Lower-than-average Leasing**

Due to anticipated Category 1: Prevention of Terminations Due to Insufficient Funding (shortfall) funding needs, HUD does not expect to have any available HAP Set-aside funding for the Lower-than-average Leasing category. As a result, HUD will not review applications for funding under this category for CY 2026.

### **h. Category 8: Disaster**

HAP Set-aside Category 8: Disaster is for PHAs that have experienced increased costs or loss of units in an area for which the President declared a disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.) in CY 2025 or CY 2026.

**PHA Eligibility:** To be eligible for funding under this category, the PHA must have experienced increased or loss of units in an area for which the President declared a disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170 et seq.) in CY 2025 or CY 2026. The funding provided through this category will address the impact disasters have had on CY 2026 expenses. There are two ways the PHA can be eligible under this category:

- **Loss of Units Due to Disaster**
  - o This adjustment is provided to assist the PHA in increasing the number of families under lease, not to exceed 100 percent of the PHA's authorized units, to help address housing needs in the impacted community. HUD will use the most recently reported and validated month's VMS data to determine the number of units currently under lease. HUD will use the higher of: (1) the PHA's most recently reported and validated month's VMS data or (2) the three-month average for the most recent reported and validated VMS data to determine the PUC to calculate the funding adjustment. However, if the PHA requests and HUD approves the PHAs request for increased PUC, the approved PUC will be used to calculate the increased leasing adjustment, as well as to make the increased PUC adjustment for the PHA's HCV program as a whole.
- **Increased Costs**
  - o The PHA may request an adjustment for a higher PUC. The requested PUC must be higher than the higher of the most recent reported and validated PUC in VMS or the most recent three-month average reported and validated in VMS. The requested adjustment must be supported by documentation that the PHA is required to include with their application. For example, the PHA may provide data supporting the higher requested PUC by providing IMS/PIC data for recent new admissions and/or recent movers or other data supporting its request for a funding adjustment.

**Application and Award Process:** PHAs must complete and sign the application for Category 8:

Disaster by the deadline and through the DocuSign link provided in Table 2.<sup>16</sup> An example of the application is in Appendix I.

### **i. Category 9: Non-life Threatening Inspection Withheld HAP**

HAP Set-aside Category 9: Non-life Threatening (NLT) Inspection Withheld HAP<sup>17</sup> is for PHAs that have withheld HAP during the CY 2025 re-benchmarking period as part of their implementation of the NLT inspection option under Section 8(o)(8)(A)(ii) of the U.S. Housing Act of 1937 and to make an adjustment to account for HAP payments that were subsequently paid after the re-benchmarking period.<sup>18</sup>

**PHA Eligibility:** To be eligible for funding under this category, a PHA must have adopted the NLT Inspection option within its Administrative Plan and withheld HAP in CY 2025. The PHA must demonstrate that after January 22, 2026, when HUD established the PHA's HAP renewal funding baseline to calculate the CY 2026 renewal allocation (Step 1 described in section, IV, subsection A, of this notice), the PHA subsequently paid the owner housing assistance payments that were withheld during CY 2025 in accordance with the requirements of the NLT initial inspection option.

Because these HAP costs that were withheld under the NLT inspection option in CY 2025 and paid retroactively after HUD established the PHA's HAP renewal baseline for the CY 2026 renewal allocation are not currently reflected in the PHA's renewal funding, the PHA is eligible for a funding adjustment under this HAP Set-aside category.

To be eligible, PHAs must enter their HAP expense amounts for NLT Inspection Withheld HAP in VMS. For entries made after January 22, 2026, the PHA must include a Prior Month Correction (PMC) in the month which the HAP expense was incurred. Additionally, the PHA must enter a comment into the "Comments" field located in the "Expense/Comments" tab. The comment will reflect the amount of the HAP expenses entered. Examples of PMC comments include:

Example 1: NLT withheld HAP expenses for July 2025 is \$1,000 (this would be entered in the July 2025 Comments field)

Example 2: NLT HAP expenses for November 2025 is \$1,250 (this would be entered in the November 2025 Comments field)

In calculating the amount of HAP funding for which the PHA is eligible, HUD will adjust the retroactive HAP amount identified by the PHA by the applicable RFIF and proration factor used to determine the PHA's CY 2026 renewal allocation in section IV, subsection A, Steps 3 and 4 of this notice.

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<sup>16</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [HCV HAP Set-aside Applicant DocuSign Instructions](#).

<sup>17</sup> The 2026 Act specifies that this adjustment is for retroactive payments under the NLT initial inspection option. Accordingly, a retroactive payment that a PHA may have made under any other circumstance is not covered and the PHA is not eligible to apply for HAP Set-aside funding to cover that retroactive payment.

<sup>18</sup> For detailed guidance on the NLT initial inspection option, please see 24 CFR 982.405(j).

**Application and Award Process:** PHAs must complete and sign the application for Category 9: Non-life Threatening Inspection Withheld HAP by the deadline and through the DocuSign link provided in Table 2.<sup>19</sup> An example of the application is in Appendix J.

HUD will confirm that the prior month corrections entered into VMS match the information provided by the PHA.

#### **j. Category 10: Mainstream Vouchers Increased Costs**

HAP Set-aside Category 10: Mainstream Vouchers Increased Costs is for PHAs that administer Mainstream and can demonstrate a need for adjustment funding.

**PHA Eligibility:** Only PHAs that administer Mainstream are eligible under this category. This category is for PHAs whose current Mainstream PUC per the most recent month's VMS reporting is higher than their CY 2026 renewal HAP PUC. HUD will calculate eligibility under this category.

Eligibility is determined by comparing the average VMS reported Mainstream PUC for the current year (through the latest month for which data has been reported at the time of calculation) to the PHA's CY 2026 renewal PUC, then multiplying the difference between the PUCs by the funded UMLs. HUD will also consider PHAs' Mainstream RNP and HUD-held reserves (program reserves) in determining eligibility.

**Application and Award Process:** PHAs must complete and sign the application for Category 10: Mainstream Vouchers Increased Costs by the deadline and through the DocuSign link provided in Table 2.<sup>20</sup> An example of the application is in Appendix K.

### **C. HAP Funding for New Vouchers**

The 2026 Act provides HAP funding for new incremental vouchers for HUD-VASH and FUP. The details of these new incremental vouchers and associated HAP funding are described in this section.

#### **1. HUD-VASH**

The 2026 Act provides \$15,000,000 for the HUD-VASH program. Of the \$15,000,000 total, at least \$5,000,000 will be used for new incremental HUD-VASH vouchers, and up to \$10,000,000 may be used for administrative fees and other HUD-VASH program costs. As provided by the 2026 Act, HUD-VASH vouchers will be awarded based on geographic need and PHA administrative performance. HUD will issue comprehensive guidance on the 2026 HUD-VASH

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<sup>19</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [HCV HAP Set-aside Applicant DocuSign Instructions](#).

<sup>20</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [HCV HAP Set-aside Applicant DocuSign Instructions](#).

voucher allocation and any HUD-VASH administrative funding at a later date. Note that all PHAs are responsible for tracking new units and funding for special purpose vouchers (SPVs), such as HUD-VASH vouchers, to include new incremental vouchers and renewals. HUD-VASH funds can only be used for the intended purposes and are not subject to MTW fungibility provisions.

## **2. Family Unification Program**

The 2026 Act provides \$30,000,000 for new incremental voucher assistance for the FUP. Of this amount, HUD plans to award \$5,000,000 for FUP through an FY 2026 FUP Notice of Funding Opportunity (NOFO). The remaining \$25,000,000 is limited to use on behalf of FUP-eligible youth under The Melania Trump Foster Youth to Independence (FYI) initiative. In accordance with the 2026 Act, HUD will make these Melania Trump FYI initiative funds available on a non-competitive basis under [PIH Notice 2023-04](#) or any subsequent Notice.

The 2026 Act also provides that any PHA administering voucher assistance appropriated in a prior Act under the FUP, or competitively under the 2026 Act, 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. This includes assistance made available under the Melania Trump FYI initiative. In addition, HUD will review PHAs' utilization of any non-competitive amounts and awards and will recapture and reallocate any unused amounts in accordance with the 2026 Act. HUD will implement these provisions through guidance at a later date.

All PHAs are responsible for tracking new units and new funding for SPVs. FUP funds, including those made available under the Melania Trump FYI initiative, can only be used for the intended purposes and are not subject to MTW fungibility provisions.

## **D. Tenant Protection Vouchers**

### **1. Definition**

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), Multifamily Housing portfolios, and Moderate Rehabilitation properties.<sup>21</sup> Therefore, if the PHA applies for and is awarded replacement TPVs, it must offer the replacement TPVs in the form of tenant-based assistance (or as project-based assistance for certain conversion actions) to eligible families impacted by the housing conversion action.<sup>22</sup> While the PHA is required to offer the replacement TPV to the eligible impacted family, in the context of Public Housing conversions, the PHA has discretion,

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<sup>21</sup> TPV allocations qualify as either "replacement" or "relocation" vouchers. TPV allocations for relocation vouchers must only be used by the family impacted by the conversion action and not for vacant units. For information on replacement and relocation TPV allocations, see Section 6 of PIH Notice 2018-09.

<sup>22</sup> This statement supersedes the last sentence in footnotes 5 and 6 of PIH Notice 2018-09, which stated that 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.

at the time of the TPV offer, to inform all families that the family is not required to accept the TPV, and that, if the family chooses, at the family's sole discretion, not to accept the TPV, the PHA intends to offer the family another form of housing.

HUD's policy for 2025 and many prior years provided replacement TPVs for vacant units that were occupied by an assisted family in the previous 24 months, which has been the maximum period provided for under recent HUD appropriations acts. Due to the need to constrain future costs and potentially large numbers of replacement TPV requests in 2026, TPVs will only be provided in 2026 for vacant units that were occupied by an assisted family in the previous 12 months, subject to the caveats below. Additionally, depending on demand and funding availability, HUD may subsequently suspend the allocation of replacement TPVs for vacant units or may reduce the initial increment term and associated funding to cover a period that is less than 12 months. These actions, if necessary, would only apply to future TPV funding allocations. HUD will inform PHAs in writing should any of these cost-savings measures need to be implemented.

## **2. Funding**

The 2026 Act provides \$600,622,000 in TPV funding.

## **3. Continued Applicability of PIH Notice 2018-09**

The programmatic and policy guidance in Section 6 of PIH Notice 2018-09 continues to apply to TPVs except as specifically revised in section IV, subsection D, 1 and 4 of this notice or a superseding TPV notice.

## **4. Eligibility for Replacement TPVs (Vacant Units)**

Under PIH Notice 2018-09, replacement TPVs were only provided for occupied units. This policy is revised for purposes of the CY 2026 funding available under this notice so that, in addition to providing replacement TPVs for occupied units, HUD will also provide replacement TPVs for vacant units that were occupied by an assisted family within the previous 12 months that are no longer available as assisted housing (although, as discussed in subsection D, 1 above, HUD may subsequently need to suspend this policy). This is a change from the policy of providing replacement TPVs for vacant units that were occupied by an assisted family within the previous 24 months that was HUD's policy in 2025.

Any Special Application Center (SAC) approval, Choice Neighborhoods Initiative (CNI) award, or eligibility event for TPVs dated after the effective date of this notice will be subject to the policy awarding TPVs for units occupied in the previous 12 months. The examples below demonstrate how the policy applicable to any SAC approval, CNI award, or eligibility event dated after the effective date of this notice works.

Notwithstanding the above, any submission before the effective date of this notice of a RAD Financing Plan (using a RAD/Section 18 Blend) or a RAD Conversion Plan that will result in the issuance of TPVs will be subject to the policy awarding TPVs for units occupied in the previous 24 months."

- ***For Public Housing Actions***, vacant units that were occupied by an assisted family within the previous 12 months from the time of the SAC approval or the CNI award date. For example: on July 1, 2026, a PHA is approved for demolition/disposition of 25 public housing units. Of the 25 units in the property, 5 units were last occupied on July 1, 2025. The remainder of the units continue to be occupied. Replacement TPV funding may be provided for all 25 units (vacant and occupied) because the 5 vacant units were last occupied within 12 months from the SAC approval.
- ***For Multifamily Housing Actions***, vacant units that were occupied within the previous 12 months from the eligibility event. For example: on July 1, 2026, the prepayment of a section 236 mortgage in a property triggers eligibility for TPVs. Of the 25 units in the property, 5 were last occupied on July 1, 2025. The remainder of the units continue to be occupied. Replacement TPV funding may be provided for all 25 units (vacant and occupied) because the 5 vacant units were last occupied within 12 months from the eligibility event.

## 5. TPV Set-aside

The 2026 Act provides that no less than \$5,000,000 of the \$600,622,000 appropriated for TPVs may be set aside to provide TPVs to certain at-risk households in low-vacancy areas. HUD has determined that since the law has not changed, the terms and conditions of [PIH Notice 2019-01/H-2019-02](#), “Funding Availability for Set-aside Tenant Protection Vouchers” will apply to 2026 TPV Set-aside funds.

## 6. Funding

HUD calculates TPV funding for all eligible TPV actions based on the average Per Unit Cost (PUC) in the PHA’s HCV program.<sup>23</sup> If the PHA administering the TPVs has concerns regarding the sufficiency of the TPV funding based on its average PUC, the PHA can request an upfront increased PUC along with the TPV funding application or request higher TPV funding after the PHA has already submitted the TPV funding application. In either case, the PHA must justify the requested increase by providing evidence of rent amounts that result in higher HAP costs and a justification explaining that the rents are reasonable.<sup>24</sup> At a minimum, the PHA must submit its rent reasonableness analysis and a budget authority gap analysis that includes the following data:

- Unit Type/Bedroom Size
- Count of Units by Type/Bedroom Size
- Contract Rent
- Utility Allowance (if owner paid)
- Monthly Total (Contract Rent + Utility Allowance)
- Resident Rent
- Monthly/Annual subsidy need by unit and property

<sup>23</sup> The information provided in this section applies to TPV actions in the Public Housing and Multifamily Housing portfolios.

<sup>24</sup> Rent reasonable requirements are found in regulation at 24 CFR 982.507 and 24 CFR 983.303, as applicable. Rent reasonableness guidance may be found in the [Rent Reasonableness Chapter of the HCV Guidebook](#).

Prior to calendar year end (CYE), the PHA must submit requests for TPV funding adjustments by email to [PIH\\_Conversion\\_Actions@hud.gov](mailto:PIH_Conversion_Actions@hud.gov) with the subject line “TPV Adjustment for PUC Increases.” HUD will not accept requests for TPV PUC increases after December 31, 2026.

The following additional requirements apply when a PHA is submitting a request for increased TPV funding subsequent to the TPV award:

- The following additional information must be submitted with the request:
  - Monthly/Annual subsidy provided in the TPV award.
  - ACC letter reflecting the TPV award.
- PHAs can apply for higher PUCs during the time of their initial funding increment. The effective date for TPV increments is provided in the amended ACC letter sent from the FMC to PHAs. Once the initial funding increment is renewed, no additional PUC will be provided.

Once HUD receives the PHA’s request, HUD will review it to confirm that actual or projected subsidy costs are appropriately calculated and may follow up with the PHA if additional information is needed.

Note that all additional TPV funding is subject to available appropriations. Questions concerning the TPV adjustment process described above may be sent to [PIH\\_Conversion\\_Actions@hud.gov](mailto:PIH_Conversion_Actions@hud.gov).

## **7. EHV Shortfall Prevention**

Per the 2026 Act, TPV funding is available to provide calendar year 2026 assistance to public housing agencies that would otherwise be required to terminate emergency housing vouchers for families as a result of insufficient funding. HUD plans to provide guidance on implementing this provision in a future notice.

In the meantime, HUD has funds remaining from the recapture of EHV Services Fees (as described in [Notice PIH 2026-02](#)) that will be repurposed as HAP funding to address EHV shortfalls. If your PHA estimates that they will be facing a shortfall of EHV HAP funding in the coming months, we encourage you to reach out to your FMC FA (and CCing [EHV@hud.gov](mailto:EHV@hud.gov)) to request funds to address HAP shortfalls. HUD anticipates adequate funding available to address all EHV shortfalls.

## **E. Mainstream Vouchers**

### **1. Overview**

Mainstream Vouchers are special purpose vouchers for non-elderly persons with disabilities that generally are subject to the requirements in Section 8(o) of the U.S. Housing Act of 1937 and 24 CFR 982. The 2026 Act consolidates Mainstream renewal funding with HCV program renewal funding; consequently, PHAs may use their CY 2026 HCV program renewal funding to make housing assistance payments for Mainstream (as well as regular vouchers, HUD-VASH

vouchers, etc.) PHAs must use any existing Mainstream program reserves allocated in prior years only for Mainstream purposes, and they must continue to track these Mainstream program reserves separately from other voucher reserves.

HUD strongly encourages PHAs with Mainstream program reserves to prioritize the use of those reserve funds to pay their Mainstream HAP expenses in 2026, including for the renewal of existing HAP contracts. By drawing on Mainstream program reserves to cover their current year Mainstream HAP expenses, PHAs will reduce the length of time that they (and HUD) must continue to track Mainstream program reserves separately. To the extent that they can, PHAs with Mainstream program reserves should use their CY 2026 HCV renewal funding allocation for Mainstream HAP expenses only after they have exhausted their Mainstream program reserves. To facilitate PHAs in this effort, HUD will begin disbursing PHAs' Mainstream HUD-held reserves to them in mid-2026 to cover their Mainstream HAP expenses. These disbursements of Mainstream HUD-held reserves will have no impact on PHAs' 2026 HCV renewal funding eligibility.

## 2. Reporting Requirements

The 2026 Act consolidates Mainstream renewal funding into overall Housing Choice Voucher (HCV) program renewal funding. However, this funding consolidation does not change program reporting requirements. Funds awarded for Mainstream in CY 2025 and prior years remain restricted for Mainstream purposes only, and may not be redesignated, reprogrammed, or used for other voucher activities. Mainstream funding also remains separate and excluded from Moving-to-Work (MTW) activities. PHAs must therefore continue to comply with all Mainstream program requirements, and PHAs must continue to track and report Mainstream activity distinctly in required HUD systems. Some helpful reminders are included below:

- For information on the financial data scheduled (FDS) reporting, PHAs should continue to follow Real Estate Assessment Center (REAC) [Accounting Brief #25](#), which provides detailed guidance on reporting Mainstream in the Financial Data Schedule (FDS) within HUD's FASS-PH system.
- For information on the VMS reporting, PHAs should also continue to follow Accounting Brief #25, which restates guidance set in the VMS User's Manual for Mainstream. Additionally, PIH Notice 2021-08 establishes the required VMS and FASS-PH reporting cadence for Mainstream.
- For IMS/PIC, PHAs will continue to report Mainstream by coding them as "MS5" on line 2n of the form HUD-50058 (Family Report). For Moving to Work (MTW) agencies, they are coded on line 2p of the MTW Form HUD-50058.
- For information on HAP and administrative fees income recognition and HAP expense reporting from CY 2025 and prior source years, PHAs should continue to follow Accounting Brief #25 and apply this guidance consistently in both FASS-PH and VMS reporting.
- For HAP and Administrative Fees income and HAP expense reporting from CY 2026 HCV renewal funding, new income is recognized through the HCV Program starting in 2026. The monthly HCV Program's HAP will include funding for Mainstream families. HAP expenses for Mainstream families will continue to be reported in VMS on the

following fields:

- Mainstream - HAP
- Mainstream - HAP Expenses After the First of the Month

For further VMS reporting guidance, please contact your FMC Financial Analyst.

## **F. HAP Policy Reminders**

### **1. Disbursements**

PHAs receive monthly disbursements from their budgetary allocations in accordance with the cash management procedures in [PIH Notice 2017-06](#), “Cash Management Requirements for the Housing Choice Voucher Program.” PHAs may request an additional disbursement, from HUD-held Reserves, when monthly disbursements and available RNP will not cover expenses for the month. Non-MTW, initial MTW PHAs, and expansion MTW PHAs may request additional funds via [DocuSign](#). PHAs will be required to provide HAP expenses not yet reported in VMS and actual HAP expenses for the period requested, and the PHA may use the Two-Year Projection Tool as supporting documentation. The additional payment will be limited to the amount necessary to cover the actual HAP expenses. PHAs are encouraged to contact their Financial Analyst with assistance in requesting additional funds if needed.

Finally, for non-MTW PHAs, as announced in 2025, HUD is using the Enterprise Voucher Management System (eVMS) to determine HAP monthly disbursements. It remains important to ensure HUD form 50058 data is updated and accurate since eVMS uses that data to determine disbursements. PHAs also must continue to report complete and accurate information in VMS as well. Additional information regarding eVMS can be found here: <https://www.hud.gov/helping-americans/public-indian-housing-evms>.

### **2. HAP Reserves**

PHAs are reminded that funds in the HAP program reserves (RNP and HUD-held reserves) shall only be used for eligible HAP needs. The Consolidated ACC (CACC) requires PHAs to use HAP funding to cover housing assistance payments. HAP and PHA program 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. Except for MTW agencies, the 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, per 24 CFR 982. The current year funding may not be used for prior year costs, including by MTW Initial and Expansion PHAs.

In instances where a PHA is found to have misappropriated HAP or HAP program 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 program 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 program reserves account for non-HAP purposes.

### 3. Prohibition on Over-leasing

The 2026 Act prohibits the use of appropriated HAP funds by any PHA, except for PHAs in the MTW demonstration, which are governed by MTW program requirements or MTW agreements, to lease units above their CACC baseline units during any CY, even if the PHA has sufficient budget authority (BA) or RNP to support the additional units. If a PHA engages in over-leasing, it must identify other eligible funding 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. The calculation of 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.

There is an exception to the 2026 Act's general prohibition against the use of fiscal year (FY) 2026 renewal funds for overleased units. This exception is for PHAs that exceeded their 2025 authorized level of unit months authorized (UMAs) within available resources due to the transition of Emergency Housing Vouchers (EHVs) to the HCV program. This exception only applies to 2026 renewals.

### 4. Use of Outside Sources of Funds

HUD recommends that all PHAs carefully review the information contained in [PIH Notice 2013-28](#), "Guidance on the Use of Outside Sources of Funds in the HCV Program." Expansion MTW agencies should also review the use of funds provisions of the [Operations Notice for the Expansion of the Moving to Work Demonstration Program](#), which was published in the *Federal Register* on August 28, 2020, with [technical revisions](#) published in the *Federal Register* on March 20, 2025. HUD's calculation of 2026 renewal funding and shortfall funding eligibility is consistent with the limitations on use of funds in these notices, with one exception. With respect to Expansion MTW agencies, for 2026, HUD has determined that if a PHA has, with HUD's prior approval, used fungible Public Housing funds to address a confirmed HCV funding shortfall to prevent terminations of assistance, then the use of those funds will be renewable under HUD's renewal calculation.

### 5. Reporting

This section provides some helpful reminders regarding PHA reporting requirements. Please note that this section is not intended to cover all PHA reporting requirements and PHAs remain subject to all reporting requirements described here and in other guidance.

A PHA must have a Unique Entity Identifier (UEI) generated by the System for Award Management (SAM). Additionally, PHAs must have an active registration at SAM.gov. The System for Award Management (SAM.gov) is accessible at <https://www.sam.gov> and is intended to ensure entity eligibility, which is critical for reducing improper payments, preventing fraudulent transactions, and ensuring compliance with the Do Not Pay Initiative.

PHAs must continue to submit required financial documents including, but not limited to, monthly VMS and annual Financial Assessment Subsystem 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 2021-08](#), “Financial Reporting Requirements for the Housing Choice Voucher and Mainstream Program Submitted through the Financial Assessment Subsystem for Public Housing (FASS-PH) and the Voucher Management System (VMS),” 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.

In CY 2025, HUD transitioned all non-MTW PHAs to eVMS, which uses IMS/PIC and VMS for the calculation of monthly HAP. It is critical for IMS/PIC 50058 submissions and VMS reporting to be timely and complete to ensure eVMS’ payment calculations are accurate.

Additionally, some MTW Expansion PHAs are not currently reporting in the IMS/PIC system due to approved MTW activities that result in fatal errors. HUD will use the best available data from non-reporting MTW Expansion PHAs in the absence of IMS/PIC data where HUD uses IMS/PIC data for calculations, including for the EHV program.

**Jobs Plus Earned Income Disregard Reporting** Section 243 of the 2026 Act requires the foregone increases to tenant rent payments, as authorized pursuant to waivers requirements of the job-plus initiative, due to resident participation in the Jobs-Plus initiative are being factored into rental assistance renewal eligibility within the appropriate account. This applies only to new FY 2026 Jobs Plus awards; therefore, such adjustments will have no impact on 2026 voucher renewal funding. Additional reporting guidance will be provided separately.

HUD is in the process of implementing new grants management and reporting tools for all records pertinent to the Federal award. Once available, PHAs will report on grant performance and financial activities (including vendor and cash disbursement supporting details for the Recipient and its Subrecipients) using these new tools when they are released and to satisfy occasional requests for records pertinent to the federal award, consistent with the requirements for recordkeeping, access to records, and reporting laid out in 2 CFR part 200, which may be amended from time to time. HUD will work with the Recipient to support its transition to the new reporting tools. HUD reserves the right to exercise all of its available rights and remedies for any noncompliance with these grants management and financial reporting requirements, to include, without limitation, requiring additional or more detailed financial reports, suspension of disbursements, and all other legally available remedies, to the furthest extent permitted by law.

## **V. Administrative Fee Funding**

The 2026 Act provides \$2,835,935,000 for administrative and other expenses of PHAs administering the HCV program (see Appendix A for Appropriations text). The 2026 Act also provides that this funding may be used for “other expenses” of PHAs administering the Section 8 tenant-based rental assistance program. HUD issued detailed guidance on the use of ongoing

administrative fees for expenses related to assisting families to lease units in [PIH Notice 2022-18](#), “Use of Housing Choice Voucher (HCV) and Mainstream Voucher Administrative Fees for Other Expenses to Assist Families to Lease Units.” Of the appropriated amount, no less than \$2,805,935,000 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.<sup>25</sup>

### **A. Ongoing Administrative Fees**

Ongoing administrative fees and administrative fees for new vouchers are allocated based on leasing.<sup>26</sup> These administrative fees are calculated for CY 2026 as provided for by Section 8(q) of the United States Housing Act, and related Appropriations 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.

HUD has posted the CY 2026 Administrative Fee rates to enable PHAs to calculate potential fee eligibility and to manage portability billings. They are available on HUD’s [website](#).

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 one quarter (1/4) of the appropriated amount available for ongoing administrative fees. HUD will disburse any amount due to the PHA and will offset any amount due from the PHA via a reduction from a subsequent administrative fee payment. PHAs can monitor the HCV administrative fee proration through the monthly advance data provided via email. Please click on the following webpages that include links to the [Administrative Fee Rate Description](#) file as well as [the Portability Administrative Fee Description](#) file, for information on current rates and prorations. A final reconciliation will be completed after December 2026 leasing data are reported in VMS, at which time the final proration for CY 2026 will be determined.

### **B. 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 only apply to CY 2026 and is applicable to the HCV program.

To request a blended rate administrative fee, the PHA must do the following no later than 5 pm local time on Friday, July 10, 2026:

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<sup>25</sup> Administrative Fee funds provided through this notice, including Special Fees, considered for salaries, bonuses and/or employee incentives must comply with the executive compensation requirements under Section 219 of Public Law 119-75, Consolidated Appropriations Act, 2026 and must comply with reasonable compensation requirements found at 2 CFR Part 200.430(b).

<sup>26</sup> The term “leasing” also includes PBV units under HAP contract but not currently leased.

- Email HUD at [HCVBlendedRateRequests@hud.gov](mailto:HCVBlendedRateRequests@hud.gov) and indicate you are requesting a blended administrative fee rate.
- The email subject line must read as follows: PHA Number, Request for Blended Rate Administrative Fees (e.g., TX001, 2026 Request for Blended Rate Administrative Fees).

### **C. Higher Administrative Fee Rates**

A PHA that operates over a large area, defined as two or more counties, may request higher administrative fees. An approved higher administrative fee rate will apply only to CY 2026 and is applicable to the HCV program.

The PHA will be required to submit evidence of actual costs at the end of the calendar year to enable HUD to determine if the entire approved increase is needed. HUD will offset excess funds via reduction of future disbursement(s). A PHA that received higher administrative fee for CY 2025 will be expected to complete the reconciliation with their Financial Management Center Financial Analyst prior to their CY 2026 higher rate request being approved.

To request a higher rate administrative fee, the PHA must do the following no later than 5 pm local time on Friday, July 10, 2026:

- Email HUD at [HCV\\_Higher\\_AF@hud.gov](mailto:HCV_Higher_AF@hud.gov) and copy your Financial Management Center (FMC) Financial Analyst (FA) to indicate you are requesting a higher administrative fee rate.
- The email subject line must read as follows: PHA Number, 2026 Request for Higher Administrative Fee (e.g., TX001, 2026 Request for Higher Administrative Fee).
- The PHA must include the following financial documentation with their submission:
  - Actual Unrestricted Net Position (UNP) (previously known as administrative fee reserves) balance as of December 31, 2025.
  - Actual administrative costs for the HCV program for CY 2025 in sufficient detail to allow for review.
  - The PHA's CY 2026 HCV program administrative budget, including anticipated reasonable and necessary administrative costs broken out in sufficient detail to allow for review (positions and salaries, detailed travel costs, overhead and pro-rations, etc.). There is no HUD form, nor a mandated format, for this budget.
  - An explanation of why the unit month and budget authority utilization in CY 2025 was below 95 percent of the unit month and budget authority available for renewal units (if this occurred).
  - If the PHA has made withdrawals from the Administrative Fee reserves per official guidance provided in PIH Notice 2022-18, "Use and Reporting of Administrative Fee Reserves," certification is required. Should there be no withdrawals at this point, a statement that none were made is required.
  - An explanation as to why the projected CY 2026 administrative fees are insufficient to cover expected program operating costs.
  - Certification by the executive director of the PHA that the data is accurate.

HUD reserves the right to reduce the documentation required.

#### **D. New Voucher Administrative Fees – HUD-VASH**

The 2026 Act provides \$15,000,000 for the HUD-VASH program. Of the \$15,000,000 total, at least \$5,000,000 will be made available for new incremental vouchers, and up to \$10,000,000 may be made available for additional administrative fees and other HUD-VASH program costs under a separate PIH Notice. HUD will issue comprehensive guidance on both the 2026 HUD-VASH voucher allocation and the HUD-VASH administrative funding at a later date. HUD-VASH funds can only be used for the intended purposes and are not subject to MTW fungibility provisions.

#### **E. Special Fees**

The 2026 Act provides up to \$30,000,000 for Special Fees, which provide additional funding to PHAs beyond their administrative fee allocation. A portion of the \$30,000,000 administrative fee set-aside may be used for ongoing administrative fees to increase the national fee proration, should HUD determine during the course of the calendar year (after the deadlines outlined below) that the entire \$30,000,000 may not be needed for additional administrative costs. Special Fees are not applicable to EHVs.

HUD is making available 10 categories of Special Fees. HUD will automatically determine eligibility for some categories, but for others PHA must submit an application to HUD. HUD reserves the right to deny or limit the award amount based on a PHA's administrative fee reserves or the national proration level, or both to ensure fair and reasonable distribution of funds. HUD reserves the right to fund one, some, or all categories. Each Special Fees category provides additional funds to administer HCV programs, including fees associated with tenant protection rental assistance, the administration of disaster related vouchers, HUD-VASH vouchers, and other special purpose incremental vouchers as authorized by the 2026 Act.

A summary of the Special Fees categories, the process, and the deadlines is in Table 4. For categories that require an application, PHAs must apply for each category using the instructions in this section. PHAs must apply by the deadline listed in Table 4. Applications received after the deadline or incomplete applications will not be considered. Further application instructions follow Table 4.

**Table 4: Special Fees Categories, Process, and Deadlines**

<b>Special Fees Category</b>	<b>Process</b>	<b>Deadline</b>	<b>Application Link</b>
Category A: HCV Homeownership Closing Fees	HUD determined based on submitted 50058 data.	HUD calculates bi-annually	Link will be sent to eligible PHAs
Category B: New HCV Homeownership Program	HUD determined based on PHA certification	HUD sends certifications bi-annually	Link will be sent to eligible PHAs

Special Fees Category	Process	Deadline	Application Link
Category C: PHAs that Administer TPVs in Connection with Multifamily Housing Conversion Actions	HUD determined based on submitted TPV applications	HUD processes as requests for TPVs are received	N/A
Category D: Portability	HUD determined based on submitted 50058 and VMS data	HUD calculates	N/A
Category E: Audit Costs for Declaring Major HCV Programs per PIH Notice 2021-08 and for HCV Voluntary Transfers per <a href="#">PIH Notice 2018-12</a>	HUD determined after PHA request	HUD processes as requests are received	PHAs must email their request to the FMD
Category F: New FUP/FYI Vouchers Awarded in 2025	HUD determined based on FUP/FYI awards	N/A	N/A
Category G: Disaster Vouchers	In the event of disaster voucher allocations, HUD will issue future guidance	N/A	N/A
Category H: Transition of EHV to HCV or PBV	HUD determined	Transactions must be submitted to IMS/PIC no later than 5pm local time on Friday, February 26, 2027	N/A
Category I: PHA Exception Payment Standard Elimination	PHA Application	Friday, October 30, 2026 no later than 5 pm local time	<a href="#">Category I Application</a>
Category J: Secretary's Discretion	PHA Application	Friday, October 30, 2026 no later than 5 pm local time	<a href="#">Category J Application</a>

For categories that require an application, all applications will be submitted through DocuSign, which is an online electronic document management platform. PHAs must complete all fields within the applicable DocuSign form, as well as provide all required documentation and calculations, as applicable. Incomplete requests or requests received after the established deadline will not be considered.

PHAs are urged to confirm application data and attachments for completeness and accuracy prior to submission to avoid having to resubmit applications. For PHAs that submit more than one application for a specific category, the system will automatically overwrite older applications and keep the most recent application received. Only the last application received by the deadline date will be reviewed for eligibility.

Failure to provide any of the required documents and information within DocuSign as instructed will result in denial of the application. Please be aware that DocuSign will not process

applications without signatures; therefore, HUD will not receive them for review. Executive Directors will receive a confirmation email from the DocuSign system within the same day as the submission. Instructions for applying to the Special Fees through DocuSign, a link to the video tutorial on the DocuSign application process as well as a link to the DocuSign form can all be accessed through the following link: [Special Fee Applicant DocuSign Instructions](#). 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 frame specified in the notification.

Unless otherwise specified in this section, PHAs must use any awarded Special Fees exclusively to support the HCV program administrative fee needs for two purposes: (1) costs incurred by a PHA in carrying out administrative responsibilities under the program and (2) other eligible expenses in administering the program which are described in section 3 of PIH Notice 2022-18.

Special Fees funding cannot be used for the repayment of debts, or any amounts owed to HUD or program participants including, but not limited to, Office of Inspector General (OIG), Quality Assurance Division (QAD) or other monitoring review findings. Reporting and recording of awarded Special Fees are included as part of the PHA's HCV administrative financial records under Assistance Listing 14.871.

The DocuSign special fee applications for Category I: PHA Exception Payment Standard Elimination and Category J: Secretary's Discretion will be active June 1, 2026. PHAs will receive award notification information via email.

### **1. Category A: HCV Homeownership Closings**

HUD provides a \$1,500 fee for every homeownership closing reported in IMS/PIC for HCV families who have become homeowners through the HCV Homeownership program, MTW Homeownership program, or the Family Self-Sufficiency program (HCV only).

**PHA Eligibility:** PHAs that administer the HCV Homeownership program, MTW Homeownership program, or the Family Self-Sufficiency program (HCV only).

**HUD Determination Process:** PHAs do not apply for these funds. HUD provides these Special Fees automatically based on IMS/PIC data and closing dates confirmations reported in IMS/PIC. Once HUD reviews the IMS/PIC data, HUD will send a certification through DocuSign for the PHA to confirm data accuracy. All eligible PHAs will continue to receive DocuSign certification requests. PHAs must ensure timely IMS/PIC reporting.

### **2. Category B: New HCV Homeownership Program**

HUD provides a \$2,500 one-time fee for each newly created HCV Homeownership program (including MTW and FSS Homeownership Programs) at any PHA in CY 2026.

**PHA Eligibility:** PHAs that created an HCV Homeownership program for the first time in CY 2026.

**HUD Determination and Award Process:** PHAs report HCV Homeownership closings in IMS/PIC. Once a PHA reports an HCV Homeownership closing for the first time, HUD will send the PHA a DocuSign form for certification that the PHA has created a new HCV Homeownership program.

### **3. Category C: PHAs that Administer TPVs in Connection with Multifamily Housing Conversion Actions**

This Special Fee will be allocated to PHAs that agree to administer vouchers families affected by Multifamily Housing conversion actions.

**PHA Eligibility:** For multifamily housing conversions, a special (one-time) fee of \$350 will be provided for each unit occupied on the date of the eligibility event.

**HUD Determination and Award Process:** PHAs do not need to apply for these funds as HUD provides these fees automatically for each multifamily housing conversion action that occurs in CY 2026.

### **4. Category D: Portability**

Special Fees for portability are provided to PHAs administering numbers of portability vouchers that comprise a significant portion of their vouchers under lease.

**PHA Eligibility:** PHAs must have been administering a number of port-in vouchers equal to 20 percent or more of the PHA's total number of leased vouchers as of December 31, 2025, to be eligible for special portability fees.

**HUD Determination and Award Process:** PHAs do not need to apply for these funds as HUD provides these fees automatically based on IMS/PIC data and the VMS data used for the 2025 renewal allocation. For each eligible port-in voucher, the receiving PHA will receive 12 months of funding equal to 15 percent of the PHA's 2026 Column A rate for administrative fees. This is a one-time award and will be calculated based on PHA portability data found in IMS/PIC for actions through December 31, 2025, and leased data from the VMS as of December 31, 2025 (from the same VMS database used to determine the 2026 HCV renewal allocations).

IMS/PIC data must be updated and successfully submitted by Friday, May 29, 2026.

### **5. Category E: Audit Costs for Declaring Major HCV Programs per PIH Notice 2021-08 and for HCV Voluntary Transfers per PIH Notice 2018-12**

In certain circumstances, as described further below under PHA eligibility, a PHA's HCV Program is audited as a major program and must procure Independent Public Accountant (IPA) services and use UNP for the additional audit work required. However, if the PHA lacks the funds, the PHA can request special fees under this category (Audit Costs for Declaring Major HCV Programs per PIH Notice 2021-08) from HUD as described in the below eligibility section.

Similarly, a divesting PHA involved in a transfer can use UNP for procuring IPA services for the close-out audit originated by a voluntary transfer. If the PHA lacks the UNP funds, the receiving PHA can request special fees under this category (Audit Costs for HCV Voluntary Transfers per PIH Notice 2018-12) to ensure a timely closeout audit. For PHAs under the single audit threshold, the close-out audit consists of an IPA validating the ending balances prior to transfer.

**PHA Eligibility:** PHAs that HUD has directed in CY 2026 to procure Independent Public Accountant (IPA) services for financial and compliance procedures under PIH Notice 2021-08, or PIH Notice 2018-12, “Process for Public Housing Agency Voluntary Transfers and Consolidations of Housing Choice Vouchers and Project-Based Vouchers.” These notices provide guidance and clarification on financial reporting requirements. As described in both notices, HUD may direct PHAs to procure IPA services for financial and compliance procedures for general-purpose governments that have not declared their HCV related programs as a major fund for financial statement purposes or as a major enterprise fund under CFR Title 2, Subtitle A, Chapter II, Part 200, Subpart F, Audit Requirements because the audit obtained may not be sufficient for HUD to properly monitor its financial and compliance interest in these entities. PHAs may only receive Special Fees under this category if they do not have sufficient UNP.

**Application and Award Process:** For audit costs for declaring a major HCV program, PHAs must request this special fee at least 60-90 days after fiscal year end (FYE) to ensure they can procure IPA services on time and the PHA audited financial statements are reported under requirements set in PIH Notice 2021-08. PHAs that request this special fee (subject to available appropriations) must send a formal request to Miguel Fontanez, Director, Financial Management Division (FMD) at [PIH.Financial.Management.Division@hud.gov](mailto:PIH.Financial.Management.Division@hud.gov). The Housing Voucher Program Division (FMD) will respond electronically to the PHA and will copy REAC’s FASS PH point of contact and designated FMC Financial Analyst timely.

For audit costs for HCV Voluntary Transfers in circumstances when the divesting PHA does not have UNP, the divesting PHA must request this special fee at least 60-90 days ahead of the effective date of the transfer. This will allow for a timely IPA services’ procurement and completion of a closeout audit ahead of the transfer’s effective date. The PHA must request special fees (subject to available appropriations) through a formal request to Miguel Fontanez, Director, FMD at [PIH.Financial.Management.Division@hud.gov](mailto:PIH.Financial.Management.Division@hud.gov). The FMD will respond electronically to the PHA and the designated FMC Financial Analyst timely.

## **6. Category F: PHAs for New FUP/The Melania Trump Foster Youth to Independence (FYI) Vouchers Awarded in 2026**

This Special Fees category is to provide additional funds for PHAs that are awarded new FUP/FYI vouchers in 2026.

**PHA Eligibility:** PHAs that received a new FUP/FYI award in 2026 are eligible for this category.

**HUD Determination and Award Process:** Effective with the publication of this notice, a

special (one-time) fee of \$750 will be provided for each voucher awarded in CY 2026. PHAs do not need to apply for these funds as HUD provides these fees automatically with the FUP/FYI awards.

### **7. Category G: Disaster Vouchers**

In the event of a future allocation of disaster vouchers during CY 2026, HUD will provide eligibility and application guidance for disaster related vouchers' Special Fees at that time.

### **8. Category H: Transition of EHV to HCV or PBV**

HUD is making special fees available for PHAs that successfully transition EHV families to their HCV or PBV programs. Additional details on the transition requirements and expedited waiver process can be found in [PIH Notice 2025-19](#), Guidance on Transition of EHV Families into HCV and End of EHV Service Fee Expenditures.

**PHA Eligibility:** PHAs currently administering EHV families that successfully transition an EHV family to their HCV or PBV programs.

HUD will award \$1,000 per EHV family that is successfully transitioned to the PHA's HCV or PBV programs in CY 2026, retroactive to transitions that occurred on or after January 1, 2026. To receive funds, the PHA must code transitioned EHV families as "EHCV" on line 2n of the HUD form 50058. PHAs must have all transactions that were effective in CY 2026 submitted to IMS/PIC no later than February 26, 2027, to be eligible for funds. As in 2025, special instructions will be sent to MTW expansion PHAs on a DocuSign process for submitting their data on families they have transitioned to the HCV program to be eligible for the special fees.

**Application and Award Process:** HUD will determine the number of families that transitioned from EHV to HCV or PBV based on IMS/PIC data submitted by the PHA and information reported to HUD through the alternative process for some MTW expansion agencies. HUD will provide Special Fees in the amount of \$1,000 for each transitioned family.

### **9. Category I: PHA Exception Payment Standard Elimination**

HUD is making special fees available for PHAs that stop using exception payment standards approved under 24 CFR 982.503(d)(2-4) and/or MTW payment standards that exceed the basic range. This does not apply to reasonable accommodation exception payment standards or exception payment standards for the HUD-VASH program.

**PHA Eligibility:** PHAs that have stopped using exception payment standards, including use of SAFMRs based exception payment standards, and/or MTW payment standards that exceed the basic range no later than October 1, 2026. PHAs must revert to exception payment standards within the basic range of their applicable FMR for their entire HCV tenant-based and PBV programs, excluding reasonable accommodation exception payment standards and HUD-VASH. For families currently under HAP contracts with exception payment standards, the requirements on payment standard decreases during the HAP contract term still apply (24 CFR 982.505(c)(3)).

**Application and Award Process:** PHAs must complete and sign the application for Category I: PHA Exception Payment Standard Elimination by the deadline and through the DocuSign link provided in Table 4.<sup>27</sup> The application must include a copy of the PHA's updated payment standard schedule and evidence of the official action taken by the PHA to stop the usage of exception payment standards and/or MTW payment standards that exceed the basic range. The PHA can receive \$3,000 if awarded under this category.

### 10. Category J: Secretary's Discretion

In accordance with the 2026 Act, HUD makes available a variety of Special Fees categories to allocate to PHAs that need additional funds to administer their HCV programs. If a PHA determines they need additional Special Fees that do not meet one of the previous categories in this section, the PHA may apply for other Special Fees under Category I: Secretary's Discretion. The purpose of this category is to provide additional administrative fee funding to cover administrative expenses incurred as the result of a situation outside of the specific categories described previously within this section. Requests under Category J: Secretary's Discretion are considered on a case-by-case basis. However, requests for additional fees solely because of a lower national fee proration will not be accepted.

Special Fees under this category must be used exclusively to support the HCV program administrative fee needs that are not covered by another Special Fees category for two purposes: (1) costs incurred by a PHA in carrying out administrative responsibilities under the program and (2) other eligible expenses in administering the program which are described in section 3 of PIH Notice 2022-18.

**PHA Eligibility:** PHAs that have or will experience increased administrative expenses and need additional funds to administer their Section 8 HCV Programs in CY 2026, may request Special Fees. Requests for unanticipated administrative fee funding increases will be considered on a case-by-case basis at the Secretary's discretion.

**Application and Award Process:** PHAs must complete and sign the application for Category J: Secretary's Discretion by the deadline and through the DocuSign link provided in Table 4.<sup>28</sup> An example of the application is in Appendix M. The PHA must attach documentation that supports the amount of funding the PHA is requesting for this category. In the application, PHAs calculate their need; however, HUD will confirm the PHA's calculation and determine eligibility.

### F. Mainstream Vouchers Administrative Fees

Mainstream Vouchers are special purpose vouchers for non-elderly persons with disabilities that generally are subject to the requirements in Section 8(o) of the U.S. Housing Act of 1937 and 24 CFR 982. The 2026 Act consolidates Mainstream administrative fee funding into the HCV program overall fee funding; consequently, PHAs should use their CY 2026 HCV program

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<sup>27</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [Special Fee Applicant DocuSign Instructions](#).

<sup>28</sup> Instructions detailing the DocuSign application process as well as a link to the video tutorial on this process, can be accessed by clicking on the following link: [Special Fee Applicant DocuSign Instructions](#).

administrative fee funding to cover administrative expenses associated with Mainstream (as well as regular vouchers, HUD-VASH vouchers, etc.). Please note, however, that any existing PHA-held Mainstream fee reserves (UNP) from funds allocated in prior years may be used only for Mainstream Vouchers purposes.

The 2026 Act consolidates Mainstream administrative fee funding into the overall Housing Choice Voucher (HCV) program fee funding. However, this funding consolidation does not change program reporting requirements. PHAs must continue to comply with all Mainstream program requirements, including separate tracking of use of administrative fee funding for Mainstream program activities.

## **G. Administrative Fee Policy Reminders**

### **1. Reserves**

For information on UNP, please refer to [PIH Notice 2015-17](#), “Use and Reporting of Administrative Fee Reserves” and PIH Notice 2022-18.

### **2. Reporting**

This section provides some helpful reminders regarding PHA reporting requirements. Please note that this section is not intended to cover all PHA reporting requirements and PHAs remain subject to all reporting requirements described here and in other guidance.

Pursuant to the Payment Integrity Information Act of 2019 (PIIA) and OMB guidance, PHAs are required to verify that vendors, contractors, and partners have an active registration in the System for Award Management (SAM.gov)—accessible at <https://www.sam.gov>—to ensure entity eligibility, which is critical for reducing improper payments, preventing fraudulent transactions, and ensuring compliance with the Do Not Pay Initiative.

PHAs must continue to submit required financial documents including, but not limited to, monthly VMS and annual Financial Assessment Subsystem 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 2021-08 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.

Some MTW Expansion PHAs are not currently reporting in the IMS/PIC system due to approved activities that result in fatal errors. HUD will use the best available data from non-reporting MTW Expansion PHAs in the absence of IMS/PIC data where HUD uses IMS/PIC data for calculations, including the EHV program.

HUD is in the process of implementing new grants management and reporting tools for all records pertinent to the Federal award. Once available, PHAs will report on grant performance

and financial activities (including vendor and cash disbursement supporting details for the Recipient and its Subrecipients) using these new tools when they are released and to satisfy occasional requests for records pertinent to the federal award, consistent with the requirements for recordkeeping, access to records, and reporting laid out in 2 CFR part 200, which may be amended from time to time. HUD will work with the Recipient to support its transition to the new reporting tools. HUD reserves the right to exercise all of its available rights and remedies for any noncompliance with these grants management and financial reporting requirements, to include, without limitation, requiring additional or more detailed financial reports, suspension of disbursements, and all other legally available remedies, to the furthest extent permitted by law.

## VI. General Requirements Affecting Federal Financial Assistance

### A. General Administrative, National, and Departmental Policy Requirements

Recipients are responsible for making sure activities funded via this notice comply with the applicable General Administrative, National, and Departmental Policy Requirements to carry out those activities.

### B. Statutory and Regulatory Requirements

Each PHA must comply with the current [general statutory and regulatory eligibility requirements](#). HUD will verify compliance throughout the award performance period.

### C. Presidential Actions

All recipients of Federal financial assistance are responsible for making sure activities funded by Federal awards comply with applicable existing and future executive orders (EOs) and other presidential actions, whether the recipients carry out those activities directly or use contractors or subrecipients. The table below highlights some executive orders that apply to recipients of HUD's financial assistance programs; however, it is not an exhaustive list. Recipients may find additional directives on the White House's [Presidential Actions webpage](#).

**Table 5: Executive Orders and Summaries**

<b>Executive Order</b>	<b>Summary</b>
<a href="#">EO 14219</a> , <i>Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative</i>	Requires agencies to focus their limited enforcement resources on regulations authorized by constitutional Federal statutes
<a href="#">EO 14218</a> , <i>Ending Taxpayer Subsidization of Open Borders</i>	Prohibits taxpayer resources and benefits from going to unqualified aliens
<a href="#">EO 14202</a> , <i>Eradicating Anti-Christian Bias</i>	Establishes a taskforce within the Department of Justice to eradicate anti-Christian bias
<a href="#">EO 14205</a> , <i>Establishment of the White House Faith Office</i>	Establishes the White House Faith Office within the Executive Office of the President to empower faith-based entities

<b>Executive Order</b>	<b>Summary</b>
<a href="#">EO 14182</a> , <i>Enforcing the Hyde Amendment</i>	Prohibits the use of Federal taxpayer dollars to fund or promote elective abortion
<a href="#">EO 14173</a> , <i>Ending Illegal Discrimination and Restoring Merit-Based Opportunity</i>	Requires Federal agencies to terminate all discriminatory and illegal preferences
<a href="#">EO 14168</a> , <i>Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government</i>	Sets forth US policy recognizing two sexes, male and female
<a href="#">EO 14151</a> , <i>Ending Radical and Wasteful Government DEI Programs and Preferencing</i>	Requires the Office of Management and Budget Director, assisted by the Attorney General and Office of Personnel Management Director, to coordinate the termination of all discriminatory programs and activities
<a href="#">EO 14148</a> , <i>Initial Rescission of Harmful Executive Orders and Action</i>	Revokes 67 EOs issued between January 20, 2021, and January 16, 2025, and 11 presidential memoranda issued between March 13, 2023, and January 14, 2025, to advance fairness and safety and to improve the economy

## VII. Information Contact

Refer all questions regarding this notice to the Housing Voucher Financial Management Division, Office of Public Housing and Voucher Programs, at [PIH.Financial.Management.Division@hud.gov](mailto:PIH.Financial.Management.Division@hud.gov).

## VIII. 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.




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Benjamin Hobbs  
Assistant Secretary  
Office of Public and Indian Housing

## **Appendix A: The Consolidated Appropriations Act, 2026 (Public Law 119-75)<sup>23</sup>**

### **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.) (in this heading "the Act"), not otherwise provided for, \$34,438,557,000, to remain available until expended, which shall be available on October 1, 2025 (in addition to the \$4,000,000,000 previously appropriated under this heading that shall be available on October 1, 2025), and \$4,000,000,000, to remain available until expended, which shall be available on October 1, 2026: Provided, That of the sums appropriated under this heading— (1) \$34,957,000,000 shall be available for renewals of expiring section 8 tenant-based annual contributions contracts (including renewals of enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act) and including renewal of other special purpose incremental vouchers: Provided, That notwithstanding any other provision of law, from amounts provided under this paragraph and any carryover, the Secretary for the calendar year 2026 funding cycle shall provide renewal funding for each public housing agency based on validated voucher management system (VMS) or successor system 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 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 moving to work (MTW) demonstration, which are instead governed in accordance with the requirements of the MTW demonstration program or their MTW agreements, if any, or as necessary on a temporary basis and within available resources to facilitate the transition of residents assisted by emergency housing vouchers (Public Law 117-2; 135 Stat. 58) to tenant-based rental assistance under the housing assistance payment contract under section 8(o) of the Act: Provided further, That any leasing or associated costs authorized for emergency housing vouchers in the preceding proviso above the public housing agency's authorized level of units under contract shall not be included in the calculation of the agency's renewal funding allocation for any subsequent fiscal year: 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, 2026: Provided further, That the Secretary may extend the notification period only after the House and Senate Committees on Appropriations are notified at least 10 business days in advance of the deadline: Provided further, That public housing agencies participating in the MTW demonstration shall be funded in accordance with the requirements of the MTW demonstration program or their MTW agreements, if any, and shall be subject to the

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<sup>23</sup> Some formatting and presentation changes were made to the original law.

same pro rata adjustments under the preceding provisos: Provided further, That the Secretary may perform a statutory offset of public housing agencies' calendar year 2026 allocations based on the excess amounts of public housing agencies' net restricted assets accounts, including HUD-held programmatic reserves (in accordance with VMS or successor system data in calendar year 2025 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 statutory offset: Provided further, That for amounts subject to the single fund budget authority provisions of their MTW agreements, excess amounts shall be offset only to the extent permitted by section 239 of the Consolidated Appropriations Act, 2016 (Public Law 114-113): Provided further, That for public housing agencies in the MTW demonstration subject to single fund budget authority provisions, the Secretary shall provide not less than 60 days to appeal such offsets and shall not offset amounts that have been committed to capital improvement, development, and other repositioning activities that are scheduled to close within 12 months of enactment of this Act, as evidenced in funding applications, project schedules, or other commitments to third parties implementing such activities, to the extent that reserve amounts excluded from offset under such section 239 are insufficient to cover such commitments: Provided further, That the Secretary shall not offset any portion of a public housing agency's excess amounts if offsetting such portion would result in a public housing agency being put in a shortfall position in calendar year 2026, as estimated by HUD prior to the offset's implementation, as determined by the Secretary: Provided further, That the Secretary shall use any such offset amounts referred to in the preceding five 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 the Secretary may waive or specify alternative requirements for section 5A and section 8(o) of the Act or any regulation applicable to such statutes related to the administration of waiting lists, local preferences, portability, and public housing agency plan and public hearing requirements to facilitate or expedite the transition of residents assisted by emergency housing vouchers (Public Law 117-2; 135 Stat. 58) to tenant-based rental assistance under the housing assistance payment contract under section 8(o) of the Act: Provided further, That up to \$400,000,000 shall be available only: (A) 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; (B) for vouchers that were not in use during the previous 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the Act, or an adjustment for a funding obligation not yet expended in the previous calendar year for a MTW-eligible activity to develop affordable housing for an agency added to the MTW demonstration under the expansion authority provided in section 239 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016 (division L of Public Law 114-113); (C) for adjustments for costs associated with HUD—Veterans Affairs Supportive Housing (HUD—VASH) vouchers; (D) 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; (E) for adjustments in the allocations for public housing agencies that— (i) are leasing a lower-than-average percentage of their authorized vouchers, (ii) have low amounts of budget authority in their net restricted assets accounts and HUD-held programmatic reserves, relative to other agencies, and (iii) are not

participating in the MTW demonstration, to enable such agencies to lease more vouchers; (F) for withheld payments in accordance with section 8(o)(8)(A)(ii) of the Act for months in the previous calendar year that were subsequently paid by the public housing agency after the agency's actual costs were validated; (G) for public housing agencies that have experienced increased costs or loss of units in an area for which the President declared a disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.); and (H) for costs associated with mainstream vouchers: Provided further, That the Secretary shall allocate amounts under the preceding proviso based on need, as determined by the Secretary;

### **Tenant Protection**

\$600,622,000 shall be available 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, relocation of witnesses (including victims of violent crimes) 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, 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 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 of the amounts made available under this paragraph, no less than \$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 preceding proviso may be provided under the authority of section 8(t) or section 8(o)(13) of the 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 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 amounts made available under this paragraph may be available to provide calendar year 2026 assistance to public housing agencies that would otherwise be required to terminate emergency housing vouchers (Public Law 117-2; 135 Stat. 58) for families as a result of insufficient funding;

### **Administrative Fees**

\$2,835,935,000 shall be available 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, HUD—VASH vouchers, and other special purpose incremental vouchers: Provided, That no less than \$2,805,935,000 of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year 2026 funding cycle based on section 8(q) of the Act (and related appropriations 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 preceding 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 preceding proviso, utilize unobligated balances, including recaptures and carryover, remaining from funds appropriated 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 in accordance with the requirements of the MTW demonstration program or their MTW agreements, if any, and shall be subject to the same uniform percentage decrease as under the preceding 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;

### **HUD-VASH Program**

\$15,000,000 shall be available 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 turnover: Provided further, That of the total amount made available under this paragraph, up to \$10,000,000 may be for additional fees established by and allocated pursuant to a method determined by the Secretary for administrative and other expenses (including those eligible activities defined by notice to facilitate leasing, such as security deposit assistance and costs related to the retention and support of participating owners) of public housing agencies in administering HUD—VASH vouchers;

### **Family Unification Program**

\$30,000,000 shall be available for the family unification program as authorized under section 8(x) of the Act: Provided, That the amounts made available under this paragraph are provided as follows: (A) \$5,000,000 shall be available for new incremental voucher assistance, which shall continue to remain available for family unification upon turnover; and (B) \$25,000,000 shall be available for new incremental voucher assistance to assist eligible youth as defined by such section 8(x)(2)(B) of the Act, which shall continue to remain available for such eligible youth upon turnover: Provided, That such amounts shall be available on a non-competitive basis to public housing agencies that partner with public child welfare agencies to identify such eligible youth, that request such assistance to timely assist such eligible youth, and that meet any other criteria as specified by the Secretary: Provided further, That the Secretary shall review utilization of such assistance and assistance originating from appropriations made available for youth under this heading in any prior Act that the Secretary made available on a noncompetitive basis, at an interval to be determined by the Secretary, and unutilized voucher assistance that is no longer needed based on such review shall be recaptured by the Secretary and reallocated pursuant to the preceding proviso: Provided further, That any public housing agency administering new incremental voucher assistance originating from appropriations made available for the family unification program under this heading in this or any prior Act that the Secretary made available on a competitive basis that determines 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 public housing agency or agencies based on need for voucher assistance in connection with such specified program or eligible youth, as applicable; and

### **Tracking of Special Purpose Vouchers**

The Secretary shall separately track all special purpose vouchers funded under this heading and continue to provide timely updates on budget, utilization, spending and leasing trends for all vouchers by purpose on the voucher data dash-board on the publicly accessible website of the Department: Provided, That upon turnover, special purpose vouchers issued pursuant to section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) funded under this or any other heading in this or prior Acts, shall be provided to non-elderly persons with disabilities.

## **Appendix B: Shortfall Funding Availability, Shortfall Policies, Application Process, and Calculation of HUD-Confirmed Shortfall**

Under the 2026 Act, HUD may make shortfall awards under the HAP Set-aside “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.” PHAs must follow all HUD requirements to be awarded funds under the Category 1 HAP Set-aside. This appendix describes how HUD and PHAs identify potential shortfalls, cost-savings measure policies that apply to all PHAs, and additional cost-savings measures that apply to PHAs based on their shortfall history.

### **I. Identification of Potential Shortfall**

Using the most appropriate available data, HUD generates an internal estimate of PHAs at risk of a shortfall. As a courtesy, HUD proactively reaches out to all PHAs determined to be at risk of shortfall and offers technical assistance in developing cost projections and adopting cost-savings measures. HUD projections are only estimates, however, and ultimately PHAs are in the best position to assess their funding and spending trajectories. Accordingly, it is the responsibility of each PHA to determine whether it is at risk of shortfall and notify HUD at [shortfallinquiries@hud.gov](mailto:shortfallinquiries@hud.gov) as soon as possible after it has received its 2026 funding allocation. PHAs that fail to adequately identify shortfall risk until after August 2026, and begin working with the SPT only late in the year, may be less likely to receive supplemental funding to fully cover their shortfall needs if HUD does not have adequate funding to address all shortfalls.

### **II. Policies Applicable to All PHAs**

The following policies apply to all PHAs to be eligible for Category 1 HAP Set-aside funds. In addition to the policies described in this section, HUD reserves the right to:

- Require PHAs to take additional specific cost-savings actions.
- Require PHAs to further suspend leasing activities.
- Require PHAs to rescind recently issued vouchers. PHAs should not rescind previously issued vouchers unless required to do so by HUD.
- Conduct in-depth financial and compliance reviews and issue corrective actions to the PHA.
- Make exceptions based on sufficient evidence provided by the PHA if it is necessary to avoid terminations of assistance.

Sections III, VI, and V describe additional policies that are applicable to PHAs based on the number of times the PHA has been in shortfall. After publication of this Notice, HUD will notify PHAs by email of the number of times they have been in shortfall using the Executive Director contact information entered into IMS/PIC.

HUD reminds PHAs that under 24 CFR 982.158 HUD and the Comptroller General of the United States shall have full and free access to all PHA offices and facilities, and to all accounts and other records of the PHA that are pertinent to administration of the program, including the right to examine or audit the records, and to make copies. The PHA must grant such access to computerized or other electronic records, and to any computers, equipment or facilities

containing such records, and shall provide any information or assistance needed to access the records. HUD may exercise this authority to review PHAs with exceptional or repeated shortfall amounts and awards.

#### **A. Must Immediately Adopt Cost-Savings Measures and Work with the Shortfall Prevention Team**

Due to the extreme risk for terminations of assistance, for PHAs with a projected shortfall greater than 10 percent of 2026 annual budget authority, the Shortfall Prevention Team will send an email that the PHA is in a confirmed shortfall. Shortfall projections this percentage of annual budget authority have a high degree of certainty of being an actual funding shortfall in 2026. At the time of the email confirmation, the Shortfall Prevention Team will instruct the PHA to begin implementing policies described in this section to be eligible for the HAP set-aside. The Shortfall Prevention Team will then set up a discussion with the PHA to review prior number of shortfall awards and the applicability of policies in Sections III, IV and V. PHAs that disagree with HUD's confirmation may email [shortfallinquiries@hud.gov](mailto:shortfallinquiries@hud.gov) for a discussion regarding HUD's calculation and determination and any information the PHA has to support that they do not believe they will be in a shortfall.

For PHAs with smaller projected shortfalls, the Shortfall Prevention Team will reach out and inform the PHA that HUD is projecting a shortfall for the PHA. The PHA will be advised to immediately begin implementing cost-savings measures to prevent terminations of assistance.

To be eligible for shortfall funds, each PHA must work with the SPT. The SPT will monitor the PHAs' cost-savings activities through an action plan developed with the PHA, apply policies in this Notice, and assist the PHA in developing cost projections. The PHA must adhere to these and any other applicable instructions from the Shortfall Prevention Team that are necessary to avoid terminations of assistance.

If, at any point after confirmation of the Shortfall, the PHA's projection demonstrates that, because of its leasing suspension and other cost-savings activities, it is no longer projected to be in shortfall, the PHA may elect either to continue working with the SPT and adhere to the requirements in section IV, subsection B, and this Appendix or to discontinue working with the SPT and no longer adhere to these requirements. However, if the PHA elects to discontinue working with the SPT and to not adhere to these requirements, the PHA will be at higher risk for not receiving funding to address shortfalls if HUD does not have enough available funds to cover all shortfalls.

HUD may also require PHAs that were in shortfall in 2026 to continue cost-savings measures and work with the Shortfall Prevention Team into 2027 until such time that HUD has confirmed the PHA will not be in a shortfall to help mitigate the risk for terminations of assistance.

#### **B. Must Submit a Complete Application by the Deadline**

The PHA must submit an application to HUD by the deadline in Table 2. A sample of the application is in Appendix C. PHAs must indicate all cost-savings measures adopted and the date

of adoption in the application. MTW PHAs are strongly encouraged to consider whether any MTW activities increase costs and should be discontinued to ensure adequate funds are available for continued assistance for currently housed families. PHAs must also submit their most recently generated Two-Year Tool. PHAs in Group 2 and 3, as defined below, must also submit additional documentation described further in this section and in the sample application.

### **C. Must Not Transition EHV Families to a Turnover HCV**

The PHA may not transition any EHV families to the HCV tenant-based or project-based voucher program using a turnover voucher if the PHA is in a confirmed shortfall.

### **D. Must Not Issue Tenant-based Vouchers (with Limited Exceptions)**

PHAs in a confirmed shortfall generally do not have adequate budget authority to support any additional leasing. PHAs must suspend all tenant-based voucher issuances except for:

- a. Vouchers issued to current HCV participants to allow them to move, including those that would be issued to families occupying PBV units that are assisted under a PBV HAP contract that is terminating or expiring (other than a termination on the basis of insufficient funding) in accordance with 24 CFR 983.206(b), and vouchers issued to current PBV participants that are moving with tenant-based HCV assistance out of a PBV unit for which HAP is abated due to noncompliance with housing quality standards in accordance with 24 CFR 983.208(d).
- b. HUD-VASH.
- c. The Melania Trump FYI Initiative.
- d. Community Choice Demonstration (new increments only).
- e. Newly awarded Family Unification Program or Tenant Protection Vouchers in CY 2025 or CY 2026.
- f. Vouchers provided pursuant to a legal settlement after receiving approval from HUD.
- g. Vouchers issued to currently assisted families who are requesting to move as a reasonable accommodation for a family member with disabilities, including families living in units under a PBV HAP contract.
- h. Vouchers issued to currently assisted families who is/are a victim of domestic violence, dating violence, sexual assault, or stalking, to facilitate an emergency transfer under the requirements at 24 CFR Part 5 Subpart L.

There are some circumstances where potential tenant-based voucher issuances are triggered related to circumstances within the PBV program. While in shortfall:

- PHAs do not have available vouchers for the purpose of providing continued assistance under 24 CFR 983.261, commonly known as “choice mobility” moves. PHAs can issue tenant-based vouchers to PBV families for the reasons described in g. and h. above.
- PHAs do not have available vouchers to offer tenant-based HCV assistance to PBV families to move from wrong-size or accessible units under 24 CFR 983.260(b)(1)(iv) and must offer another form of continued assistance (which may include removal of the family’s unit from the PBV HAP contract to enable the family to use its voucher as tenant-based assistance per 24 CFR 983.260(b)(2)) in such a case. This would be an

additional exception under section D above.

- PHAs do not have available vouchers to allow in-place PBV families to move from units with non-life-threatening (NLT) deficiencies and therefore cannot implement the NLT option for PBV HAP contract execution for projects with in-place families under 24 CFR 983.103(c)(2).

#### **E. Must Not Absorb Vouchers**

PHAs in a confirmed shortfall must continue to allow moves into and out of the jurisdiction through portability. However, PHAs in a confirmed shortfall must immediately stop absorbing families into the HCV program that have ported in from another PHA and instead must bill the initial PHA.

#### **F. Must Not Issue New Requests for Proposals or Select New PBV Proposals or Projects (with Limited Exceptions)**

PHAs in confirmed shortfall may not issue new requests for proposals (RFPs) or select new PBV proposals or projects after the shortfall confirmation, except that:

- PHAs may execute new RAD PBV HAP contracts.
- PHAs may issue new RFPs or select new PBV proposals or projects pursuant to a CY 2025 or CY 2026 allocation of TPVs.

PHAs must cancel RFPs or other selection processes that are underway as of the date of the shortfall confirmation but have not yet resulted in a proposal or project selection.

#### **G. Must Adhere to Limitations on Extraordinary Operating Cost Factor (OCF) Requests for RAD Properties**

The PHA may submit to the Office of Recapitalization any requests for extraordinary OCF adjustments while in a confirmed shortfall, but may not implement any extraordinary OCF until after the PHA is confirmed to no longer be in a shortfall. The PHA may not implement any previously approved, but not yet effective, extraordinary OCF adjustments while in a shortfall.

#### **H. Must Not Approve PBV Substantial Rehabilitation Requests if They Require Issuance of Additional Tenant-based Vouchers**

PHAs in confirmed shortfall that receive owner requests to approve substantial improvements to PBV projects pursuant to 24 CFR 983.212 must carefully consider owners' plans to house families and must disapprove owner requests to perform substantial improvement on units under a PBV HAP contract if the substantial improvement will make it necessary for the PHA to issue additional vouchers while in shortfall.

#### **I. Must Not Add Units to PBV Contracts (with Limited Exceptions)**

PHAs in confirmed shortfall do not have available vouchers for the purpose of adding units to a PBV HAP contract. The only exception is where PHAs must add units back to one or more PBV

HAP contracts if required for substantial improvement under 24 CFR 983.212 that was approved prior to shortfall confirmation in order to meet contractual obligations.

#### **J. Must Continue to Meet Contractual Obligations Associated with PBV Contracts**

HUD's goal through the Category 1 HAP Set-aside is to avoid all terminations of assistance. In the extremely rare circumstance where HUD would approve terminations of assistance, HUD would work with the PHA in accordance with the policies described in their Administrative Plan. Unless PHAs must terminate a PBV HAP contract or HAP contracts due to insufficient funding, HUD reminds PHAs that they must continue to meet their contractual obligations, including:

- PHAs must refer applicant families for occupancy of PBV contract units under a PBV HAP contract that is in effect, including a RAD PBV HAP contract.
- PHAs must execute a PBV HAP contract (including execution in stages) for units that were subject to an Agreement to enter into HAP contract (AHAP) that was in effect prior to the shortfall confirmation, provided the owner completes the units and otherwise fulfills all AHAP terms.
- PHAs must execute an AHAP and/or PBV HAP contract for units that were selected prior to the shortfall confirmation, except in cases in which the PHA is exercising rescission as a cost-savings measure as described in PIH Notice 2025-28 § III.A.5.
- PHAs must add units back to one or more PBV HAP contracts if required for substantial improvement under 24 CFR 983.212 that was approved prior to shortfall confirmation.

As a reminder, PHAs may execute RAD PBV HAP contracts to effectuate all RAD applications that have been approved by HUD.

#### **K. May Submit Regulatory Waivers to Achieve Cost Savings**

PHAs are reminded that under PIH Notice 2025-28, should the PHA demonstrate good cause to prevent a shortfall, they may apply for waiver requests to:

- Apply decreases in the payment standard during the HAP contract term immediately.
- Establish payment standards below 90 percent of the applicable fair market rent.
- Seek other regulatory waivers.

### **III. Policies Applicable to PHAs in Shortfall for First or Second Time Since 2016 – Group 1**

PHAs that are in confirmed shortfall for the first or second time since 2016, must follow the policies described in section II, Policies Applicable to All PHAs.

### **IV. Policies Applicable to PHAs in Shortfall for Third, Fourth or Fifth Time Since 2016 – Group 2**

PHAs that are in confirmed shortfall for the third, fourth or fifth time since 2016 (Group 2) have demonstrated that their programs are not adequately bringing expenditures in line with authorized budget authority. To help the PHA address the financial distress within their program and to minimize the risk that they may have to terminate assistance to address cost overruns,

PHAs in Group 2 must:

- Follow the policies described in section II, Policies Applicable to All PHAs, along with the following additional policies:
  - Immediately cease the use of any exception payment standards and MTW payment standards above the basic range, including use of exception payment standard Small Area Fair Market Rents. This does not apply to reasonable accommodation exception payment standards or exception payment standards for the HUD-VASH program.
    - PHAs should strongly consider a waiver request to apply payment decreases immediately in accordance with PIH Notice 2025-28.
  - May only issue vouchers in permitted tenant-based leasing categories with prior HUD SPT approval, excluding statutorily required issuances (such as for TPVs for Section 8 project-based rental assistance (PBRA) opt-outs).
  - As part of the application, include a letter from the board chair that includes:
    1. An acknowledgment that the PHA is at high risk of having to terminate assistance, including termination of PBV HAP contracts, if applicable, and that the board has reviewed the termination of assistance policies in the PHA's Administrative Plan.
    2. Identification of policies, procedures, and other actions the PHA will take to ensure prudent financial oversight and management that will help ensure the PHA avoids shortfalls in future years, along with a timeline for implementation.

HUD will strongly encourage PHAs to use administrative fees to improve the PHA's management of the program, including but not limited to: financial management training, process improvements when determining available funds to issue vouchers and enter into new PBV commitments, and completion of regular and interim reexaminations timely. Should a PHA not use administrative fees to improve program management, HUD may invoke 24 CFR 982.155, which permits HUD to direct the PHA to use funds in the administrative fee reserve to improve administration of the program.

#### **V. PHAs in Shortfall Six or More Times Since 2016 – Group 3**

PHAs that are in confirmed shortfall for the sixth or more time since 2016 have demonstrated that their programs likely does not have adequate financial management oversight and are at higher risk of terminating assistance to address cost overruns. To help these PHAs address the financial distress within their programs and to minimize the risk that they may need to terminate assistance to address cost overruns, PHAs in Group 3 must:

- Follow the policies described in section II, Policies Applicable to All PHAs, along with the following additional policies:
  - Immediately cease the use of any exception payment standards and/or MTW payment standards above the basic range, including use of exception payment standard Small Area Fair Market Rents. This does not apply to reasonable accommodation exception payment standards or exception payment standards for the HUD-VASH program.

- Strongly consider a waiver request to apply payment standard decreases immediately in accordance with PIH Notice 2025-28.
- Review payment standards within the basic range and assess whether payment standards should be reduced. If the PHA determines that payment standards should not be reduced, the PHA must propose significant, alternative cost savings measures for HUD to review. The PHA must then adopt significant, alternative cost savings measures.
- May only issue vouchers in permitted tenant-based leasing categories with prior HUD SPT approval, excluding statutorily required issuances (such as TPVs for Section 8 PBRA opt-outs).
- As part of the application, include a letter from the board chair that includes:
  - An acknowledgment that the PHA is at high risk of having to terminate assistance, including termination of PBV HAP contracts, if applicable, and that the board has reviewed the termination of assistance policies in the PHA's Administrative Plan.
- A detailed assessment of the root causes of the PHA's repeated shortfalls and the actions the PHA plans to take to address those causes.
  - HUD may elect to perform an on-site or remote review to further identify any additional root causes of the PHA's repeated shortfalls. PHAs would then be required to develop a corrective action plan to remedy any identified causes or deficiencies.
- If the PHA has vouchers on the street, submit a plan for rescinding vouchers that HUD will review and determine if vouchers should be rescinded.
- Provide a copy of the PHA's current Administrative Plan section that describes the PHA's adopted policies for termination of assistance, including termination of PBV contracts.
- Submit a listing of outside sources of funds identified in PIH Notice 2013-28 that could be used by the PHA to address shortfalls. Should HUD determine there is inadequate funding to address all shortfalls, HUD may require the PHA to use outside sources of funds to prevent terminations of assistance.

HUD will strongly encourage PHAs to use administrative fees to improve the PHA's management of the program, including but not limited to: financial management training, process improvements when determining available funds to issue vouchers and enter into new PBV commitments, and completion of regular and interim reexaminations timely. Should a PHA not use administrative fees to improve program management, HUD may invoke 24 CFR 982.155, which permits HUD to direct the PHA to use funds in the administrative fee reserve to improve administration of the program.

## **VI. Award Calculation**

Throughout the year, the Shortfall Prevention Team will work with PHAs, including using the [Two-Year Projection Tool](#), to develop shortfall estimates. PHAs should implement extensive cost-savings measures to reduce or eliminate the need for any shortfall funds from HUD. However, should the PHA demonstrate the need for HAP Set-aside funds, HUD will calculate PHAs' shortfall award eligibility as follows:

- Use the most appropriate available data at the time of the shortfall award to determine the amount of the award including data from the TYT, VMS, HUDCAPS, IMS/PIC, or eVMS. HUD will calculate shortfall awards consistently.
  - HUD must rely on the data reported by PHAs into HUD systems. PHAs are reminded that inaccurate reporting into HUD systems may result in a PHA's award not reflecting the total amount actually needed by the PHA or may result in repayment agreements with HUD if the PHA has been improperly awarded too much funding due to improper reporting.
- Prorate or prioritize the award based on the criteria in section IV, subsection B, 1.

Generally, individual PHA shortfall eligibility is calculated using:

- Available PHA resources:
  - Actual Renewal Annual Budget Authority (ABA) for 2026.
  - Any new voucher incremental funding applicable to CY 2026.
  - Non-shortfall HAP Set-aside amounts awarded or expected to be awarded in 2026
  - HUD-calculated RNP as of December 31, 2025.
  - HUD-held reserve as of December 31, 2025.
  - As applicable, any other sources of funds in accordance with PIH Notice 2013-28.
- HAP expenses:
  - Current leasing and expense data, projected through the end of CY 2026, including adjustments for:
    - Projected attrition.
    - Cost-savings measures anticipated to be realized, including adherence to tenant-based and project-based voucher leasing restrictions.

For MTW PHAs, HUD will consider any use of MTW flexibility with HAP funds for a non-HAP purpose when calculating the PHA's shortfall award, as these awards are intended to prevent terminations of assistance. Generally, HUD will reduce the shortfall award by the amount of HAP used for non-HAP purposes after shortfall confirmation. In the case where HAP is used for Local, Non-traditional programs that are directly supporting rental assistance, HUD may consider those expenditures for the purposes of calculating shortfall award.

After the PHA has submitted a completed application once, HUD will calculate the PHA's monthly shortfall award. PHAs do not need to reapply to receive additional funding. PHAs are cautioned that, in the event there is less available shortfall funding than need, shortfall awards may be delayed as HUD re-calculates funding awards based on priority and proration policies.

**Appendix C: HCV HAP Set-Aside Category 1: Prevention of Terminations of Assistance Due to Insufficient Funding**

As described in section IV, subsection B, a, PHAs that want to apply for HAP Set-aside funds for Category 1: Prevention of Terminations of Assistance Due to Insufficient Funding must complete and sign the application by the deadline and through the DocuSign link provided in table 2. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

**PHA Application for HCV HAP Set-aside Category 1: Prevention of Terminations Due to Insufficient Funding (shortfall)**

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	

The above-referenced PHA is applying for shortfall funds and has undertaken reasonable cost-savings measures to prevent termination of HCV participants due to insufficient funds. The application must be signed by the appropriate PHA official.

**Cost-Savings Measures Adopted by PHA and Date**

<b>Cost-Savings Measures</b>	<b>Date</b>
<b>Stopped issuing vouchers except for those in allowable categories</b>	
<b>Stopped portability absorption</b>	
<b>Reduced payment standards effective date</b>	
<b>Ensured correct voucher size</b>	
<b>Reduced late reexams</b>	
<b>Reviewed utility allowance rates</b>	
<b>Reviewed rent reasonableness policies and procedures</b>	
<b>Stopped entering into new PBV contracts</b>	
<b>Reviewed PBV rent to owner policies</b>	
<b>Increased minimum rent</b>	
<b>Reduced subsidy standards</b>	
<b>Requested waiver to apply decreases in payment standard immediately (*Requires prior HUD approval)</b>	
<b>Requested waiver to establish payment standards below 90 percent of the applicable FMR</b>	
<b>Denied portability and moves within PHA jurisdiction for higher cost moves (*Requires prior HUD approval)</b>	
<b>Rescinded vouchers (*Requires prior HUD approval)</b>	

<b>Paused implementation of alternative OCF</b>	
<b>[Additional measures taken by the PHA]</b>	

**Attachments:** The PHA must attach a recent Two-Year Tool that shows the PHA’s estimated amount of shortfall need at the end of 2026. Category 2 and 3 PHAs must also provide additional attachments as described in Appendix B.

**Certifications:**

I hereby certify the following:

\_\_\_\_ 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 [shortfall.inquiries@hud.gov](mailto:shortfall.inquiries@hud.gov))

\_\_\_\_ I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

## Appendix D: HAP Set-aside Category 2: Unforeseen Circumstances

As described in section IV subsection B, b, PHAs that want to apply for HAP Set-aside funds for Category 2: Unforeseen Circumstances must complete and sign the application by the deadline and through the DocuSign link provided in table 2. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

### PHA Application for HAP Set-aside Category 2: Unforeseen Circumstances

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	

In addition to completing and signing this document, the PHA must attach a written narrative to this application describing the unforeseen circumstances and their relationship to the significantly increased renewal costs in CY 2026. The narrative must identify the unforeseen circumstances, describe how the identified circumstances differ from what the PHA experienced in prior years, and tie them to the situation(s) occurring in the PHA's local area and/or to their participants.

#### Certifications:

\_\_\_\_ I hereby certify that the HCV program experienced increased renewal costs due to per-unit cost increases in CY 2026 due to unforeseen circumstances.

\_\_\_\_ I hereby certify I have attached the written narrative describing the unforeseen circumstances and their relationship to significantly increased renewal costs in CY 2026.

\_\_\_\_ I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

## Appendix E: HAP Set-aside Category 3: Portability

As described in section IV subsection B, c, PHAs that want to apply for HAP Set-aside funds for Category 3: Portability must complete and sign the application by the deadline and through the DocuSign link provided in table 2. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

### PHA Application for HAP Set-aside Category 3: Portability

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	

#### Certifications:

\_\_\_\_ I hereby certify that my PHA has experienced a significant increase in renewal costs due to portability for tenant-based rental assistance under Section 8 (r) of the U.S. Housing Act of 1937. I certify that I am eligible for this HAP Set-aside category in accordance with the PHA eligibility criteria described in section IV, subsection B, c.

\_\_\_\_ I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

**Appendix F: HAP Set-aside Category 4: Project-based Vouchers**

As described in section IV subsection B, d, PHAs that want to apply for HAP Set-aside funds for Category 4: Project-based Vouchers must complete and sign the application by the deadline and through the DocuSign link provided in table 2. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

**PHA Application for HAP Set-aside Category 4: Project-based Vouchers**

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	
<b>Project Name</b>	
<b>Owner</b>	
<b>Project Type (Newly Constructed or Rehabilitated Housing)</b>	

As a reminder, to be eligible under this category, the HAP contract must be executed in CY 2026.<sup>24</sup> If the HAP Contract has not been executed by the application submission date, the PHA must state when the HAP contract will be executed. You must complete this appendix for each project you are requesting under this category of HAP Set-aside Funding.

The PHA must also attach:

**1. New PBV Contract Documentation – Provide Either Option A or Option B**

**Option A:** If the HAP contract is executed, the PHA must provide the complete executed HAP contract as an attachment. The HAP contract includes HUD Form 52530A parts 1 and 2, as applicable, exhibits, and amendments. Please ensure that the attached contracts are signed and dated by all parties. Additionally, the PHA must complete items 2 and 3 below, the PBV Unit Count Detail and the PBV Cost Detail tables.

<b>Option A -- Required Attachment: Executed HAP Contract</b>
HUD Form 52530A Part 1 and 2, including all exhibits and amendments

**OR**

**Option B:** If the HAP contract isn't yet executed, the PHA must provide the below required attachments depending on whether the project was subject to an AHAP. Additionally, the PHA must complete items 2 and 3 below, the PBV Unit Count Detail

<sup>24</sup> On Feb. 13, 2026 (91 FR 6865), HUD provided public notice of its intent to make a PHA-owned certification form available, which PHAs will have the option to use in lieu of a HAP contract upon the effective date of new regulations to be published at 24 CFR § 983.204(e). Once that option becomes effective, PHAs may substitute the PHA-owned certification, if applicable, for the HAP contract requirements described in this section.

and the PBV Cost Detail tables.

<b>Option B -- Required Attachments: For HAP Contracts Not Yet Executed and Which Were Subject to an AHAP</b>
HUD Forms 52531A and 52531B, including all exhibits and amendments
Written certification stating that the PHA reasonably expects the HAP contract to be effective in CY 2026, including the expected effective date and timing of the addition of units if the units will be added in stages pursuant to 24 CFR 983.156(c)

<b>Option B -- Required Attachments: For HAP Contracts Not Yet Executed and Which Were <u>Not</u> Subject to an AHAP</b>
Written notice of proposal or project selection and the owner’s written response, as required by 24 CFR 983.51(f)
Written certification stating that the PHA reasonably expects the HAP contract to be effective in CY 2026, including the expected effective date and timing of the addition of units if the units will be added in stages pursuant to 24 CFR 983.156(c)

**AND**

- PBV Unit Count Details:** The PHA must complete and submit the following table for the respective project’s unit months withheld in 2025 for PBV category funding. The PHA must report the units only if they were reported as withheld in VMS.

Period Allowed	Jan 2025	Feb 2025	Mar 2025	April 2025	May 2025	June 2025	July 2025	August 2025	Sept 2025	Oct 2025	Nov 2025	Dec 2025
Number of Contract Units												

**AND**

- PBV Cost Details:** The PHA must complete and submit the following table for the respective project in all requests for PBV category funding. HUD will calculate the total weighted average CY 2026 monthly costs incurred or the total weighted average CY 2026 monthly expected costs based on the information provided below and is mandatory irrespective of option A or B chosen by the PHA:

Unit Size	Initial Rent to Owner OR Anticipated Initial Rent to Owner	Gross Rent OR Anticipated Gross Rent	Are Utilities Included in Rent?	Number of Contract Units OR Number of Anticipated Contract Units
____ Bedroom				

Unit Size	Initial Rent to Owner OR Anticipated Initial Rent to Owner	Gross Rent OR Anticipated Gross Rent	Are Utilities Included in Rent?	Number of Contract Units OR Number of Anticipated Contract Units
____ Bedroom				
____ Bedroom				
____ Bedroom				
____ Bedroom				
____ Bedroom				

The PHA may provide additional information here:

Comments:
-----------

**Certification:**

\_\_\_\_ I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

**Appendix G: HAP Set-aside Category 5: MTW Expansion PHAs Development Adjustment**

As described in section IV, subsection B, e, PHAs that want to apply for HAP Set-aside funds for Category 5: MTW Expansion PHAs Development Adjustment must complete and sign the application by the deadline and through the DocuSign link provided in table 2. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

**PHA Application for HAP Set-aside Category 5: MTW Expansion PHAs Development Adjustments**

MTW Expansion PHAs may apply for MTW-eligible commitment/development activity that is not a PBV commitment. For PBV commitments, MTW Expansion PHAs should apply under HAP Set-aside Category 4.

You must complete this appendix for each MTW-eligible commitment/activity.

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Project Name</b>	

The PHA must also attach:

- An approved Annual PHA Plan and MTW Supplement, identifying the PHA’s binding agreement indicating its planned use of HAP funding, for each MTW-eligible development commitment for which a request is being made under this category
- Documentation to demonstrate the PHA will require an outlay or expenditure of funds, immediately or later in 2026 for the MTW-eligible development activity. This includes the submission of documentation demonstrating an obligation was made in 2025 for the project(s) and is an executed binding agreement between a MTW Expansion PHA and a third party. A Board Resolution is not considered an obligating document unless the MTW Expansion PHA is undertaking the development/construction work themselves.
- Examples of obligating documentation include but are not limited to:
  - construction contract;
  - promissory note for affordable housing;
  - purchase agreement; or
  - loan agreement, also attached to the corresponding Category 5 DocuSign form.

Topic	PHA Response
Number of projects being submitted for this adjustment	____ of ____
Select Project Type	New Construction or Rehabilitation
Total funding obligated but not expended in CY 2025	

Topic	PHA Response
Expected date of expenditures	
Project deliverable dates	

**Certification:**

\_\_\_\_ I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

**Appendix H: HAP Set-aside Category 6: HUD-VASH**

As described in section IV, subsection B, f, PHAs that want to apply for HAP Set-aside funds for Category 6: HUD-VASH must complete and sign the application by the deadline and through the DocuSign link provided in table 2. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

**PHA Application for HAP Set-aside Category 6: HUD-VASH**

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	

My PHA is applying for HAP Set-aside funding for Category 6: HUD-VASH because (select one or both):

\_\_\_ Per Unit Cost Increase: My PHA’s program-wide funded CY 2026 HUD-VASH HAP PUC is less than the current HUD-VASH HAP PUC based on the latest HUD-VASH HAP expenses in CY 2026, and/or

\_\_\_ Leasing Increase: My PHA’s total HUD-VASH leasing for CY 2026 will exceed the leasing level included in the renewal funding plus the leasing that will be supported by the HAP program reserves.

**Certification:**

\_\_\_ I, the undersigned certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

## Appendix I: HAP Set-aside Category 8: Disaster

As described in section IV, subsection B, h, PHAs that want to apply for HAP Set-aside funds for Category 8: Disaster must complete and sign the application by the deadline and through the DocuSign link provided in table 2. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

### PHA Application for HAP Set-aside Category 8: Disaster

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	
<b>Presidentially-Declared Disaster that impacted PHA</b>	

My PHA is applying for HAP Set-aside funding for Category 8: Disaster, because (select one or both):

\_\_\_\_ Loss of Units: My PHA's leased units were reduced due to the Presidentially-Declared Disaster. My PHA estimates that [insert number] units were lost and need funding. My PHA estimates that [insert number of months] in CY 2026 were impacted by the loss of units.

\_\_\_\_ Increased costs: My PHA's experienced an increase in HAP expenses due to the Presidentially-Declared Disaster. My PHA estimates that [insert number of months] in CY 2026 were impacted by the loss of units. My PHA is requesting a Per Unit Cost amount of [insert requested PUC].

If applying under loss of units, the PHA must attach a written narrative detailing the following:

- Impact of the disaster that has caused a loss of units;
- PHA's assessment of the availability of rental housing stock in the PHA's jurisdiction;
- A description of any plans in the jurisdiction to increase the availability of rental stock, which may include the PHA's plan to project-based additional vouchers to increase the supply of units available to voucher families;
- Number of families currently on the PHA's HCV waiting list;
- Whether the waiting list is open or closed; and
- The PHA must also attach any additional evidence supporting the narrative.

If applying under increased costs, the PHA must attach a written narrative detailing the impact the disaster had on increasing costs, the per unit cost requested, and evidence to support the narrative and how the PUC was determined. For example, the PHA may provide data supporting the higher requested PUC by providing IMS/PIC data for recent new admissions and/or recent movers or other data supporting its request for a funding adjustment.

**Certification:**

\_\_\_\_I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

**Appendix J: HAP Set-aside Category 9: Non-Life Threatening Inspection Withheld HAP**

As described in section IV, subsection B, i, PHAs that want to apply for HAP Set-aside funds for Category 9: Non-Life Threatening Inspection Withheld HAP must complete and sign the application by the deadline and through the DocuSign link provided in table 2. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

**PHA Application for HAP Set-aside Category 9: Non-Life Threatening Inspection Withheld HAP**

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	

The PHA must attach a spreadsheet identifying the amount of CY 2025 withheld HAP, by unit, by month, and the date the retroactive payment was made to the owner in CY 2026. HUD compares this information to the Prior Month Corrections (PMCs) reported in VMS for NLT.

**Certifications:**

\_\_\_\_ I hereby certify that my PHA has completed the Voucher Management System Non-Life Threatening Inspection HAP entries as required in section IV, subsection B, i.

\_\_\_\_ I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

**Appendix K: HAP Set-aside Category 10: Mainstream Vouchers Increased Costs**

As described in section IV, subsection B, j, PHAs that want to apply for HAP Set-aside funds for Category 10: Mainstream Vouchers Increased Costs must complete and sign the application by the deadline and through the DocuSign link provided in table 2. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

**PHA Application for HAP Set-aside Category 10: Mainstream Vouchers Increased Costs**

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	

**Certification:**

\_\_\_\_ I hereby certify that my PHA’s program-wide funded CY 2026 renewal funding PUC is less than the current Mainstream HAP PUC based on the latest Mainstream HAP expenses in CY 2026, per VMS.

\_\_\_\_ I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

## Appendix L: Special Fee Category I: PHA Exception Payment Standard Elimination

As described in section V, subsection E, 9, PHAs that want to apply for Special Fees for Category I: PHA Exception Payment Standard Elimination must complete and sign the application by the deadline and through the DocuSign link provided in table 3. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

### PHA Application for Special Fees: Category I: PHA Exception Payment Standard Elimination

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	

The PHA must complete all fields within this appendix and attach all required supporting documentation, to include a copy of the PHA's updated payment standard schedule and evidence of the official action taken by the PHA to stop the usage of exception payment standards that exceed the basic range.

#### Certification:

\_\_\_\_ I hereby certify that my PHA updated the payment standard schedule to stop using exception payment standards, including use of SAFMR based exception payment standards, and/or MTW payment standards that exceed the basic range, no later than October 1, 2026.

\_\_\_\_ I hereby certify my PHA has stopped usage of these payment standards, in accordance with 24 CFR 982.505(c)(3), for their entire HCV tenant-based and project based programs, excluding reasonable accommodation exception payment standards and HUD-VASH.

\_\_\_\_ I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number

**Appendix M: Special Fee Category J: Secretary’s Discretion**

As described in section V, subsection E, 10, PHAs that want to apply for Special Fees for Category: Secretary’s Discretion must complete and sign the application by the deadline and through the DocuSign link provided in table 3. The information in this appendix is to assist PHAs in further understanding the application requirements to complete the DocuSign.

**HUD will only accept applications completed and signed through DocuSign.**

**PHA Application for Special Fees: Category J: Secretary’s Discretion**

<b>PHA Name</b>	
<b>PHA Code</b>	
<b>Executive Director Name</b>	

The PHA must complete all fields within this appendix and attach documentation in support of the amount of funds requested. Supporting documentation must be independently verifiable. For example, the PHA would provide invoices, receipts, time sheets, and/or third-party estimates. Funding awards for this category will be based on the amount of the request that is verifiable.

PHA Total Requested Amount for Special Fees under the Secretary’s Discretion:

PHA Calculation used to determine the amount requested:

Description of what this additional Special Fee funding will be used for:

**Certifications:**

\_\_\_\_I certify that my PHA needs this additional funding for the purposes described within this application appendix.

\_\_\_\_I, the undersigned, certify under penalty of perjury that the information stated herein, as well as any information provided in the accompaniment herewith, is true, accurate, and correct.

*Warning:* Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802; 24 CFR §28.10(b)(1)(iii)).

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Phone Number