



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.

Notice PIH 2018-05

Issued: March 23, 2018

Expires: This notice remains in effect until amended, superseded or rescinded.

Cross References:

SUBJECT: Guidance Related to (1) Eligibility for Potential Shortfall Funding Under the Calendar Year (CY) 2018 Housing Assistance Payments (HAP) Renewal Set-Aside for the Housing Choice Voucher (HCV) Program and (2) CY 2018 Administrative Fees

1. **Purpose.** The purpose of this Notice is to provide guidance related to eligibility for shortfall funding in CY 2018 in expectation of shortfall funding being available under a Continuing Resolution (CR) or the 2018 Appropriations Act. At this time, local HUD Field Offices (FO) and the Shortfall Prevention Team (SPT) are identifying Public Housing Agencies (PHAs) that are at risk or potentially at risk for a shortfall based on specific criteria and estimated HAP proration levels. Additionally, this Notice provides information related to the Administrative Fees Set-aside and Blended and Higher Administrative Fee Rates under estimated funding levels.

Background. The Department is currently operating under the **Continuing Resolution (CR) H.R.1892 (PL 115-123) - Further Extension of Continuing Appropriations Act** enacted on February 9, 2018. The CR provides appropriations and authority to continue projects and activities authorized under the 2017 Appropriations Act, until such time as another CR is enacted, an Appropriations Bill is enacted, or March 23, 2018. While under the CR, funding is provided at the 2017 level and is subject to a small across-the-board reduction. Based on possible funding scenarios if a full-year CR is enacted, or if an appropriations act is enacted at either the House or Senate proposed levels, a HAP proration—lower or higher than previously experienced—may occur.

2. **Shortfall Guidance.** For PHAs identified by the local FO or the SPT as being at risk or potentially at risk for a shortfall, the following actions must be taken by the PHA upon instruction to do so by the SPT to be eligible to apply for shortfall set-aside funds (if appropriated):
 - (a) The PHA continues to work with their local FO and/or the SPT and to provide information/data that assists in determining if a PHA is at risk or potentially at risk for a

shortfall in 2018. (PHAs that are not currently working with the SPT but believe they are in a shortfall position should immediately contact their local FO for assistance).

- (b) The PHA has ceased issuing vouchers to applicants **as of the date the PHA is notified of the potential shortfall by the SPT.** This requirement does not apply to the following:
- Families that are participants and are being issued a voucher to move to a different unit;
 - Tenant protection vouchers that are being issued to targeted families that were residing in the covered property on the eligibility event; or
 - Instances in which the PHA is leasing under the HUD-VASH program up to the baseline level of units under all HUD-VASH allocations (not just recent allocations) including turnover of HUD-VASH vouchers.
- (c) The PHA has ceased absorbing portable vouchers (unless there was an agreement to do so prior to the date the PHA is notified of the potential shortfall by the SPT).
- (d) In regard to Project-based Voucher (PBV) HAP contracts, vouchers are not issued to a family that wants to voluntarily move with tenant-based assistance. (However, if a unit becomes vacant, the PBV unit shall be filled with a family from the waiting list).

Please note: There is currently no full-year CR in place for HUD to provide shortfall funding to any agency at this time. If shortfall funding is made available, a PHA's eligibility for such funding will be contingent on the PHA having taken the actions described above.

In egregious situations—as determined by HUD—HUD reserves the right to further require a PHA to rescind recently issued vouchers in order to be eligible for full set-aside eligibility.

3. **Administrative Fee Set-aside Guidance.** From Administrative Fee funding for CY 2018, HUD intends to set-aside up to \$10,000,000 to allocate to PHAs that need additional funds to administer their Section 8 programs if the 2018 full-year CR or full-year appropriation makes such set-aside funding available. Subject to availability, these funds may be provided for the following non-exclusive purposes:

- (a) **Homeownership Fees.** HUD provides a \$200 fee for every homeownership closing reported in PIC for families participating in the Voucher Homeownership, Section 8 Family Self-Sufficiency, or Section 8 MTW Homeownership programs. These special fees are paid to the PHAs administering the vouchers after the homebuyers' closings are reported in PIC and closing dates are provided or confirmed to the Financial Management Center staff. PHAs do not need to apply for these funds as HUD provides these fees automatically based on PIC data and closing dates' confirmations.
- (b) **Special Fees for Multifamily Housing Conversion Actions.** For multifamily housing conversions, a one-time fee of \$200 will be provided for each unit occupied on the date of the eligibility event. PHAs do not need to apply for these funds as HUD provides

these fees automatically based on PIC data. This special fee will also be paid to PHAs that agree to administer vouchers on behalf of a Multifamily Choice Neighborhood Grantee.

- (c) **Special Fees for Portability.** Receiving PHAs whose portability vouchers make up a significant portion of its vouchers under lease are eligible for a special fee. PHAs must be administering port-in vouchers that equal 20% or more of the PHA's total number of leased vouchers as of December 31, 2017 to be eligible for special portability fees. For each eligible port-in voucher, the receiving PHA will receive 12 months of funding equal to 15% of the PHA's 2018 Column A rate for administrative fees.

These are one-time awards that will be calculated based on PHA portability data found in PIC for actions through December 31, 2017, and leased data from the Voucher Management System (VMS) as of December 31, 2017, (from the same VMS database used to determine the 2018 Housing Choice Voucher (HCV) renewal allocations).

PHAs do not need to apply for special fees for portability as HUD provides these fees automatically based on PIC data and the VMS data used for the 2018 renewal allocation. PHAs should ensure that all PIC data has been updated and successfully submitted **no later than 5 p.m. Eastern Time, April 16, 2018.**

- (d) **Special Fees for Close-out Audit Costs Related to HCV Voluntary Transfers:** Please refer to Section 6, PIH Notice #2015-22: *Process for Public Housing Agency Voluntary Transfers and Consolidations of Housing Choice Vouchers, Mainstream 5 Year Vouchers, Project-Based Vouchers and Project-Based Certificates*, for requesting fees under this category.
- (e) **Other Special Fees under the Secretary's Discretion:** A portion of the \$10 million set-aside may be used for on-going administrative fees in order to increase the national fee proration should HUD determine during the course of the calendar year that the entire \$10 million may not be needed for extraordinary costs. HUD will consider requests for other unanticipated increases in Administrative Fees on a case-by-case basis. Please note that requests for additional fees because of a lower national fee proration will not be accepted.

4. Blended Rate Administrative Fees and Higher Administrative Fee Rates Guidance.

- (a) **Blended Rate Administrative Fees.** PHAs serving multiple administrative fee areas may, in lieu of the fee determined for their agency, request a blended rate based on the actual location of their assisted units. The blended rate will be used for CY 2018. PHAs must submit their request in writing to the Financial Management Division, Office of Housing Voucher Programs. Requests for Blended Rate Administrative Fees must be received **no later than 5 p.m. Eastern Time, April 16, 2018.**

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

Electronic Mail (email) Requests:

PHA requests for Blended Rate Fees may be submitted to the Department at the following mailbox: PIHFinancialManagementDivision@hud.gov.

The subject line of the email must read as follows:

PHA Number (i.e. TX001), 2018 Request for Blended Rate Administrative Fees

OR

Hard Copy Requests via Mail:

PHA requests may be submitted to the Department at the following physical address:

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

- (b) **Higher Administrative Fee Rates:** A PHA that operates over a large geographic area, defined as multiple counties, may request higher administrative fees. An approved higher administrative fee rate will apply only to CY 2018. The PHA will be required to submit evidence of actual costs at the end of the calendar year so HUD can determine if the entire approved increase was needed. Excess funds will be recouped by HUD via a reduction in a future disbursement.

To request higher fees, an agency must submit the following financial documentation to the PHA's assigned Financial Analyst (FA) at the Financial Management Center (FMC):

- Actual Unrestricted Net Position (formerly referred to as Unrestricted Net Assets or administrative fee reserves) balance as of December 31, 2017;
- Actual administrative costs for the HCV program for CY 2017 in sufficient detail to allow for review;
- The PHA's CY 2018 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 why the unit month and budget authority utilization in CY 2017 were below 95 percent of available for renewal units (if this occurred).
- Certification that the PHA has made withdrawals from the Administrative Fee reserves per official guidance provided in PIH Notice #2015-17: Uses and Reporting of Admin Fee Reserves. Should there be no withdrawals at this point, a statement that none were made is required;

- An explanation as to why the projected CY 2018 administrative fees are insufficient to cover program operating costs; and
- Certification by the chief executive of the PHA that the data is accurate.

In order to request a higher administrative fee rate, PHAs must provide the above information to their assigned FA at the FMC. The required information must be received **no later than 5:00 p.m. Central Time, May 22, 2018.**

Electronic Mail (email) Requests:

PHA requests for a higher administrative fee rate may be submitted to the Department at the following mailbox: FinancialManagementCenter@hud.gov. Subject line must read as follows: **PHA Number: 2018 Request for Higher Administrative Fees.**

OR

Hard Copy Requests via Mail:

PHA requests may be submitted to the Department at the following physical address:

**Financial Management Center
2380 McGee Street
Suite 400
Kansas City, MO 64108**

5. **Further Information.** Questions related to this Notice should be directed to PIH.Financial.Management.Division@hud.gov.

/s/

Dominique Blom
General Deputy Assistant Secretary
Public and Indian Housing