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

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention of:
Directors of HUD Regional and Field Offices of Public Housing; Agencies that Administer the Housing Choice Voucher Program.

Notice PIH 2022-29 (HA)

Issued: August 26, 2022

Cross Reference: PIH-2022-14; PIH 2022-18

Expires: This notice remains in effect until amended, superseded, or rescinded.

SUBJECT: Allocation and Special Administrative Fee for New Incremental Housing Choice Vouchers

1. **Purpose**
   This notice explains the U.S. Department of Housing and Urban Development's process for awarding approximately 19,700 new Housing Choice Vouchers (HCVs) to Public Housing Agencies (PHAs). These new HCVs are not special purpose vouchers, rather, they are regular HCVs. This notice also sets forth PHAs' eligibility for administrative fees and fees for other eligible expenses, the housing assistance payments (HAP) funding award process and the process for rejecting an allocation of these vouchers.

2. **Background**
   On March 15, 2022, President Biden signed the Consolidated Appropriations Act, 2022 (P.L. 117-103) into law.

   The Act appropriated $200 million for new incremental vouchers pursuant to a method, as determined by HUD, which may include a formula that may include such factors as severe cost burden, overcrowding, substandard housing for very low-income renters, homelessness, and administrative capacity. The allocation method is required to include rural and urban areas. The Act further provides HUD with the discretion to specify additional terms and conditions for the use of these vouchers to ensure that PHAs provide vouchers for use by survivors of domestic violence, or individuals and families who are homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)), or at risk of homelessness, as defined in section 401(1) of such Act (42 U.S.C. 11360(1)). As discussed in section 4.C. of this notice, HUD has determined that it will not establish any additional terms and conditions. HUD nevertheless encourages PHAs to establish preferences to assist these populations consistent with HCV regulations and statute.

3. **PHA Eligibility**
   To be eligible to receive an HCV funding allocation, a PHA must currently administer the HCV program through an existing Consolidated Annual Contributions Contract (CACC)

with HUD. Non-profit agencies that only administer HCV Mainstream vouchers are not eligible to receive an HCV allocation.

4. **HCV Allocation formula**

HUD's allocation formula is designed to direct HCVs to areas where there is demonstrated need among extremely low income (ELI) and very low income (VLI) renter households and ensure that there is representation of both rural and urban areas. The following data and indicators were used to develop the statutorily mandated allocation formula:

A. Need Among Low and Very Low-Income Renters

The allocation formula addresses issues like severe cost burden, overcrowding, substandard housing for very low-income renters and homelessness mentioned in the Consolidated Appropriations Act, 2022 language. The allocation formula weighs three different variables to determine the level of need for a PHA's area.

- 10 percent of the weight in the formula is given to the number of 0 to 50 percent Area Median Income (AMI) (ELI plus VLI) households overcrowded in the area. Overcrowding rates are well correlated to homeless rates.
- 75 percent of the weight in the formula is given to the number of 0 to 30 percent AMI (ELI) households with severe cost burdened, overcrowded and/or without kitchen or plumbing in the area (to reflect HCV program targeting requirements to ELI).
- 15 percent of the weight in the formula is given to the number 30 to 50 percent AMI households (VLI above ELI) to factor in housing need for VLI renters.

B. Minimum/Maximum Voucher Award

- Each eligible PHA will be awarded a minimum of three vouchers to encourage small – particularly rural PHAs – to accept the vouchers.
- HUD will limit the maximum award of vouchers to any individual PHA to 450 vouchers to avoid overwhelming the capacity of an agency to lease vouchers swiftly.

C. Separate Reporting of These Vouchers and Additional Conditions

- HUD is not requiring separate reporting of these vouchers nor is HUD setting special terms and conditions for these vouchers. Instead PHAs, particularly those that have not received an allocation of Emergency Housing Vouchers, are encouraged to establish local preferences consistent with HCV regulations and statute to reach survivors of domestic violence, or individuals and families who are homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)), or at risk of homelessness, as defined in section 401(1) of such Act (42 U.S.C. 11360(1)).

5. **Acceptance/Declination Process**

Once HUD has calculated the HCV allocation in accordance with Section 4 above, HUD will notify eligible PHAs of their HCV award no later than August 26, 2022. The notification will specify the number of vouchers allocated to the PHA in accordance with the allocation formula and will provide specific instructions regarding how the PHA may decline the allocation.

If a PHA determines it does not want the HCV award, the PHA must submit a notice declining the award to NewHCVs@hud.gov by September 2, 2022. If HUD does not receive a declination from the PHA, HUD will deem the HCV award accepted. However, if for any reason after this date a PHA decides to return the vouchers awarded, the PHA should reach out to NewHCVs@hud.gov to begin this process.

HUD may subsequently contact PHAs to ask them to accept or decline the offer of additional HCVs if additional HCVs become available because other PHAs declined their allocation. PHAs are encouraged to respond to HUD's notification as soon as possible but must provide their declination of the allocation no later than seven calendar days following HUD's notification. PHAs that wish to accept the vouchers do not need to take any action.

6. Administrative Fees

The Consolidated Appropriations Act, 2022 provides no additional funding for administrative fees for these new vouchers other than eligibility for standard ongoing administrative fees. In order to help PHAs expeditiously lease these vouchers, HUD is using a portion of the appropriation, $30 million administrative fee set-aside to provide a one-time special fee for these vouchers. This is a Special Fee in addition to those listed in PIH 2022-14.

PHAs will be allocated administrative fees as follows:

A. **One Time Lease Up Fee**. A PHA will receive a single, one-time start-up fee of $750 per HCV allocated to the PHA once the PHA's CACC is amended to reflect the new funding obligation. This fee amount will support the anticipated immediate start-up costs that the PHA will incur and to facilitate leasing of these vouchers.

B. **On-going Administrative Fee.** Administrative Fees for these new vouchers are allocated based on leasing. These administrative fees are calculated for calendar year 2022 as provided for by Section 8(q) of the United States Housing Act (and related Appropriation Act provisions), as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act (QHWRA) of 1998 (P. L. 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. For further information on the proration and reconciliation of FY2022 Administrative Fees, see PIH 2022-14 "Implementation of the Federal Fiscal Year (FFY) 2022 Funding Provisions for the Housing Choice Voucher Program."

PHAs seeking to use administrative fees to encourage owner participation and the leasing of these vouchers are encouraged to consult PIH Notice 2022-18, "Use of Housing Choice Voucher (HCV) and Mainstream Voucher Administrative Fees for Other Expenses to Assist Families to Lease Units" for guidance.

7. **Renewals and Reporting of HAP and Administrative Fees**

These vouchers will be renewed and must be reported monthly into the Voucher Management System (VMS) in the same manner as voucher and administrative fees are renewed and reported for a PHA's regular HCV program. These are not special purpose vouchers, but rather an additional allocation of regular HCVs that will roll into the PHAs renewals after the first year.

8. **Uses of Funds and Tracking**

The funding from these awards must exclusively be used for the leasing of new admissions to the HCV program. These funds cannot be used for HCV renewals or for the accumulation of reserves. PHAs are required to track the initial leasing of these vouchers and spending to document that these funds were used for leasing new admissions.

9. **Further Information**

Questions concerning this notice should be submitted by email to the following HUD mailbox: NewHCVS@hud.gov

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for Public and Indian Housing