



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

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention of:
Public Housing Agencies
Public Housing Directors
Regional Public Housing Directors

Notice PIH 2025-28

Issued: November 17, 2025

Expires: This notice remains in effect until amended, superseded, or rescinded.

Supersedes: Notices PIH 2011-28 and 2017-21 Attachment H

Cross References: Notices PIH 2011-28, 2013-28, 2014-25, 2016-09, 2017-21, 2018-26, and 2024-34

Subject: Cost-Savings Measures in the Housing Choice Voucher (HCV) and Project Based Voucher (PBV) Programs

I. PURPOSE

This notice provides a menu of options for public housing agencies (PHA), including Moving to Work (MTW) PHAs, that need to reduce housing assistance payment (HAP) expenses to prevent shortfalls. This notice also can be a reference for PHAs working with the Department of Housing and Urban Development's (HUD) Shortfall Prevention Team (SPT). This notice supersedes Notice PIH 2011-28 and Attachment H to Notice PIH 2017-21.¹

II. BACKGROUND

Congress funds the HCV program annually through an appropriations act. HUD then obligates this funding to PHAs based on a calendar year (CY). PHAs are responsible for managing this funding and ensuring that program costs do not exceed the amount of federal funds available to them (including any HAP reserves, which is the Restricted Net Position and HUD-held reserves) for the CY.

HUD recommends PHAs monitor their HAP spending using HUD's [Two-Year Tool](#), which can help PHAs identify whether they are projected to face a shortfall in federal funding. A shortfall is when a PHA is projected to have insufficient funds (including HAP reserves) to support all HCV participant families through the end of the CY. PHAs that are at risk of shortfall are encouraged to contact and consult with their local HUD Public Housing Field Office or the Shortfall Prevention Team.

¹ Attachment H to Notice PIH 2017-21 provided guidance on the requirement that PHAs must implement cost-savings measures before terminating any PBV HAP contract as a result of the Housing Opportunity Through Modernization Act of 2016 (HOTMA), Pub. L. 114-201, 130 Stat. 782, which was signed into law on July 29, 2016.

When a PHA faces a shortfall, the PHA has several options to reduce costs, which are described in this notice. In addition, MTW PHAs are encouraged to evaluate approved MTW activities for possible cost savings (e.g., reduce amounts obligated to activities like landlord incentives or deposit assistance). If a PHA's cost-savings actions are insufficient to prevent the termination of assistance to existing HCV and PBV families, HUD may provide available Shortfall Funding to those PHAs who have exhausted all other feasible cost-cutting measures. Requirements for Shortfall Funding are set annually in the HCV Funding Implementation Notice, which can be found on HUD's [Public and Indian Housing Notices webpage](#).

III. PHA ACTIONS TO REDUCE HCV PROGRAM COSTS

The following non-exhaustive list of PHA cost-savings actions is divided into three categories: (1) standard regulatory compliance and sound program management practices that may also reduce program costs; (2) additional actions PHAs may consider to lower costs; and (3) further cost-savings actions that require HUD approval.

Potential cost saving measures in category 1 are current mandatory program requirements that, if used proactively, may assist in better managing HAP expenses. Cost-savings measures in categories 2 and 3 are optional, except when required by HUD prior to terminating HAP contracts (see [Section IV](#)) or as a condition of receiving Shortfall Funding.

These measures have varying degrees of effects on applicant and participant families. HUD recommends that the effect of each action be considered prior to implementation, particularly on assisted families. If an action adversely impacts program participants, such as by increasing a family's rent burden, HUD strongly recommends that the PHA first consider taking other actions having no or a lesser effect on families, including the use of administrative fee reserves to pay for HAP expenses.

A. Category 1: Standard Regulatory Compliance and Sound Program Management Practices

1. **Ensuring Correct Voucher Size.** PHAs must ensure the payment standard used to calculate the family share is based on the lower of the voucher size for which the family is eligible or the actual unit size leased.² For example, a single-member household living in a three-bedroom unit must have a zero- or one-bedroom payment standard, not a three-bedroom payment standard.³ If the family composition changes after admission, the PHA must ensure the correct payment standard is used in calculating the family rent portion.

In the PBV program, the PBV contract unit leased to each family must be appropriate for the size of the family under the PHA's subsidy standards.⁴ If the PHA determines that a family is occupying a wrong-size unit for any reason, including following a change to the family composition, then the PHA must follow the requirements in 24 CFR 983.260 to offer the family continued housing assistance.

² 24 CFR 982.505(c)(1)

³ 24 CFR 982.402(b)(1)

⁴ 24 CFR 983.253(b)

PHAs may use data analytic tools available in their respective PHA software system, HUD's Inventory Management System/Public and Indian Housing (PIH) Information Center (IMS/PIC), or its successor system, to help detect and monitor over-subsidized households. A PHA's Form HUD-50058 Ad-Hoc Report in IMS/PIC and the PIC Drilldown Report in PIH's [Tool of Tools](#) may enable the PHA to monitor the factors that would indicate over subsidization and other improper payments.

Using the 50058 Ad-Hoc Report, PHAs can ensure that the voucher size and payment standard, or PBV unit size, are correct for each family and make corrections where necessary. PHAs are encouraged to review these reports on a regular basis (e.g., monthly or quarterly) to ensure families that do not have an approved reasonable accommodation for a larger unit size are not being mistakenly over-subsidized. See [Notice PIH 2014-25](#) for additional information.

2. **Reviewing Payment Standards.** PHAs must review their payment standard amounts and schedule and adopt any updates to remain within the basic range of 90 to 110 percent of the applicable fair market rents (FMR) no later than 3 months following the effective date of the HUD-published FMR, which generally takes effect each Federal fiscal year on October 1. PHAs are not required to increase (or decrease) the dollar amount of their payment standards based on changes in applicable FMRs unless the change in FMR results in the PHA's payment standard being outside the basic range.⁵ PHAs with current payment standards that will be below 90 percent of the new FMRs and that do not wish to increase their payment standards to contain costs must request HUD approval in advance (per the procedure in [Section III.C](#)).

The Department recommends PHAs regularly monitor local market rent trends, leasing success rates, and rent burdens of the families they serve, all of which are important indicators of whether their payment standards are adequate. As a result of such reviews, PHAs may opt to lower (or raise) payment standards for all or some unit sizes.⁶ In the tenant-based HCV program, a decrease in the payment standard applies immediately to all new admissions and all movers. For all other tenant-based HCV participants, a decrease in payment standard amounts may not be applied earlier than 2 years after the effective date of the decrease in payment standard, and the PHA must provide the family with at least 12 months' written notice of any reduction in the payment standard amount that will affect the family if the family remains in place.⁷

The Department recommends PHAs experiencing HAP funding difficulties that have adopted increased exception payment standards under [Notice PIH 2024-34](#) consider whether those exception payment standards are still necessary to help families lease units.

⁵ 24 CFR 982.503(c)(3). For MTW PHAs, this is applicable except where an approved MTW waiver is in place to set payment standards outside the basic range.

⁶ Payment standards do not apply to the PBV program, except to the extent that exception payment standards may impact a PHA's determination of the rent to owner for a PBV project (24 CFR 983.2(c)(7), 983.301(b)(1), (c)(f)(3)). See Section III.A.6 of this notice for information about PBV rent to owner cost savings.

⁷ 24 CFR 982.505(c)(3)

PHAs may discontinue the use of exception payment standards without notification to HUD.

A Payment Standard Tool (PST) is available within the Tool of Tools on HUD's [HCV Utilization Tools webpage](#). The PST allows PHAs to determine the impact of potential payment standard changes on both program costs and participant rent burden. Your local HUD Public Housing Field Office is available to provide training and assistance on this tool.

3. **Utility Allowances.**

- i. **Reviewing Utility Rates.** PHAs must review utility allowances at least annually.⁸ PHAs may review their utility allowances more frequently to determine if they are higher than the typical cost. Changes in utility allowances may be applied immediately but not later than the next regularly scheduled reexamination of family income. A utility allowance category must be changed if there is an increase or decrease of 10 percent or more in the utility rate since the last time the utility allowance schedule was revised.⁹
- ii. **Ensuring Accuracy of Individual Utility Allowances.** As a reminder, PHAs must ensure that the utility allowance used to calculate the housing assistance payment for a tenant-based HCV is for the lesser of the size of dwelling unit leased by the family or the family unit size as determined under the PHA subsidy standards.¹⁰ In cases where the unit size leased exceeds the family unit size as determined under the PHA subsidy standards as a result of a reasonable accommodation, the PHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.
- iii. **Implementing Utility Allowance Flexibilities.** PHAs may also maintain an area-wide, energy-efficient utility allowance schedule to be used for units that are in a building that meets Leadership in Energy and Environmental Design (LEED) or Energy Star standards,¹¹ which could result in cost savings. Additionally, the PHA may base its utility allowance payments on actual flat fees charged by an owner for utilities that are billed directly, but only if the flat fee charged by the owner is no greater than the PHA's applicable utility allowance for the utilities covered by the fee. If an owner charges a flat fee for only some of the utilities, then the PHA must pay a separate allowance for any tenant-paid utilities that are not covered in the flat fee. For more information, see 24 CFR 982.517(b)(2).

4. **Conducting Rent Reasonableness.** The PHA must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units and in

⁸ 24 CFR 982.517(c)(1)

⁹ 24 CFR 982.517(c)

¹⁰ 24 CFR 982.517(d)

¹¹ 24 CFR 982.517(b)(2)(ii)

accordance with the HAP contract.¹² The PHA must ensure that owner rents do not exceed amounts charged for unassisted units in the same building or complex.¹³ The initial rent and all rent increases must comply with any applicable State or local rent control limits.¹⁴ As a cost-savings measure, PHAs do not have to wait until the HAP contract anniversary date to review and make adjustments to the owner rents, which may include reducing them if warranted.

In accordance with the HAP contract, the PHA must provide written notice to owners before reducing unreasonable rents.¹⁵ Rents may be reduced as early as the first of the following month.

If the rent to the owner for a unit assisted with a tenant-based HCV is not reasonable as most recently determined by the PHA, the owner must reduce the rent to the reasonable amount determined by the PHA or the HAP contract must be terminated. In such cases, the family will be issued an HCV to find a new unit. Movers, like new participants, are subject to a PHA's current payment and subsidy standards.

In the PBV program, a single HAP contract may cover multiple units with different rents to owner (for example, one-bedroom units will have a different rent to owner than two-bedroom units). During the term of a PBV HAP contract, the rent to owner for each contract unit may not exceed the reasonable rent, except that in cases where the PHA has elected in the HAP contract to not reduce rents below the initial rent, the rent to owner shall not be reduced below the initial rent.¹⁶ Therefore, if the rent to owner for any of the PBV contract units is not reasonable as most recently determined by the PHA, the PHA must reduce the rent for all such units to the reasonable amount except as provided in 24 CFR 983.302(c)(2). If the rent for any PBV contract unit is reduced below the initial rent, the owner may terminate the HAP contract,¹⁷ and the PHA must issue each family residing in a contract unit a tenant-based HCV.¹⁸

Even if an owner's rent is reasonable, a PHA could request owners to voluntarily agree to a temporary rent reduction or defer rent increases to help the PHA avoid the termination of HAP contracts due to shortfalls in HCV funding.¹⁹ It is the owner's option to agree to such measures. However, a PHA may not "freeze" rents due to insufficient funding when an owner requests an increase,²⁰ if the PHA determines the increased rent to be reasonable (and the PHA determines the increase is consistent with the provisions

¹² 24 CFR 982.507(b), 24 CFR 983.303. See [Notice PIH 2020-19](#) and HUD's [Rent Reasonableness Guidebook Chapter](#) for more information.

¹³ 24 CFR 982.507(d), 983.210(g), 983.301(e)

¹⁴ 24 CFR 982.509, 983.305

¹⁵ For requirements specific to the PBV program, see 24 CFR 983.302(d).

¹⁶ 24 CFR 983.303(a), 24 CFR 983.302(c)(2)

¹⁷ 24 CFR 983.206(d)

¹⁸ The requirement that, subject to certain conditions, each assisted family may elect to use its tenant-based assistance to remain in the same project applies (24 CFR 983.206(b)).

¹⁹ For the PBV program, the owner would effectuate the reduction or deferral by submitting a lower rent requested by the owner pursuant to 24 CFR 983.301(b)(3).

²⁰ For the PBV program, an owner request is not required if the HAP contract provides for automatic adjustment by an operating cost adjustment factor (OCAF) (24 CFR 983.302(b)(2)).

governing maximum rent in the case of PBV²¹) and the owner does not agree to defer a rent increase.

5. **Evaluating Entering New PBV HAP Contracts.** PHAs' PBV programs are funded with a portion of appropriated funding (budget authority) available under the PHA's voucher Consolidated Annual Contributions Contract (CACC).²² Each PHA is responsible for determining the amount of budget authority that is available for PBVs and for ensuring that the amount of assistance that is attached to units is within the amounts available under the CACC.²³ Generally, a PHA in a shortfall may not issue new requests for proposals or undertake new selection processes, except for new PBV conversions under the Rental Assistance Demonstration. PHAs may cancel requests for proposals (RFP) or other selection processes that are underway but have not yet resulted in a proposal or project selection if the PHA determines it does not have budget authority available to pay the HAP for PBV contract units. A best practice is to include information in RFPs stating that factors outside the PHA's control may result in cancellation of the RFP. PHAs may also include a condition in the written notice of proposal or project selection²⁴ that allows the PHA to rescind the selection if the PHA determines it does not have sufficient budget authority. If a PHA has executed an Agreement to Enter into a HAP Contract (AHAP) covering a project, the PHA must execute a new PBV HAP contract if the owner completes the units and otherwise fulfills all AHAP terms. If a PHA subsequently needs to terminate a HAP contract in effect, the PHA would proceed as discussed in [Section IV](#) below.
6. **Determining PBV Rent to Owner.** PHAs determine the amount (within maximum limits)²⁵ at which they set the rent to owner at each PBV project, though the amount must not exceed the rent requested by the owner (if applicable)²⁶ or the reasonable rent.²⁷ A PHA's policy regarding the PHA-determined amount it will use to calculate rent to owner must be in the PHA's Administrative Plan.²⁸ The PHA's policy must establish the level at which the PHA will set the rent to owner for PBV projects by bedroom size and/or any criteria or methodology the PHA will use to determine any different rent amounts that

²¹ 24 CFR 983.301, 983.302

²² 24 CFR 983.5(b)

²³ 24 CFR 983.6(c)

²⁴ 24 CFR 983.51(f)

²⁵ Under the applicable regulation at 24 CFR 983.301, the PHA-determined amount must not exceed 110 percent of the applicable FMR (which may be the Small Area FMR in accordance with 24 CFR 888.113(c)(5) and (h)), minus any applicable utility allowance, with two exceptions. First, if an exception payment standard applies to the PBV project in accordance with 24 CFR 983.301(f), or 89 FR 65769 for projects comprised solely of units exclusively made available to HUD-Veterans Affairs Supportive Housing (VASH) families, and the project is not a tax credit project that meets the criteria of 24 CFR 983.301(c)(1), then the PHA-determined amount must not exceed the exception payment standard minus any applicable utility allowance. Second, if the project is a tax credit project that meets the criteria of 24 CFR 983.301(c)(1), then the PHA-determined amount must not exceed the tax credit rent minus any applicable utility allowance. There is no minimum PHA-determined amount; for example, the PHA-determined amount may be less than 90 percent of the FMR, the exception payment standard, or the tax credit rent, as applicable.

²⁶ The owner need not request an amount of rent to owner if the rent is redetermined by OCAF (24 CFR 983.302(b)(2)-(3)).

²⁷ 24 CFR 983.301(b)-(c)

²⁸ 24 CFR 982.54(a), 983.10(b)(19), 983.301(b)(1), (c)(2)(i)

will apply to different PBV projects or units, in accordance with program requirements. PHAs may change their Administrative Plan policies regarding the PHA-determined amount they will use to calculate rent to owner prospectively, with respect to any future PBV HAP contracts they may enter into, as a cost-savings measure.

As a reminder, changes to the PBV rent to owner have no effect on the tenant rent, which is the total tenant payment minus the utility allowance.²⁹

PHAs may also consider whether to elect within PBV HAP contracts to not reduce rents below the initial rent to owner.³⁰ PHAs may be able to achieve cost-savings during the term of a PBV HAP contract if they preserve the option to reduce the rent to owner to a level lower than the initial rent to owner.

B. Category 2: Additional Actions PHAs May Consider to Lower Program Costs

1. Reducing or Stopping Voucher Issuance to Applicants.³¹ PHAs may reduce or stop issuing turnover vouchers to new applicants.³²

Voucher issuance is not applicable to the PBV program,³³ under which the PHA attaches vouchers to specific units under a HAP contract.³⁴ Families are referred to PBV units for occupancy and are not issued a voucher. PHAs must make every reasonable effort to refer families for occupancy from a PHA-maintained waiting list and make final eligibility determinations for families selected from an owner-maintained waiting list within 30 calendar days.³⁵ PHAs are not permitted to stop filling vacancies in PBV units solely as a result of insufficient funding. Rather, when facing a shortfall that may impact funds for PBV units, the PHA must first take cost-savings measures, with termination of PBV HAP contracts being a last resort, as discussed in [Section IV](#) of this notice.

2. Increasing the Minimum Rent. PHAs may increase the minimum rent up to \$50 (or higher for MTW PHAs with an approved MTW waiver to increase the minimum rent above \$50).³⁶ The effective date for the increased minimum rent is dependent upon PHA policy.³⁷ PHAs could institute a policy for increases in family contribution to be effective immediately (i.e., once the change is adopted, it can be applied with an interim

²⁹ 24 CFR 983.353(b)(1). See 24 CFR 5.520(c)(1) for additional provisions regarding prorated assistance.

³⁰ 24 CFR 983.302(c)(2)

³¹ Families seeking to move from PBV units with tenant-based HCVs are not applicants. After admission, and so long as the family is continuously assisted with tenant-based or PBV assistance from the PHA, a shift from tenant-based or project-based assistance to the other form of voucher assistance is not a new admission (24 CFR 983.3(b)).

³² With respect to PHA eligibility for any available shortfall funding, HUD states the relevant requirements in its annual “implementation of federal fiscal year funding provisions for the HCV program” notice. PHAs should review the most recent notice for information on the requirement to reduce or stop voucher issuances to applicants and other relevant requirements with respect to eligibility for shortfall funding. For Federal fiscal year 2025, see [Notice PIH 2025-13](#).

³³ 24 CFR 983.2(b)(1)

³⁴ 24 CFR 983.5(a)

³⁵ 24 CFR 983.254(a)

³⁶ 24 CFR 5.630(a)(2). See Notices [PIH 2019-12](#) and [2001-41](#), or any successor notices, for minimum rent requirements for enhanced vouchers.

³⁷ 24 CFR 982.516(e)(1)

reexamination) rather than at the next annual reexamination. PHAs may choose to charge a lower minimum rent (including a minimum rent of \$0) specifically for their HUD-Veterans Affairs Supportive Housing (VASH) program.³⁸

3. **Stopping Portability Absorption.** A receiving PHA can always stop absorbing new portable families and elect to bill the initial PHA as a cost-savings measure. An initial PHA may also request that a receiving PHA absorb portable families for which the initial PHA is billed. This request may include asking the receiving PHA to retroactively absorb families for which the initial PHA was already billed and made payments. In these cases, the receiving PHA reimburses the initial PHA for payments made back to the effective date of the absorption but only for the current calendar year. Both the receiving PHA and initial PHAs must agree to this arrangement. Refer to [Notice PIH 2016-09](#), Section 16.

As a reminder, a receiving PHA cannot “absorb” a family into its HCV program until it executes a HAP contract on behalf of the family that moves to a new unit. If the family is not placed under a HAP contract for a new unit in the receiving PHA’s jurisdiction, the receiving PHA cannot absorb the family.

4. **Reducing Subsidy Standards.** Subsidy standards are established by a PHA to determine the appropriate number of bedrooms and amount of subsidy (voucher size) for families of different sizes and compositions. PHAs may revise subsidy standards that exceed minimum HUD requirements to reduce voucher size eligibility.³⁹ Subsidy standards must be consistent with the space requirements, which provide that units assisted under the HCV or PBV program must have at least one bedroom or living/sleeping room for each two persons.⁴⁰

In the case of tenant-based HCVs, irrespective of any increase or decrease in the payment standard amount, if the family voucher size increases or decreases during the HAP contract term, due to change in family composition or change in PHA subsidy standard policy, PHAs may use the new voucher size to determine the payment standard amount for the family immediately but no later than the family's first regular reexamination following the change in eligible voucher size.⁴¹

In the case of PBVs, if a PHA determines that a family is occupying a wrong-size unit following a change to the PHA’s subsidy standards, then the PHA must follow the requirements in 24 CFR 983.260 to offer the family continued housing assistance in another unit.

C. Category 3: Further Cost Savings Actions that Require HUD Approval

1. **Denying Portability and Moves within the PHA Jurisdiction.** Under limited circumstances, PHAs may deny requests from families receiving tenant-based HCVs to

³⁸ See [89 FR 65769](#) for more information.

³⁹ 24 CFR 982.402

⁴⁰ 24 CFR 5.703(d)(5). See [Notice PIH 2016-02](#), or any successor notice, for subsidy standard requirements for enhanced vouchers.

⁴¹ 24 CFR 982.505(c)(6)

move if the PHA does not have sufficient funding for continued assistance.⁴² See [Notice PIH 2016-09](#) for the requirements on when a PHA may deny a tenant-based HCV family's request to move and instances when a PHA must not deny a family's request to move, as well as other pertinent information related to moves and portability.

For PBV families, if continued tenant-based rental assistance, such as a tenant-based HCV, is not immediately available due to insufficient funding at the time the family is requesting to move with tenant-based rental assistance,⁴³ then the family must wait until funding is available, and the PHA must give the family priority to receive the next available opportunity for continued tenant-based rental assistance (regardless of where the family will move).

Once a family is eligible to move from a PBV unit with a tenant-based HCV,⁴⁴ PHAs may only deny the family's request to move until the next opportunity for continued tenant-based rental assistance is available.⁴⁵ First, the PHA must determine that: (1) no comparable tenant-based rental assistance that may be provided pursuant to the Administrative Plan is available, and (2) the PHA has insufficient funds to pay for and/or insufficient CACC unit authority to issue an additional tenant-based HCV without having to terminate assistance of current program participants during the current CY.

PHAs may make reasonable estimates when projecting whether there is sufficient funding available for the remainder of the CY to support the additional voucher that would be issued to a family exiting PBV (the family's current voucher would remain attached to the PBV unit for occupancy by a new family).⁴⁶ The PHA may factor in the following conditions:

- Pending rent increases that would affect the subsidy
 - Attrition rate for families leaving the program
 - Costs for vouchers issued to families from the waiting list but not yet leased
2. **Rescinding Vouchers Issued to Applicants.** PHAs may consider pulling back vouchers issued to applicants searching for housing that have not yet resulted in an executed HAP contract. The PHA must work with HUD's SPT and the local HUD Public Housing Field Office prior to pulling back outstanding vouchers, because of the detrimental effect this would have on impacted families. HUD recommends PHAs not consider pulling back vouchers unless they are in shortfall, and they have determined, in consultation with the HUD SPT, that this step is necessary to mitigate terminations of assistance.
 3. **Request a Waiver to Apply Decreases in Payment Standards During the HAP Contract Term Immediately.** As explained above, while a reduced payment standard applies immediately to all households that are newly admitted or have moved, the application of the reduced payment standard is delayed for all other households. The

⁴² 24 CFR 982.354(e)(1)

⁴³ 24 CFR 983.261

⁴⁴ 24 CFR 983.261

⁴⁵ 24 CFR 983.261(c)

⁴⁶ 24 CFR 983.5(a)(1)

delayed applicability of a lower payment standard is a regulatory, not statutory, requirement. PHAs experiencing financial difficulties and working with the SPT may request a regulatory waiver for good cause so that reduced payment standards may be applied immediately with notice to the family in accordance with their Administrative Plan policies. HUD will only consider waiver requests to apply reductions immediately as part of the action plan established by the SPT.

HUD recommends that PHA waiver requests to apply reductions immediately include the calculation used to arrive at the projected shortfall in funding and cost-savings measures the PHA has already taken or will take in the future as part of their good cause justification.

4. **Request Approval to Establish Payment Standards Below 90 Percent of the Applicable FMR.** The regulations allow PHAs to request approval from HUD to establish a payment standard below 90 percent of the applicable published FMR by following the requirements in 24 CFR 982.503(e), which are also described in Notice PIH 2024-34. However, HUD will not approve such payment standard amounts if the family share for more than 40 percent of the PHA's voucher participants exceeds 30 percent of monthly adjusted income unless it is necessary to prevent termination of program participants. This is a regulatory requirement. PHAs experiencing financial difficulties may request that HUD waive this requirement for good cause.

In determining whether to approve a PHA's request to establish payment standards below the basic range, HUD will review and take into consideration the PHA's current rent burden and the impact of the proposed change on the PHA's participants. In addition, as a condition of the approval, HUD may require the PHA to raise payment standards and apply the new payment standard amounts immediately at such time that the PHA receives additional funding.

IV. TERMINATION OF ASSISTANCE DUE TO INSUFFICIENT FUNDING

As a last resort, PHAs may terminate HAP contracts for families assisted with tenant-based HCVs, in accordance with HUD requirements and their Administrative Plan (as discussed further below), if the PHA determines that funding under the CACC is insufficient to support continued assistance for families in the program.⁴⁷

In the PBV program, consistent with the policies in the PHAs' Administrative Plans, PHAs have the option of terminating a PBV HAP contract based on insufficient funding only if:⁴⁸

- The PHA determines in accordance with HUD requirements that it lacks sufficient HAP funding (including HAP reserves) to continue to make housing assistance payments for all voucher units currently under a HAP contract;
- The PHA has taken cost-saving measures specified by HUD;
- The PHA notifies HUD of its determination and provides the information required by HUD; and

⁴⁷ 24 CFR 982.454

⁴⁸ 24 CFR 983.206(c)(1)

- HUD determines that the PHA lacks sufficient funding and notifies the PHA it may terminate HAP contracts as a result.

For both tenant-based HCV and PBV HAP contracts, PHAs must notify HUD's SPT and local Public Housing Field Office prior to issuing notices of termination actions due to insufficient funding. The notice to HUD must be in writing and must include all measures taken to date to reduce or eliminate the shortfall and the number and date(s) of proposed termination. PHAs are encouraged to utilize alternative sources of unrestricted non-Federal funding that may be available to prevent the termination of rental assistance, consistent with the terms of [Notice PIH 2013-28](#) and any subsequent HUD guidance on this matter.

Prior to terminating any HAP contract based on insufficient funding, the PHA must comply with the instructions from the SPT and local HUD Public Housing Field Office to implement all additional cost-savings measures other than termination of any tenant-based rental assistance or project-based voucher HAP contract. If a PHA implements all these cost-savings measures and still has insufficient funds to cover its housing assistance payments, then, upon written HUD approval, the PHA may choose to terminate payments under its tenant-based HCV or PBV programs.⁴⁹

PHA termination policies due to insufficient funding must be included in the Administrative Plan. Such policies must describe how the PHA will determine which HAP contracts will be terminated, and the factors it considered in making this determination.⁵⁰ If the PHA chooses to have a policy to terminate a specific type of assistance first, such as tenant-based HCV or PBV, the policy must be in the PHA's Administrative Plan. PHAs with families enrolled in the PHA's Family Self-Sufficiency (FSS) program are encouraged to consider the impacts of terminating FSS families in their termination policy and make every effort to graduate FSS families prior to any termination or terminate with escrow disbursement in accordance with 24 CFR 984.303(k) if applicable. PHAs may seek a waiver to allow for escrow disbursement for families that do not meet the requirements in 24 CFR 984.303(k). PHAs are encouraged to consider policies that would minimize the impact of contract terminations on assisted families, such as terminating new PBV HAP contracts covering units that are not yet occupied first. Any PHA policies with respect to the resumption of assistance for the impacted families must also be included in the Administrative Plan.

V. REASONABLE ACCOMMODATIONS

Regardless of a PHA's adoption of policies to deny portability or moves within a PHA's jurisdiction or revision of payment standards or subsidy standards, PHAs must consider requests for reasonable accommodations that are necessary for a qualified individual with a disability to benefit from the program (in accordance with the Fair Housing Act, Section 504 of the Rehabilitation Act, title II of the Americans with Disabilities Act and HUD's implementing

⁴⁹ The requirement to implement cost-savings measures other than contract termination before terminating any HAP contract is a statutory requirement of HOTMA. HUD implemented this statutory provision by notice in Housing Opportunity Through Modernization Act of 2016: Implementation of Various Section 8 Voucher Provisions, 82 FR 5458, 5469 (Jan. 18, 2017). HUD provided guidance in Notice PIH 2017-21, Attachment H. Subsequently, HUD amended the PBV regulations at 24 CFR 983.206(c)(1) to codify this provision of HOTMA.

⁵⁰ 24 CFR 982.54(d)(26)

regulations at 24 CFR 100.204, 24 CFR 8.33, and 28 CFR 35.130). An individual with a disability can request a reasonable accommodation to any rules, policies, practices or services at any time.

The reasonable accommodation determination is made on a case-by-case basis. The PHA must grant the accommodation unless doing so would impose an undue financial and administrative burden to the PHA. The determination of undue financial and administrative burden must be made by the PHA or HUD on a case-by-case basis involving various factors, such as the cost of the requested accommodation, the financial resources of the PHA, the benefits that the accommodation would provide to the individual with the disability, and the availability of alternative accommodations that would effectively meet the individual's disability-related needs.

When a PHA denies a reasonable accommodation due to the reasons stated above, the PHA should discuss with the family whether there is an alternative accommodation that would effectively address the family's disability-related needs. If an alternative accommodation would effectively meet the family's disability-related needs and is reasonable, the provider must grant it. An interactive process in which the PHA and the family discuss the family's disability-related need for the requested accommodation and possible alternative accommodations is helpful to all concerned, because it often results in an effective accommodation for the family that does not pose an undue financial and administrative burden for the PHA.

VI. PHA PLAN REQUIREMENTS

Any measures referenced in this notice that constitute a significant amendment or modification⁵¹ to the PHA Plan or MTW Plan, as determined by the PHA, are subject to the requirements of 24 CFR 903.13, 903.15, and 903.17, which include a public hearing and comment period.

VII. PHA REQUEST FOR REGULATORY WAIVER(S)

The regulatory waiver process of the Office of Public and Indian Housing requires PHAs to first send their request to the appropriate local HUD Public Housing Field Office; the field office then forwards the waiver request to the appropriate program office at HUD Headquarters along with a field office recommendation. If more than one cost-savings waiver is requested, which may be in a single submission, the PHA must demonstrate how both/all waivers are necessary to avoid a shortfall that would result in the termination of families. Each regulatory waiver request must identify the regulation from which relief is sought and present justification pursuant to 24 CFR 5.110. See [Notice PIH 2018-16](#) for additional information.

VIII. FURTHER INFORMATION

For further information about this notice, PHAs may contact their local HUD Public Housing Field Office.⁵² In addition, PHAs that are experiencing funding difficulties, or that believe they may experience funding difficulties in the future, should contact their local HUD Public Housing Field Office.

⁵¹ 24 CFR 903.7(s)(2)

⁵² Go to [HUD's Local Office Directory](#) to find your local HUD Public Housing Field Office contact.

IX. PAPERWORK REDUCTION ACT

The information collection requirements contained in this notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3520). In accordance with the PRA, 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. The information collection contained in this notice has been approved under the PRA OMB Control Number 2577-0169.



Benjamin Hobbs
Principal Deputy Assistant Secretary
Public and Indian Housing