



## OFFICE OF PUBLIC & INDIAN HOUSING

August 16, 2024

Dear Executive Directors,

I am writing you to address an action HUD has taken this week, as detailed in [PIH Notice 2024-21](#), to keep as many families housed as possible by avoiding a significant shortfall in the Housing Choice Voucher (HCV) program. As this situation and its solution directly impacts over half of all HCV housing authorities, I wanted to explain how we got here and how we will get through it together.

It's important to start with why we took this action. Our mission as affordable housing providers, first and foremost, is to house as many families as possible and ensure that their housing is high-quality and deeply affordable. The rental assistance that HUD provides and that public housing agencies administer is a vital resource for millions of households across the country, including 2.4 million families who benefit from the HCV program to rent homes on the private rental market.

As we all know, rental markets have changed rapidly in the past several years. Despite HUD increasing Fair Market Rents the past two years, for a cumulative increase of 23% buying power nationally over those two years, the day-to-day reality can vary widely by community.

### **Addressing the HCV Shortfall**

In analyzing the financials of nearly 800 PHAs at risk for HCV shortfall, we found that nearly 400 PHAs were due to experience shortfall by the end of 2024, with a total of \$400 million in needed funding. I think it's important to note that even well-managed PHAs may experience shortfalls due to adverse market conditions or other factors.

To acquire the necessary funds to solve for this shortfall, HUD is completing a second offset of unspent HCV reserves from more than 900 PHAs, all of whom were notified earlier this week of being subject to an offset and for how much.

We do not take this action lightly, and we exhausted all options before pursuing an offset. It is necessary for us to ensure we maintain HCV assistance for families. We refuse to let any family lose their HCV assistance due to this shortfall.

### **How HUD is Providing Support to PHAs**

HUD is committed to supporting PHAs through these challenges, by providing additional funding to PHAs with a confirmed shortfall as well as maintaining HCV utilization and operations for those agencies being offset this late in the calendar year. PHAs not impacted by these actions should continue their efforts to use all their available resources to assist as many families as possible.

HUD is working with agencies in shortfall to help get them back on track. PIH is expanding the capacity of our Shortfall Prevention Team (SPT), which has deep expertise in assisting PHAs with financial and program management. PHAs concerned about shortfall can contact SPT at [shortfallinquiries@hud.gov](mailto:shortfallinquiries@hud.gov).

PIH will do everything we can to limit the immediate and long-term impact on PHAs who are being offset. To this end, we are offering the following:

- PHAs subject to an offset can appeal HUD's determination by August 30. Information about submitting an appeal was included in the letter PHAs received about the offset.
- HUD may also return funds to agencies by the end of the calendar year, if the actual need to avoid shortfall is lower than the projected amount.
- PHAs can contact the PIH Financial Management Center with questions about their offset and renewal eligibility at [Financial.Managment.Division@hud.gov](mailto:Financial.Managment.Division@hud.gov).

### **Getting Through This Together**

We recognize that actions PHAs might need to take in response to shortfalls and offsets – slowing or stopping leasing temporarily, most notably – could cause concern among residents/applicants, local officials, and other stakeholders. We want to emphasize to them that this is a national issue where PHAs are helping one another for the greater good. We will encourage PHAs to resume these activities to maximize leasing as soon as they are able.

This situation comes on the heels of significant progress made nationally on HCV leasing. We are proud of how successful PHAs have been the past several years with increasing their utilization of HCVs even in the face of rapid changes in the rental market. We have seen PHAs be incredibly diligent and creative to increase utilization. All those successful strategies will continue to shape how we think about how to do this work and advance our collective goal of providing housing to as many people as possible.

You have my word that HUD is doing and will do all we can to weather this challenge collectively, and we will continue to strengthen and streamline the voucher program to benefit residents and PHAs.

On behalf of HUD, I want to thank you for your understanding this difficult situation and your willingness to work with us and fellow agencies to implement a solution.

Sincerely,



Richard J. Monocchio  
Principal Deputy Assistant Secretary  
Office of Public and Indian Housing