



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

OFFICE OF PUBLIC AND INDIAN HOUSING
OFFICE OF THE ASSISTANT SECRETARY

August 4, 2020

Dear Executive Director,

I am writing to let you know that PIH Field Offices will be increasing engagement with you in the weeks ahead to gain a deeper understanding of the challenges you continue to face in light of the coronavirus pandemic. I am most interested in ensuring that you have the support you need to take full advantage of the CARES Act funding and to facilitate use of these funds on a timely basis. Our primary goals continue to be providing access to safe, decent, and affordable housing for those who need it, while at the same time providing you the resources necessary to ensure that your employees remain safe.

Many of you have expressed to me the challenges you, your staff, and your residents face; and given those many challenges, I am concerned about the slow utilization of CARES Act funding. To date, PHAs have drawn down and expended only \$103 million in supplemental Operating Funds, just 15% of the \$685 million made available nationwide.

The CARES Act offers significant spending flexibility to you during these unprecedented times. The Act offers broad flexibility to use the supplemental Operating Fund for any eligible Operating Fund or Capital Fund activity. In addition, you may spend these funds to cover expenses necessary to prevent, prepare for, and respond to COVID-19. Lastly, you may use Operating and Capital Fund funds from FY 2020 and previous years flexibly for any normal or COVID-19 public housing operating and capital expense.

Similarly, the Act offers you flexibility for spending HCV administrative fees, both those provided by the Act and through the regular FY 20 Housing Choice Voucher Program appropriations. Eligible costs include activities: (1) to support or maintain the health and safety of assisted individuals and families during this crisis; (2) to retain and support participating owners; and (3) to pay for routine administrative expenses associated with the HCV program.

PIH has provided further guidance on eligible expenditures for both public housing Operating Funds and HCV administrative fees in our [Frequently Asked Questions](#), and in PIH Notices [2020-07](#) (Operating Funds) and [2020-08](#) (HCV Program Administrative Fees). In addition, HUD issued PIH Notice [2020-18](#), which describes the funding methodology for the second allocation of supplemental HCV administrative fees and provides an updated list of eligible expenses under the CARES Act supplemental administrative fees. Updates to the list of eligible Housing Choice Voucher Administrative Fee expenditures will be posted online at the following link: https://www.hud.gov/program_offices/public_indian_housing/programs/hcv.

The CARES Act also made \$400,000,000 available for supplemental HAP funding. This supplemental HAP funding is available for PHAs that either: (1) experience a significant increase in voucher per unit costs (PUCs) due to extraordinary circumstances; or (2) despite

taking reasonable cost-saving measures, would otherwise be required to terminate rental assistance for families as a result of insufficient funding. HUD issued PIH Notice [2020-17](#), which covers the requirements related to the supplemental HAP funding for the HCV program, including Mainstream vouchers.

PIH Notice 2020-18 extends the period of availability for the CARES Act HCV administrative fees through June 30, 2021; and the CARES Act HAP funding for PUC increases is likewise available through June 30, 2021. The period of availability for supplemental HAP funding for shortfalls is December 31, 2020. This date will not be extended because funds are provided to prevent terminations in 2020.

At this point, PHAs may only use supplemental Operating Funds provided through the CARES Act during Calendar Year 2020. I want to assure you that PIH is actively pursuing extending CARES Act spending flexibilities for all three funding sources (Operating Funds, HAP PUC increases, and HCV administrative fees) through December 2021, and we will notify you as quickly as possible if those extensions are approved. PIH has not prescribed which funds PHAs must spend first; however, I strongly encourage you to spend CARES Act funds first.

I have heard first-hand from PHAs that it is imperative that HUD publish reporting requirements for CARES Act expenditures as soon as possible. Quarterly reporting will be based on current annual financial reporting, using line items in the Financial Data Schedule (FDS), to minimize the reporting burden and to be consistent with what you already do to manage your grants and subsidies. We have developed the appropriate mappings to the FDS, and we will add new fields for CARES Act funding to make reporting as simple as possible. Detailed guidance from the Real Estate Assessment Center will be forthcoming soon.

Because quarterly reporting will require a new portal to be built by HUD, the Department will continue to use data on its existing systems to temporarily report on CARES Act obligations and expenditures at the grant level; no action is required on your part at this time. Although PHAs were not required to file quarterly reports in July, you may have to report data for prior periods in a future submission.

I am grateful for the work that you do every day to serve so many of our nation's most vulnerable citizens, especially under these unprecedented circumstances. I encourage you to work closely with PIH Field Office staff as these efforts continue to unfold, and I have directed my entire team to continue to provide you with every available resource to assist you in serving families in need during the pandemic.

With appreciation,

A handwritten signature in black ink, appearing to read 'R. Hunter Kurtz', with a long horizontal line extending to the right.

R. Hunter Kurtz,
Assistant Secretary