



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, and Public Housing
Agencies.

PIH Notice PIH-2020-08

Issued: April 28, 2020

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amended, superseded, or rescinded

Cross References: PIH Notice 2020-04

SUBJECT: CARES Act – HCV Program Administrative Fees

1. **Purpose.** This notice implements the funding provisions for the Housing Choice Voucher (HCV) and Mainstream Programs in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), enacted on March 27, 2020. The CARES Act provides additional appropriations for housing assistance payments (HAP) and administrative fee funding to prevent, prepare for, and respond to coronavirus. The Tenant-Based Rental Assistance portion of the CARES Act is attached as Appendix A.

This notice addresses HUD's allocation methodology for the administrative fee portion of this appropriation and establishes new eligible activities to prevent, prepare for, or respond to coronavirus that may be funded with these supplemental administrative fee amounts.

2. **Summary.** The CARES Act provides funding to prevent, prepare for, and respond to coronavirus, including for public housing agencies to maintain normal operations and take other necessary actions during the period the program is impacted by coronavirus. The total supplemental appropriation for the HCV Program is \$1.25 billion.

This notice covers the administrative fee portion totaling \$850 million for HCV Programs, including the Mainstream Program, which provides tenant-based vouchers that serve households that include a non-elderly person with a disability under competitive awards. This administrative fee funding may be used by public housing agencies (PHAs) for administrative expenses and other expenses related to coronavirus, which are new eligible activities defined by the Secretary in section 4 of this notice.

HUD will obligate the supplemental administrative fee amounts in several actions. This notice describes the initial funding action in the approximate amount of \$380 million. Forthcoming guidance will describe the allocation methodology of the remaining (\$470 million) supplemental administrative fee funding. Additionally, HUD will issue a separate

notice describing the allocation methodology and the requirements governing the HAP supplemental funding (\$400 million).

3. **Funding Methodology.** The CARES Act provides administrative fee funding for both the HCV and Mainstream Programs. HUD will provide approximately \$380 million (the equivalent of 2-months of administrative fee eligibility) to all PHAs, including Moving to Work (MTW) PHAs. This first funding action will be allocated as a single disbursement at the beginning of May 2020. The amount of funding PHAs receive in this disbursement equals the average of the PHA's calendar year (CY) 2018 and CY 2019 monthly administrative fee eligibility (100% proration) multiplied by two.
4. **Eligible Expenses for CARES Act funds as well as administrative fees under the FY 2020 Appropriations Act.** Under the CARES Act, this supplemental administrative fee funding may be used only for two purposes: (1) any currently eligible HCV (including Mainstream voucher) administrative costs during the period that the program is impacted by coronavirus; and (2) new coronavirus-related activities, including activities to support or maintain the health and safety of assisted individuals and families, and costs related to the retention and support of participating owners. Currently eligible HCV administrative costs under (1) include necessary upgrades to information technology or computer systems to enhance telework capacities and overtime pay for PHA staff to carry-out HCV Program responsibilities.

The CARES Act further provides that administrative fees appropriated under HUD's FY 2020 Appropriations Act (P.L. 116-94) for the regular HCV program may also be used for the new coronavirus-related activities. Mainstream program administrative fees appropriated under HUD's FY 2020 Appropriations Act are not eligible to be used for these new coronavirus-related activities. However, PHAs may use the supplemental fees to cover any of the new coronavirus-related activities listed below in support of their Mainstream voucher programs.

The new eligible coronavirus-related activities are:

- Procuring cleaning supplies and/or services to maintain safe and sanitary HCV units, including common areas of PHA-owned Project Based Voucher (PBV) projects.
- Relocation of participating families to health units or other designated units for testing, hospitalization, or quarantine, or transportation to these locations to limit the exposure that could be caused by using mass transportation.
- Additional costs to supportive services vendors incurred due to coronavirus.
- Costs to retain or increase owner participation in the HCV Program, such as incentive costs (e.g., the PHA offers owner an incentive payment to participate in recognition of added difficulties of making units available for HCV families to rent while stay-at-home orders or social distancing practices are in effect.)
- Costs for providing childcare for the children of PHA staff that would not have otherwise been incurred (e.g., children are at home due to school closings, PHA staff are working outside of regular work schedules, etc.).

- Costs associated with the delivery of goods, including food and medical supplies that comply with the Centers for Disease Control (CDC) requirements, to program participants.
- Public health-related security costs to enforce orders to shelter-in-place, stay-at-home orders or visitor-restriction policies for PHA owned PBV projects.
- Administration costs associated with the implementation of coronavirus-related activities that are not eligible HCV administrative costs (e.g., paying overtime to staff to carry-out these coronavirus-related activities).
- Other costs either directly or indirectly related to coronavirus as determined eligible on a case-by-case basis at the Secretary's discretion.
 - PHAs requesting approval to cover other coronavirus-related activities not included in the above list and not currently eligible as regular HCV administrative costs must send the request and an explanation of the proposed activity to the FinancialManagementCenter@hud.gov mailbox.
 - The subject line of the email should read "PHA# Requesting Eligibility for Coronavirus-Related Administrative Cost", example "TX001 Requesting Eligibility for Coronavirus-Related Administrative Cost".
 - Requests will be reviewed on a periodic basis. As additional eligible costs are approved, HUD will update the list of eligible activities and maintain the most current list of eligible coronavirus-related activities on our website https://www.hud.gov/program_offices/public_indian_housing/programs/hcv.

Period of Availability: Under the CARES Act, these supplemental administrative fee funds may be used for both HCV (including Mainstream) administrative expenses and the new coronavirus-related activities during the period that the program is impacted by coronavirus. HUD recognizes that the HCV Program will continue to be impacted by coronavirus well beyond the immediate challenges of operating during shelter-in-place/stay-at-home orders or recommended social distancing practices. Program operations will continue to be impacted as PHAs transition back to full operational capacity, comply with applicable alternative requirements in accordance with the CARES Act waivers provided under PIH Notice 2020-05, and manage calendar year leasing and utilization challenges created by the coronavirus earlier in the year. Consequently, the period of availability for these funds is the duration of calendar year 2020, unless this period is subsequently extended by HUD. Similarly, the fiscal year (FY 2020) HCV administrative fee funds may be used for coronavirus related purposes in addition to the eligible HCV administrative expenses for the duration of CY 2020.

The funding provided through this notice may only be used for the two purposes described in this notice. Unlike regular administrative fees, these funds may not roll into the unrestricted net position (UNP) and must be tracked and accounted for separately throughout the period of availability. If any of these funds are not expended during the period of availability, the remaining funds must be remitted to HUD. Accounting and remittance guidance will be forthcoming.

Notwithstanding this period of availability, HUD urges PHAs to expend this supplemental administrative fee funding first, to prevent, prepare for, and respond to coronavirus. To

maximize program offerings during the ongoing pandemic, HUD recommends that PHAs apply their supplemental administrative fee amounts to eligible expenses first, since the HCV Program FY 2020 administrative fees may also be used for coronavirus-related activities within the period of availability and will continue to be available for regular administrative fee purposes beyond the period of availability.

5. **Ineligible Expenses.** The funding provided through this notice cannot be used for the repayment of debts or any amounts owed to HUD or program participants including, but not limited to, Office of Inspector General (OIG), Quality Assurance Division (QAD) or other monitoring review findings. Additionally, administrative fee funds provided through this notice considered for salaries, bonuses and/or employee incentives must comply with the executive compensation requirements under Section 220 of Public Law No. 116-94, Further Consolidated Appropriations Act, 2020 and must comply with reasonable compensation requirements found at 2 CFR Part 200.430(b).
6. **Use of PHA's Remaining DHAP Funds for Coronavirus-Related Activities.** Per the April 1, 2020 letter provided to applicable PHAs with Federal Emergency Management Agency (FEMA) Disaster Housing Assistance Program (DHAP) funding for: (1) Hurricanes Katrina and Rita (DHAP-Katrina) and (2) Hurricanes Ike and Gustav (DHAP-Ike), such funding may be used towards coronavirus-related expenses as carry-over funds. Per the Standard Operating Procedures (SOPs) for both programs, prepared by FEMA and HUD, any administrative fee funds remaining at the end of these programs must be used "for disaster or emergency related purposes."

On March 13, 2020, President Trump declared the coronavirus pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, tribes, territories, and the District of Columbia pursuant to section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207, qualifying any remaining DHAP-Ike or Katrina administrative funds.

7. **Reporting Requirements.**

HUD will develop a process by which PHAs will report all expenditures of CARES Act supplemental funds, including the date, amount, and use of such funds. Guidance implementing this process is forthcoming. To ensure PHAs have the ability to report to HUD on these expenses, PHAs must track coronavirus revenue and expenses by creating coronavirus Profit and Loss (P&L) accounts. Guidance for reporting coronavirus financial information to the Financial Assessment Subsystem (FASS) is forthcoming.

Additional CARES Act Reporting

Section 15011 of the CARES Act requires that recipients of \$150,000 or more of CARES Act funding submit, not later than 10 days after the end of each calendar quarter, a report containing information regarding the amount of funds received; the amount of funds obligated or expended for each project or activity; a detailed list of all such projects or activities, including a description of the project or activity; and detailed information on any subcontracts or subgrants awarded by the recipient. As outlined in the Office of

Management and Budget (OMB) memorandum, M-20-21, existing reporting requirements are anticipated to meet the requirements of Section 15011, but the content and format for this reporting is still under development and will need to be reviewed against current program practices. The Department will work in coordination with OMB to ensure that this requirement can be fulfilled by recipients of CARES Act funding in a manner that utilizes to the greatest extent possible existing reporting streams, providing the necessary transparency and accountability with minimal additional burden. If additional reporting is necessary, further guidance will be released by the Department in the near future.

8. **Excluded Programs.** The provisions implemented by this notice do not apply to renewal funding for the Section 8 Moderate Rehabilitation Program or the Section 8 Moderate Rehabilitation Single Room Occupancy Program.
9. **Paperwork Reduction Act.** The information collection requirements (ICR) for the HCV and Mainstream Programs are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). The OMB control number is 2577-0169. As noted in item 7 above, the reporting requirements to comply with the CARES Act will be forthcoming.
10. **Further Information.** Direct questions to HCV Financial Management Division (FMD), Office of Public Housing and Voucher Programs, by email, at PIHFinancialManagementDivision@hud.gov.

/s/

R. Hunter Kurtz, Assistant Secretary
for Public and Indian Housing

Appendix A

CARES Act (Public Law 116-136)

For an additional amount for ‘‘Tenant-Based Rental Assistance’’, \$1,250,000,000, to remain available until expended, to prevent, prepare for, and respond to coronavirus, including to provide additional funds for public housing agencies to maintain normal operations and take other necessary actions during the period that the program is impacted by coronavirus: amounts made available under this heading in this Act, \$850,000,000 shall be available for both administrative expenses and other expenses of public housing agencies for their section 8 programs, including Mainstream vouchers: *Provided further*, That such other expenses shall be new eligible activities to be defined by the Secretary and shall include activities to support or maintain the health and safety of assisted individuals and families, and costs related to retention and support of participating owners: *Provided further*, That amounts made available under paragraph (3) under this heading in Public Law 116–94 may be used for such other expenses, as described in the previous proviso, in addition to their other available uses: *Provided further*, That of the amounts made available under this heading in this Act, \$400,000,000 shall be available for adjustments in the calendar year 2020 section 8 renewal funding allocations, in addition to any other appropriations available for such purpose, including Mainstream vouchers, for public housing agencies that experience a significant increase in voucher per-unit costs due to extraordinary circumstances or that, despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate rental assistance for families as a result of insufficient funding *Provided further*, That the Secretary shall allocate amounts provided in the previous proviso based on need, as determined by the Secretary: *Provided further*, That the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the use of the amounts made available under this heading and the same heading of Public Law 116–94 (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the safe and effective administration of these funds, consistent with the purposes described under this heading in this Act, to prevent, prepare for, and respond to coronavirus: *Provided further*, That the Secretary shall notify the public through the Federal Register or other appropriate means of any such waiver or alternative requirement to ensure the most expeditious allocation of this funding, and in order for such waiver or alternative requirement to take effect, and that such public notice may be provided, at a minimum, on the Internet at the appropriate Government web site or through other electronic media, as determined by the Secretary: *Provided further*, That any such waivers or alternative requirements shall remain in effect for the time and duration specified by the Secretary in such public notice and may be extended if necessary upon additional notice by the Secretary: *Provided further*, That to prevent, prepare for, and respond to coronavirus, the notification required by section 223 of Public Law 116–6 and section 221 of Public Law 116–94 shall not apply to the award of amounts provided under paragraph (2) of this heading in Public Law 116–6 or under paragraph (7)(B) of this heading in Public Law 116–94 in support of the family unification program under section 8(x) of such Act: *Provided further*, That the Secretary may award any remaining unobligated balances appropriated under this heading in prior Acts for incremental tenant-based assistance contracts under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), to prevent, prepare for, and respond to coronavirus, without competition, including for extraordinary administrative fees: *Provided further*, That no less than 25 percent of such amounts shall be allocated proportionally to public housing agencies who received awards in the 2017 and 2019 competitions for such purposes within 60 days of enactment of this Act: *Provided further*, That the waiver and alternative requirements authority provided under this heading in this Act shall also apply to such incremental tenant-based assistance contract amounts: *Provided further*, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.