



ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

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

Special Attention of:
Office Directors of Public Housing,
Regional Directors, and Public Housing
Agencies.

PIH Notice 2021-23

Issued: July 21, 2021

Expires: This notice remains in effect until amended, superseded, or rescinded.

Cross References: PIH Notice 2021-10, PIH Notice 2021-08

SUBJECT: American Rescue Plan Act – Adjustment Funding for Calendar Year 2021 Housing Choice Voucher Program and Mainstream Vouchers Renewal Funding and Updated Application Process for Unforeseen Circumstances Funding

1. **Purpose.** This notice implements funding adjustments to calendar year (CY) 2021 Housing Assistance Payments (HAP) renewal funding allocations for the Housing Choice Voucher (HCV) Program and Mainstream Vouchers. The funding for these adjustments was appropriated as part of the American Rescue Plan (ARP) Act of 2021 (Public Law 117-2, enacted March 11, 2021), hereafter referred to as “the ARP”. The Emergency Housing Vouchers (EHV) section of the ARP (see Appendix A) provides funding for “adjustments in the calendar year 2021 section 8 renewal funding allocation, 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, would otherwise be required to terminate rental assistance for families as a result of insufficient funding.”

This notice describes eligible categories of funding adjustments, the allocation methodology, public housing agency (PHA) eligibility requirements, and application instructions. The application process and calculation methodology described in this notice supersedes those provided in [PIH Notice 2021-10](#). Sections 13 and 14 of that notice provide detailed information on the 2021 HAP set-aside and 2020 HAP set-aside, respectively.

2. **Summary.** This notice covers requirements related to the CY 2021 HAP renewal funding allocation adjustments totaling \$200 million for the HCV Program and Mainstream Vouchers. The adjustment funding is available for PHAs that either (1) experience a significant increase in voucher PUC due to extraordinary circumstances (this category is herein referred to as Extraordinary Circumstances), or (2) that despite taking reasonable cost saving measures, would otherwise be required to terminate rental assistance for families as a result of insufficient funding (this category is herein referred to as Shortfall Funds).

For PHAs applying under the first category, Extraordinary Circumstances, if your agency previously applied for funding using Category 2A – Unforeseen Circumstances under the CY 2021 HAP set-aside (PIH Notice 2021-10) due to PUC increases, either triggered by COVID-19 or otherwise, your PHA **does not have to resubmit** your funding request; however, funding eligibility will be determined based on the revised methodology described in Section 3 of this notice.

HUD considers the Unforeseen Circumstances category to be a subset of the Extraordinary Circumstances category. HUD intends to use ARP funding for PUC increases prior to using 2021 HAP set-aside funding for PUC increases. Please keep this information in mind as PHAs that are awarded ARP funds must use those funds timely, as described in Section 5, Period of Availability, of this notice. Award obligation letters will state the funding source for PHA awards as this information is necessary for PHA tracking and reporting purposes.

The application process and calculation methodology provided within this notice for PHAs that experience significant increases in voucher PUC due to extraordinary circumstances supersede the application process and calculation methodology provided within PIH Notice 2021-10 for the Unforeseen Circumstances category.

For PHAs applying under the second category, Shortfall Funds, if your agency previously applied for Shortfall Funds under the CY 2021 HAP set-aside (PIH Notice 2021-10), your agency **does not have to resubmit** a Shortfall Funds application under this notice.

Awards will be made to eligible PHAs based on need, as determined by HUD. HUD will first use the ARP funding to address additional funding needs for PHAs that experience a significant increase in voucher PUCs due to Extraordinary Circumstances or for Shortfall Funds. HUD will supplement these funds with the 2021 HAP set-aside funds to ensure awards are fully funded. However, should funding provided through this notice (and the 2021 HAP set-aside) be insufficient to fully fund all eligible applications, HUD reserves the right to prioritize awards for the Shortfall Funds category and may need to prorate eligibility for Extraordinary Circumstances awards.

- 3. Eligibility and Submission Requirements.** The ARP identified two eligible categories for these adjustments, which are the Extraordinary Circumstances and the Shortfall Funds categories described below in sections A and B, respectively. PHAs must submit a complete and accurate application for these funds, and HUD will determine eligibility based on need.

PHAs are advised to carefully review the instructions, prior to submitting applications, to ensure the eligibility requirements are met. Failure to meet all requirements will result in the rejection of requests. The application instructions for each ARP category of adjustment funding are provided below.

A. Significant Increase in PUC due to Extraordinary Circumstances:

This category is for PHAs (including Moving to Work (MTW) PHAs) that experience a significant increase in voucher PUC in CY 2021. Funding adjustments for this category are based on cost increases occurring in CY 2021. PHAs administering the HCV Program and Mainstream Vouchers are eligible to apply.

(For PUC increase occurrences in **CY 2020**, please see PIH Notice 2021-10 for guidance on the second round of HAP set-aside funding, Unforeseen Circumstance category.)

- i. PHA Eligibility Based on Need.** HUD is establishing the following criteria to determine PHA need for the Extraordinary Circumstances category adjustment:
 - a. The PHA's PUC based on the most recent month of validated VMS data available at the time the application is reviewed (most likely May 2021) must be 102 percent or greater than the PUC HUD used to determine the PHA's CY 2021 renewal funding (the CY 2021 Inflated Renewal PUC) to be eligible for funding.
 - b. PHAs must have less than **four (4)** months of reserves to be considered eligible for funding under this category.

- ii. Eligibility and Funding Award Calculations for PHAs.** For PHAs (including MTW PHAs), funding eligibility and the funding award amount will be calculated as follows:
 - a. HUD will calculate the PHA's HAP PUC from the most recent validated VMS monthly submission by dividing HAP costs by unit months leased (UMLs) for the most recent month of total HAP.
 - b. HUD determines the difference between the most recent PUC calculated in the previous step and the PHA's CY 2021 HAP renewal PUC. (For non-MTW PHAs, the CY 2021 HAP renewal PUC is located on line 28 of the 2021 HCV renewal **Enclosure A** and is described as *CY 2021 Inflated Per Unit Cost*. MTW PHA's PUC information is located by the prorated eligibility amount on the PHA's CY 2021 HAP renewal enclosure.)
 - c. If the calculated HAP PUC from the most recent VMS submission is higher than the CY 2021 HAP renewal PUC, HUD determines the percentage increase to see if it meets the PUC increase eligibility criteria (102 percent or more). PHAs with PUC percentage increases below 2 percent are not eligible for adjustment funding.
 - d. If the percentage increase equals or exceeds 2 percent, then the difference is multiplied by the PHA's number of leased units reported in VMS in the most recent submission, and by 12 months to determine the total award amount.

Example: Calculation of an Award for the Extraordinary Circumstances Category

1	Calculated PUC based on the most recent validated VMS monthly submission	\$500		This calculation divides total HAP by total units leased
2	PHA's CY 2021 PUC	\$405		MTW PHAs PUC information is at the bottom of their 2021 Renewal Enclosure, by the prorated eligibility amount. Non-MTW PHAs PUC information is in their 2021 HCV Renewal Enclosure A on line 28.
3	Difference between the PUCs		\$95	
4	Is the difference between the two PUCs 2 percent or more?	23%		Line 3 divided by Line 2, must be greater than or equal to 1.02.
5	Units leased based on most recent validated VMS monthly submission	300		
6	Unit months leased		<u>3,600</u>	(Line 5 * 12)
7	Total Request (Line 3 * Line 6)		\$342,000	

In this example, the PHA's PUC increased 23 percent, which meets the eligibility criteria for significant increased costs. The PHA is eligible for \$342,000.

- iii. **Priority Status.** If the PHA's CY 2020 end of year HAP adjusted reserve is less than the amount needed to cover two (2) months of the PHA's average CY 2021 HAP expenses, the PHA application qualifies for priority status. HUD determines the amount of PHA HAP reserve by taking the PHA's reconciled December 31, 2020 HAP reserve balance (net of the 2021 offset for reallocation) and adjusting it to account for the validated CY 2021 VMS data for HAP expenses and the budget authority disbursed to the PHA for the same period. HUD will then take the most recent validated month of expenses from VMS and adjust it by adding a 2 percent margin to calculate adjusted HAP expenses. The adjusted reserve balance is divided by the adjusted HAP expenses to determine if the PHA reserve balance is less than the equivalent of two (2) months of HAP expenses.

HUD will fully fund priority applications before considering regular applications. If funding, including the HAP Set-Aside earmarked for Unforeseen Circumstances, is insufficient to fully fund the priority applications, HUD will prorate the funding awards for the priority applications and will not fund regular applications. If there is funding remaining after the priority applications have been fully funded, HUD will prorate the funding for the regular applications if the remaining funding is insufficient to fully fund those applications.

As mentioned above, PHAs with **four (4)** months or more of reserves will not be considered for any funding under this category.

SUBMISSION: To be eligible for funding under this category, a PHA must submit or have submitted one of the following:

- 1. Completed Appendix G**, PIH Notice 2021-10, *Application for \$110 Million Set-aside for Category 2a - Unforeseen Circumstances*, 2021 HAP Set-Aside submitted by the May 14, 2021 deadline (PHAs that previously submitted Appendix G do not need to resubmit their application under this notice), or
- 2. Completed Appendix B**, *Application for \$200 Million Renewal Funding Adjustment for PUC Increases Due to Extraordinary Circumstances Under ARP*.

If the PHA is applying for a PUC increase related to a circumstance other than COVID-19, the PHA must also include a written narrative describing the extraordinary circumstances that significantly increased renewal costs in CY 2021. This narrative **is not required** if the extraordinary circumstance is related to COVID-19.

For applications under the Extraordinary Circumstances category, it is important to note that PHAs must submit all items described above, by the application deadline for the application to be considered. **Failure to provide any of the required documents and information will result in denial of the application.**

Electronic Requests: PHA requests for the Extraordinary Circumstances category must be submitted to HUD at the following mailbox:
2021ARPAApplications@hud.gov.

DEADLINE: By 5 p.m., per the PHA's time zone, Tuesday, August 10, 2021. Applications will not be funded on a rolling basis.

Should funding remain after Extraordinary Circumstances and Shortfall Funds requests are funded, HUD reserves the right to use the remaining funds for EHV purposes under the ARP.

B. Shortfall Funds:

The criteria and calculation methodology under this notice for the Shortfall Funds category are the same as those for the HAP set-aside Shortfall category described within PIH Notice 2021-10. Criteria and methodology information on the Shortfall Funds category is described within Section 13A, Appendix E, and Appendix F of PIH Notice 2021-10.

The reporting requirements for this category of adjustment funding differs depending on the source of the funds. As mentioned in Section 2 of this notice, Award Obligation Letters provided by the Financial Management Center (FMC) will identify the source of funding and PHAs must track and report awards in accordance with the

source of their award funds. Should the PHA's Shortfall Funds award come from the ARP funding provided through this notice, PHAs must track and report the funding and expenses of these funds in accordance with Section 6, Reporting Requirements, of this notice. PHAs that receive funding under the 2021 HAP Set-aside must report those funds as they would normally report Set-aside awards.

4. **Eligible Expenses.** Adjustment funding awards under this notice can only be used for HAP. MTW PHAs will utilize these funds under the terms of the MTW Standard Agreement or the MTW Operations Notice. HAP funding under this notice cannot be used for the repayment of debts or any amounts owed to HUD resulting from the Office of Inspector General (OIG), Quality Assurance Division (QAD) or other monitoring review findings. HAP funding under this notice cannot be used for Administrative Fee purposes.
5. **Period of Availability.** The adjustment funding awarded under the Extraordinary Circumstances category must be used by June 30, 2022. Adjustment funding under the Shortfall Funds category must be used by December 31, 2021. Any shortfall awards that are not expended in CY 2021 will be recaptured and used for one of the three other EHV activities authorized under the ARP (see Appendix A). Similarly, under the Extraordinary Circumstance category, unspent funds as of June 30, 2022 will be recaptured and used for EHV activities.

We strongly encourage PHAs to use these funds first for their monthly HAP expenditures and continue to use regular HAP funding upon depletion of this funding award. Expending these funds prior to regular HAP funding will reduce the amount of time PHAs have to separately track and report these funds.

If the ARP adjustment funding is insufficient to fund all Extraordinary Circumstances and Shortfall Funds applications, HUD intends to use funding from the CY 2021 HAP Set-aside for the Unforeseen Circumstances and/or Shortfall categories to fund the remaining applications. PHAs must refer to the Award Obligation Letter for the source of their award for reporting purposes.

6. Reporting Requirements.

A. VMS Reporting Guidance for ARP Adjustment Funding:

Expenditures of ARP adjustment funding awards for the HCV program and Mainstream Vouchers must be reported monthly within the appropriate VMS HAP expense fields, and within the monthly submission periods.

Additionally, the total combined expense under each program must be reported in the appropriate memo field for reconciliation purposes. The FMC will provide VMS reporting guidance on the informational fields at a later date.

Unspent funds from the Extraordinary Circumstances and/or Shortfall Funds awards will not roll into the PHA's restricted net position (RNP) equity accounts, rather, they will be

reported as an account payable to HUD. PHAs will receive separate guidance on the return of these funds.

B. Financial Data Schedule (FDS) Reporting Guidance for ARP Adjustment Funding:

HUD's Uniform Financial Reporting Standards (UFRS) Rule (24 CFR § 5.801) requires PHAs that administer the Section 8 and/or Section 9 programs to submit annual financial data to HUD. Specifically, UFRS requires that the financial data be: 1) prepared in accordance with Generally Accepted Accounting Principles (GAAP) as further defined by HUD in supplementary guidance; 2) submitted electronically to HUD through the internet; and 3) submitted in such form and substance as prescribed by HUD.

Financial information collected in the Financial Assessment Subsystem for Public Housing (FASS-PH) system includes the reporting of the receipts, uses, and balances of all PHA funds regardless of the funding source (i.e., entity-wide reporting) and is reported at the funding source level. Income and expenses provided through the ARP funding adjustments are to be reported under Assistance Listing 14.871 for the HCV Program and 14.879 for Mainstream Vouchers.

For FDS reporting, HUD is creating a new FDS reporting column - 14.EHV (Emergency Housing Vouchers) for HAP adjustment funds. For PHAs that are awarded these funds, the PHA must add FDS column 14.EHV and report these HAP funds as revenue in FDS line 70600_010 (HUD Operating Grants – HAP Subsidy) in 14.EHV **and then transfer the funds to** the HCV (14.871) column and/or Mainstream Voucher (14.879) column for which the award was made. The transfer should be made immediately and is not dependent on when the PHA has incurred a HAP expense using these funds. PHAs should report the transfer using FDS lines 10010 (Operating Transfer In) and 10020 (Operating Transfer Out).

The PHA will report the associated HAP expense in FDS line 97300 (Housing Assistance Payments) in FDS column 14.871 and/or 14.879. Unspent funds will be reported in FDS line 113_010 (Cash - Other Restricted – HAP Funds) and will flow into FDS line 511_4 (Restricted Net Position) of columns 14.871 and/or 14.879. For FDS reporting and with the exception that these HAP funds are first reported in 14.EHV and then transferred into the HCV / Mainstream column, the reporting of these HAPs funds are the same as any other HAP funds received by the PHA for these two programs.

[PIH Notice 2021-08](#), *Financial Reporting Requirements for the Housing Choice Voucher and Mainstream Voucher Program Submitted through the Financial Assessment Subsystem for Public Housing (FASS-PH) and the Voucher Management System (VMS)* provides FDS and VMS reporting guidance and information. Section 3 of PIH Notice 2021-08 provides FDS reporting instructions for Section 8-only PHAs that are part of a general-purpose government, non-profit agency, or non-general-purpose government. Specifically, the notice may limit the programs that are to be reported by these PHAs on the FDS to those listed in Section 10 (Programs to be reported on the FDS) of the notice.

14.EHV is not listed in section 10 of PIH Notice 2021-08. Through this notice PHAs are instructed to add and report 14.EHV on their FDS.

These funds will be reported in the PHA's Schedule of Expenditures of Federal Awards (SEFA) under the Assistance Listing number: 14.871 "Housing Choice Voucher Program" and/or 14.879 "Mainstream Voucher" based on the award.

7. **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.
8. **Paperwork Reduction Act.** The information collection requirements (IRC) for the HCV Program and Mainstream vouchers 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 6 above, the VMS reporting requirements to comply with the ARP will be forthcoming.
9. **Further Information.** Direct questions related to this notice to the electronic mailbox at PIHFinancialManagementDivision@hud.gov.

/s/

Dominique Blom
General Deputy Assistant Secretary
for Public and Indian Housing

Sec. 3202. Emergency Housing Vouchers (Public Law 117-2)

The language specific to this notice, is highlighted below:

SEC. 3202. EMERGENCY HOUSING VOUCHERS.

(a) APPROPRIATION.—In addition to amounts otherwise available, there is appropriated to the Secretary of Housing and Urban Development (in this section referred to as the “Secretary”) for fiscal year 2021, out of any money in the Treasury not otherwise appropriated, \$5,000,000,000, to remain available until September 30, 2030, for—(1) incremental emergency vouchers under subsection (b); (2) renewals of the vouchers under subsection (b); H. R. 1319—56 (3) fees for the costs of administering vouchers under subsection (b) and other eligible expenses defined by notice to prevent, prepare, and respond to coronavirus to facilitate the leasing of the emergency vouchers, such as security deposit assistance and other costs related to retention and support of participating owners; and (4) adjustments in the calendar year 2021 section 8 renewal funding allocation, 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, would otherwise be required to terminate rental assistance for families as a result of insufficient funding. (b) EMERGENCY VOUCHERS.—(1) IN GENERAL.—The Secretary shall provide emergency rental assistance vouchers under subsection (a), which shall be tenant-based rental assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)). (2) QUALIFYING INDIVIDUALS OR FAMILIES DEFINED.—For the purposes of this section, qualifying individuals or families are those who are—(A) homeless (as such term is defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)); (B) at risk of homelessness (as such term is defined in section 401(1) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(1))); (C) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by the Secretary; or (D) recently homeless, as determined by the Secretary, and for whom providing rental assistance will prevent the family’s homelessness or having high risk of housing instability. (3) ALLOCATION.—The Secretary shall notify public housing agencies of the number of emergency vouchers provided under this section to be allocated to the agency not later than 60 days after the date of the enactment of this Act, in accordance with a formula that includes public housing agency capacity and ensures geographic diversity, including with respect to rural areas, among public housing agencies administering the Housing Choice Voucher program. (4) TERMS AND CONDITIONS.—(A) ELECTION TO ADMINISTER.—The Secretary shall establish a procedure for public housing agencies to accept or decline the emergency vouchers allocated to the agency in accordance with the formula under subparagraph (3). (B) FAILURE TO USE VOUCHERS PROMPTLY.—If a public housing agency fails to lease its authorized vouchers under subsection (b) on behalf of eligible families within a reasonable period of time, the Secretary may revoke and redistribute any unleased vouchers and associated funds, including administrative fees and costs referred to in subsection (a)(3), to other public housing agencies according to the formula under paragraph (3). (5) WAIVERS AND ALTERNATIVE REQUIREMENTS.—The Secretary may waive or specify alternative requirements for any H. R. 1319—57 provision of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) or regulation applicable to such statute other than requirements related to fair housing, nondiscrimination, labor standards, and the environment, upon a finding that the waiver or alternative requirement is necessary to expedite or facilitate the use of amounts made available in this section. (6) TERMINATION OF VOUCHERS UPON TURNOVER.—After September 30, 2023, a public housing agency may not reissue any vouchers made available under this section when assistance for the family assisted ends. (c) TECHNICAL ASSISTANCE AND OTHER COSTS.—The Secretary may use not more than \$20,000,000 of the amounts made available under this section for the costs to the Secretary of administering and overseeing the implementation of this section and the Housing Choice Voucher program generally, including information technology, financial reporting, and other costs. Of the amounts set aside under this subsection, the Secretary may use not more than \$10,000,000, without competition, to make new awards or increase prior awards to existing technical assistance providers to provide an immediate increase in capacity building and technical assistance to public housing agencies. (d) IMPLEMENTATION.—The Secretary may implement the provisions of this section by notice.

**CY 2021 Housing Choice Voucher Program
Application for \$200 Million ARP Renewal Funding Adjustment for PUC Increases Due to
Extraordinary Circumstances Under ARP.**

Name of PHA: _____

PHA Number: _____

Executive Director: _____

CHECK ALL BOXES THAT APPLY in Sections 1 & 2. Ensure that you check the appropriate box in Section 2 on the applicable circumstance for the PHA's application.

SECTION 1:

_____ **Extraordinary Circumstances for Mainstream Vouchers.**

_____ **Extraordinary Circumstances for the HCV Program.**

SECTION 2:

_____ **Extraordinary circumstances are due to COVID-19; or,**

_____ **Extraordinary circumstances are unrelated to COVID-19, and are described in the PHA's attached narrative.**

Documentation requirements and deadlines for each of the above categories are contained in Section 3 of this notice.

This certification must be signed by the appropriate PHA official and returned.

Certification: I, _____, hereby certify that the HCV Program and/or Mainstream Vouchers experienced increased renewal costs in CY 2021 due to extraordinary circumstances related to COVID-19 or those described in the attached narrative, as applicable.

I additionally hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).

Signature of Executive Director and Date

Contact Name and Phone Number