



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

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention of:

Directors of HUD Regional and Field
Offices of Public Housing;
2021 Agencies that Administer the
Emergency Housing Voucher Program

Notice PIH 2021-25 (HA)

Issued: August 20, 2021

Cross Reference: Notice PIH 2021-15;
Notice PIH 2021-20

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amended, superseded, or rescinded.

SUBJECT: Emergency Housing Vouchers – Voucher Management System and Financial Data Schedule Reporting Requirements

1. Purpose

This notice updates the reporting guidance found in Notice PIH 2021-20 “Emergency Housing Vouchers – Household Reporting Requirements” and in Section 15 of Notice PIH 2021-15 “Emergency Housing Vouchers – Operating Requirements,” and sets forth the reporting requirements for Public Housing Authorities (PHAs) to report Emergency Housing Voucher (EHV) data into the Voucher Management System (VMS) and the Financial Data Schedule (FDS).

2. Background

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (Public Law 117-2, hereafter referred to in this notice as “the ARP”) into law, which provides over \$1.9 trillion in relief to address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses.

Section 3202 of the ARP appropriates \$5 billion for new incremental EHV, the renewal of those EHV, and fees for the cost of administering the EHV 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.

Eligibility for these EHV is limited to individuals and families who are (1) homeless; (2) at risk of homelessness; (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking or human trafficking; or (4) recently homeless and for whom providing rental assistance will prevent the family’s homelessness or having high risk of housing instability.

After September 30, 2023, a PHA may not reissue the EHV when assistance for a participating family ends (i.e., the family leaves the program for any reason).

EHVs are tenant-based rental assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)). The ARP further provides that HUD may waive any provision of the United States Housing Act of 1937 or regulation applicable to such statute used to administer the amounts made available under section 3202 (except for requirements related to fair housing, nondiscrimination, labor standards and the environment), upon a finding that any such waivers or alternative requirements are necessary to expedite or facilitate the use of amounts made available for the EHVs.

HUD issued Notice PIH 2021-15 on May 5, 2021, in order to provide operating requirements to PHAs administering the EHV program. On May 10, 2021, HUD notified PHAs of their EHV funding eligibility based on the allocation formula outlined in Notice PIH 2021-15. PHAs had until May 24, 2021, to accept or decline their EHV allocation and any remaining vouchers were reallocated by HUD per the process described in Notice PIH 2021-15. Final allocations were made on June 2, 2021.

On June 30, 2021, HUD issued Notice PIH 2021-20, which revises the reporting guidance in Notice PIH 2021-15, the Emergency Housing Vouchers – Operating Requirements Notice, and sets forth new requirements for Public Housing Agencies (PHAs) to report Emergency Housing Voucher (EHV) household data into HUD’s existing Information Management System/Public Housing Information Center (IMS/PIC) system.

3. Update to Issuance Fee Reporting Deadline

HUD is changing the deadline for entering issuance data which is required to claim the \$100 Issuance Fee. HUD is giving software vendors additional time to implement the new EHV code in the HUD-50058 and HUD-50058 MTW submissions into HUD’s Information Management System/Public Housing Information Center (IMS/PIC) system. HUD will provide PHAs with at least a 30-day notification via email of the date from which they will have 14 days to enter previous issuances to qualify for the fee.

4. Update to EHV reporting for HUD 50058-MTW

MTW PHAs that have received HUD approval to apply MTW flexibilities to EHV vouchers may report household participant data on the HUD 50058-MTW and must enter “EHV” on line 2p and leave line 2n blank.

5. Required PHA Level of Accounting

The PHA must maintain complete and accurate accounts and other records for the EHV program and provide HUD and the Comptroller General of the United States full and free access to them in accordance with the HCV program requirements at 24 CFR 982.158.

EHV program rules and reporting requirements for VMS will require the PHA to keep accounting and reporting records beyond what is required for FDS reporting. Besides HAP funding and expense information, PHAs will need to individually track each of the four different fee types received and the amount of expense incurred by that fee type and how much of the fee is unspent. For the service fee, more detailed accounting and reporting information is required. Specifically, PHAs are required to account for and report how the service fee was used under any one of the classifications listed and defined in Notice PIH 2021-15:

- Housing Search Assistance Expenses,
- Security/Utility Deposit/Rental Application /Holding Fee Expenses,
- Owner-Related Expenses,
- Other Expenses, or
- Unspent.

6. Required Cost Allocation

Many EHV programs are relatively small when compared to the PHA's traditional HCV program. Therefore, it is likely that many of the PHA staff assigned to support the EHV program will also have non-EHV duties assigned to them. For example, staff working on the EHV program may also be working in the PHA's HCV program (e.g., performing waitlist, re-certification, or inspection functions) or may be part of the PHA's central administrative area, such as the Executive Director, accounting, etc. As required under 2 CFR 200.400 – 476, only reasonable costs can be charged to a federal program, which includes both direct costs and indirect costs. Indirect costs must be reported in the EHV program and are normally determined through the PHA's cost allocation plan. PHAs should review and update their cost allocation plan as necessary to properly account for and report costs related to the EHV program (Appendix V to 2 CFR Part 200 - State/Local Governmentwide Central Service Cost Allocation Plans and Appendix VII to 2 CFR Part 200 - States and Local Government and Indian Tribe Indirect Cost Proposals).

PHAs that operate using HUD's asset management central office cost center (COCC) are permitted to charge the EHV program fees as described in Section 8(i) of this notice to recover its central office costs. COCC defined costs, such as accounting and human resources for EHV, would continue to be a cost of the COCC as per Notice [PIH 2007-9 Supplement](#) to the Financial Management Handbook Office of Public and Indian Housing (PIH) Revised April 2007 – Chapter 7 and are funded through allowed fees.

PHAs must account for the EHV and HCV programs separately. PHAs may not transfer the EHV fees into the HCV (or other) program(s) as this accounting would result in an overstatement of the HCV program administrative expenses and the actual costs of the HCV and EHV program would be co-mingled in the HCV accounting records.

7. VMS Reporting

VMS reporting requirements for the EHV program are similar to current Housing Choice Voucher (HCV) reporting requirements. PHAs are required to submit all leasing and cost data in VMS on a monthly basis. VMS is available for regular submissions from the 4th through the

22nd of each month. Adjustments to previously reported VMS data may be entered at any time by utilizing the Prior Month Correction (PMC) module.

The VMS has been updated to accommodate monthly reporting of EHV Leasing, HAP Expenses, and expenses for Ongoing Administrative Fees, Preliminary Fees, Service Fees and Placement/Issuance Fees. PHAs have been notified via email that the fields are available for use and have been provided a link to the updated VMS User's Manual that will contain specific field definitions and instructions.

HUD has updated VMS to collect aggregate data from participating PHAs on a monthly basis consistent with other programs under Section 8(o) of the United States Housing Act of 1937. This data will initially be used to track leasing and cost data and to reconcile funds advanced to participating PHAs against actual expenditures reported.

As described in Notice PIH 2021-15, EHV's and regular HCV's are funded from different appropriations. Therefore, HUD has modified VMS to collect the following data items for EHV's from participating PHAs:

- Emergency Housing Vouchers - Leasing
- Emergency Housing Vouchers - HAP Expenses
- Emergency Housing Vouchers - Preliminary Fee Expenses
- Emergency Housing Vouchers - Placement/Issuance Reporting Fee Expenses
- Emergency Housing Vouchers - Ongoing Administrative Fee Expenses
- Emergency Housing Vouchers - Services Fee – Housing Search Assistance Expenses
- Emergency Housing Vouchers - Services Fee – Security/Utility Deposit/Rental Application/Holding Fee Expenses
- Emergency Housing Vouchers - Services Fee -Owner Incentive Expenses
- Emergency Housing Vouchers - Services Fee – Other Expenses
- Emergency Housing Vouchers - Number of New Vouchers Issued but Not Under HAP Contract as of the Last Day of the Month
- Emergency Housing Vouchers - HAP Expenses After the First of the Month
- Emergency Housing Vouchers - FSS Escrow Deposits
- Emergency Housing Vouchers - FSS Escrow Forfeitures This Month
- Emergency Housing Vouchers - Fraud Recovery Total Collected This Month
- Emergency Housing Vouchers - Unrestricted Net Position (UNP) funds as of the Last Day of the Month
- Emergency Housing Vouchers - Restricted Net Position (RNP) funds as of the Last Day of the Month
- Emergency Housing Vouchers - Cash/Investment as of the Last Day of the Month

The EHV program provided funds for EHV HAP Expenses, Preliminary Fee Expenses, Placement/Issuance Reporting Fee Expenses, Ongoing Administrative Fee Expenses, and Service Fee Expenses. PHAs must report the expenditure of the EHV funds in VMS according to the activity for which the funds were awarded. Notice PIH 2021-15 provides guidance which allows PHAs to use EHV Administrative Fees for EHV Service Fee activities. For instance, a PHA may use EHV Preliminary Fee Expenses (an EHV Administrative fee) for Housing Search Assistance

(an EHV Service Fee activity). However, that PHA must report the expenditure of the EHV Preliminary Fee in the EHV Preliminary Fee field of VMS.

8. FDS Reporting

- a. General FDS Reporting Guidance.** 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 is: (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.

To satisfy the UFRS rule, PHAs are required to submit their financial information to HUD’s Financial Assessment Sub-system for Public Housing (FASS-PH). PHAs are required to submit this financial information in a prescribed format known as the Financial Data Schedule (FDS) (also referred to as Public Housing Financial Management template). Financial information collected in the 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.

For FDS reporting, the PHA will report both a statement of net position (i.e., balance sheet) and a statement of revenue, expenses, and changes in net position (i.e., income statement) for the EHV program. With some exceptions, the accounting and FDS reporting will be similar to a PHA’s HCV program, with unspent funding to be reported in the unrestricted net position (UNP) or restricted net position (RNP) balances.

- b. FDS Reporting Column for EHV.** For FDS reporting, the Real Estate Assessment Center has created a new reporting column **14.EHV** in the FASS-PH system under which PHAs will report their EHV program.

Notice PIH 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 this notice provides FDS reporting instructions for Section 8 Only PHAs that are part of a general-purpose government, non-profit or non-general-purpose government.

Section 10 (Programs to be reported on the FDS) of Notice PIH 2021-08 provides a list of the programs that are to be reported on the FDS. Because EHV is a new program, 14.EHV is not listed. All PHAs with EHV programs must add and use 14.EHV on their FDS.

c. **EHV Fees.** PHAs will be provided administrative fee funding for EHV administrative costs and for other eligible expenses. PHAs are eligible for the following four distinct fees, which are fully described in Notice PIH 2021-15.

- Preliminary Fee,
- Placement Fee / Expedited Issuance Reporting Fee,
- On-going Administrative Fee, and
- Services Fee.

The following tables describe and summarize each fee type and provide guidance on how these fees should be reported in the FDS.

1. Preliminary Fee (Notice PIH 2021-15, Section 6a)		
Purpose of Fee: To support the anticipated immediate start-up costs that the PHA will incur in implementing the EHV alternative requirements, such as the outreach to and coordination with the Continuum of Care (CoC) and other potential partnering agencies and planning and development.		
Earned	Rate	Revenue Recognition Event
One-time	\$400 per EHV	Amendment of PHA’s Consolidated Annual Contributions Contract (CACC) to reflect EHV Funding Obligation
FDS Reporting		
Transaction	FDS Line	FDS Line Name
Revenue	70600-050	Total Preliminary Fee Earned
Expenses	91100 to 97000	Various Expenses (dependent on type of expense)
Unspent Fee	111 and/or 131	Cash – Unrestricted / Investments – Unrestricted
Current Liabilities	311 to 310	Various Current Liabilities
Net Position	512.4	Unrestricted Net Position
FDS Notes & Clarifications	Unspent preliminary fees will be reported in unrestricted net position (UNP) in 14.EHV and not as unearned revenue.	
Eligible / Ineligible Activity		
Eligible Activity	<ul style="list-style-type: none"> ➤ Any eligible start-up cost ➤ Any administrative expenses related to the EHV’s ➤ Expenses defined by notice to prevent, prepare, and respond to coronavirus to facilitate the leasing of the emergency housing vouchers ➤ Any eligible activities under the EHV services fee 	
Ineligible Activity	<ul style="list-style-type: none"> ➤ Management, bookkeeping and /or portability fee to COCC ➤ Administrative costs of HCV program or Mainstream Vouchers ➤ Housing assistance payments (EHV, HCV and/or Mainstream) 	

2. Placement Fee / Expedited Issuance Reporting Fee (Notice PIH 2021-15, Section 6b)
Purpose of Fee: To support initial lease-up costs as well as the added cost and effort required to expedite the leasing of the EHV’s. Initial lease-up costs are expected to include the PHA’s costs to establish and refine the direct referral process with its partners and to expedite income determinations, family briefings, and voucher issuance. The fee also supports the PHA’s costs to

2. Placement Fee / Expedited Issuance Reporting Fee (Notice PIH 2021-15, Section 6b)		
report the issuance of the EHV to HUD ahead of the normally applicable reporting deadlines, which will allow HUD access to EHV issuance data in as timely a manner as possible.		
Earned	Rate	Revenue Recognition Event
One-time	\$100 per EHV and/or \$500, \$250, or \$0 per EHV	Initial leasing date and length of time from when EHV family is placed under a HAP contract and the effective date of the CACC funding increment for that EHV
FDS Reporting		
Transaction	FDS Line	FDS Line Name
Revenue	70600-060	All Other Fees
Expenses	91100 to 97000	Various Expenses (dependent on type of expense)
Unspent Fee	111 and/or 131	Cash – Unrestricted / Investments – Unrestricted
Current Liabilities	311 to 310	Various Current Liabilities
Net Position	512.4	Unrestricted Net Position
FDS Notes & Clarifications	Unspent preliminary fees will be reported in unrestricted net position in 14.EHV and not as unearned revenue	
Eligible / Ineligible Activity		
Eligible Activity	<ul style="list-style-type: none"> ➤ Any eligible start-up costs ➤ Any administrative expenses related to the EHV ➤ Expenses defined by notice to prevent, prepare, and respond to coronavirus to facilitate the leasing of the emergency housing vouchers ➤ Any eligible activities under the EHV services fee 	
Ineligible Activity	<ul style="list-style-type: none"> ➤ Management, bookkeeping and /or portability fee to COCC ➤ Administrative costs of HCV program or Mainstream Vouchers ➤ Housing assistance payments (EHV, HCV and/or Mainstream) 	

3. On-going Administrative Fee (Notice PIH 2021-15, Section 6c)		
Purpose of Fee: To support the continued costs of the EHV program.		
Earned	Rate	Revenue Recognition Event
Each Month	PHA’s Column A Administrative Fee Rate	EHV under HAP contract on of the first day of each month
FDS Reporting		
Transaction	FDS Line	FDS Line Name
Revenue	70600-020	Ongoing Administrative Fees Earned
Expenses	91100 to 97000	Various Expenses (dependent on type of expense)
Unspent Fee	111 and/or 131	Cash – Unrestricted / Investments – Unrestricted
Current Liabilities	311 to 310	Various Current Liabilities
Net Position	512.4	Unrestricted Net Position
FDS Notes & Clarifications	Unspent On-going administrative fees will be reported in unrestricted net position in 14.EHV and not as unearned revenue	

3. On-going Administrative Fee (Notice PIH 2021-15, Section 6c)	
Eligible / Ineligible Activity	
Eligible Activity	<ul style="list-style-type: none"> ➤ Any eligible start-up costs ➤ Any administrative expenses related to the EHV, including Management, Bookkeeping and /or Portability Fee to COCC ➤ Expenses defined by notice to prevent, prepare, and respond to coronavirus to facilitate the leasing of the emergency housing vouchers ➤ Any eligible activities under the EHV services fee
Ineligible Activity	<ul style="list-style-type: none"> ➤ Administrative costs of HCV program or Mainstream Vouchers ➤ Housing assistance payments (EHV, HCV and/or Mainstream)
Other Information	<p>HUD may be required to prorate the EHV ongoing administrative fee calculations in 2022 and after.</p> <p>For each of the first three months following the ACC funding increment effective date, HUD will advance the PHA ongoing administrative fees equal to the amount of ongoing administrative fees the PHA would receive for that month if all EHV's allocated to the PHA were fully leased so that the PHA also has ongoing administrative fees available to meet the initial costs of EHV administration. The advanced ongoing administrative fees will be taken into account when HUD first reconciles the PHA's EHV administrative fees.</p>

4. Service Fee (Notice PIH 2021-15, Section 6d)		
Purpose of Fee: To support its efforts in implementing and operating an effective EHV services program that will best address the needs of EHV eligible individuals and families in its jurisdiction		
Earned	Rate	Revenue Recognition Event
Once per voucher	\$3,500 per Voucher	Upon incurring eligible expense
FDS Reporting		
Transaction	FDS Line	FDS Line Name
Revenue	70600-030	Hard to House Fee Revenue
Expenses	92100 - 92500	Tenant Services
Earned Fee but Liability Not Yet Paid	115 and/or 131 311 to 310	Cash - Restricted for Payment of Current Liabilities / Investments - Restricted for Payment of Current Liability Various Current Liabilities
Unearned Fee	113 and/or 132 342	Cash – Other Restricted / Investments – Restricted Unearned Revenue
Net Position	n/a	n/a
FDS Notes & Clarifications	This fee is accounted for as an expenditure driven grant with revenue being recognized only when an eligible expense as been incurred. If the PHA has not incurred an eligible expense the PHA should report the fee as unearned revenue and in restricted cash. There should be no effect on the PHA's net position.	
Eligible / Ineligible Activity		
Eligible Activity	➤ Housing Search Assistance Expenses	

4. Service Fee (Notice PIH 2021-15, Section 6d)	
	<ul style="list-style-type: none"> ➤ Security/Utility Deposit/Rental Application /Holding Fee expenses ➤ Owner Incentive Expenses ➤ Other Expenses as per Notice PIH 2021-15
Ineligible Activity	<ul style="list-style-type: none"> ➤ General administrative costs of EHV, HCV Program or Mainstream Vouchers ➤ Housing assistance payments (EHV, HCV and/or Mainstream)

1. FDS Reporting Service Fee Activity. Notice PIH 2021-15 Section 6d provides a list of specific activities that are eligible costs of the service fee. As shown in the above table, these expenses should be reported in the FDS tenant service lines when an eligible expense has occurred. However, Notice PIH 2021-15 also allows any of the other fee types to be used on these same service activities. For FDS reporting, regardless of the exact revenue source used to fund service fee activity, service fee activity should always be reported in the FDS tenant service lines (i.e., 92100 Tenant Services – Salaries, 92200 Relocation Costs, 92300 Employee Benefit Contribution – Tenant Services, 92400 Tenant Services – Other, and 92500 Total Tenant Services).
2. No Priority Use of EHV Fees. Besides the service fee, other EHV fees can be used to support the various costs of the program, with the exception of HAP. HUD does not require a PHA to use a specific fee type first if the use of the fee is an eligible expense of that fee type. To simplify a PHA’s accounting, tracking and reporting, PHAs may want to charge one type of fee until it is fully exhausted and/or charge certain costs to other fees. For example, the preliminary fee and ongoing administrative fee have the same eligible uses, so a PHA may want to exhaust its preliminary fee first, which will result in the PHA no longer having to account and report on the preliminary fee type. Similarly, a PHA may want to charge only service fee activity costs to its service fees first, (which are only available for service fee activity costs). This practice would likely result in a PHA having an easier time tracking and reporting their service fee costs in VMS.
3. FDS Reporting of Security Deposits, Utility Deposits and Other Similar Items. Under the service fee, HUD allows the PHA to pay for certain deposits on behalf of the family. In the past, a PHA could account for these types of deposits in different ways: as an expense to a balance sheet only transaction, or with the cash outlay for the deposits treated as an accounts receivable and allowance for doubtful accounts being established. The accounting treatment is typically based on the PHA’s and its auditor’s interpretation of GAAP for these deposit transactions and individual state law, with only limited deposits ever coming back to the PHA. Therefore, HUD will not require any specific FDS reporting for EHV funds used for deposits as long as the accounting and reporting conforms to GAAP.

However, the PHA’s records must be able to link the specific fee used by family to the actual deposit made on behalf of the family. Any deposits that are returned to

the PHA retain their original source fee type and can be used for an eligible cost of that fee type.

4. COVID-19 Related Costs. Notice PIH 2021-15 defines when fees can be used to prevent, prepare, and respond to coronavirus to facilitate the leasing of the emergency housing vouchers. Any COVID-19 related costs should be reflected in the 92xxx FDS line-item series in the EHV column of the FDS--consistent with the FDS reporting of the CARES Act funds (Notice PIH 2020-24). Note: EHV fees used to prevent, prepare, and respond to coronavirus are not CARES Act funds and do not need to be reported in the CARES Act Quarterly Reporting portal.
5. Use of HCV Administrative Fee Reserves to Support EHV. PHAs may elect to use regular HCV administrative fee reserves to supplement EHV administrative fees. Current HCV fees are not available until the end of the PHA's fiscal year, when they become part of the PHA's HCV administrative fee reserves. A PHA that elects to support the EHV program with its HCV administrative fee reserves will report an operating transfer out (FDS line 10020) for the HCV program and an operating transfer in (FDS line 10010) for the EHV program, with the expenses funded by these HCV administrative fee reserves to be reported in the EHV program. PHAs are reminded that EHV HAP and administrative fee funding may not be used for regular HCV or special purpose voucher expenses.
6. Allocated Overhead. A small number of PHAs operate under HUD's asset management not through the use of a Central Office Cost Center (COCC) but by using the allocated overhead method. A PHA that operates under HUD's asset management using the allocated overhead method, may not charge overhead costs to the EHV program in an amount above the maximum fees that could be charged to the EHV program if the PHA was using HUD's COCC model.

d. Housing Assistance Payments (HAP) Funding. The table below provides guidance on how EHV HAP funds should be reported in the FDS.

5. Housing Assistance Payments (Notice PIH 2021-15, Section 7)		
Revenue Recognition Event		
Upon HUD disbursement and / or eligible need (same as HCV program)		
FDS Reporting		
Transaction	FDS Line	FDS Line Name
Revenue	70600-010	Housing Assistance Payments (HAP) Subsidy
Expenses	97300	Housing Assistance Payments
HAP Funding Earned but Not Expensed (i.e., unspent HAP funds)	113 / 132 511.4	Cash – Other Restricted / Investments – Restricted Restricted Net Position
FDS Notes & Clarifications	Unspent HAP should <u>not</u> be reported as unearned revenue for FDS reporting purposes	

Eligible Activity	<ul style="list-style-type: none"> ➤ Eligible HAP expenses for EHV participants ➤ Family Self-Sufficiency Escrow Payments for EHV families ➤ Utility Reimbursements rental assistance payment for EHV participants ➤ Note: Any unspent EHV HAP funds and / or EHV HUD-held HAP may only be used for the three items listed above
Ineligible Activity	<ul style="list-style-type: none"> ➤ Administrative costs of EHV, HCV Program or Mainstream Vouchers ➤ EHV service fee activity ➤ Housing Assistance Payments of the HCV program or Mainstream vouchers ➤ Loans or transfers to other programs

Like the HCV program, the disbursement of HAP funds by HUD to the PHA satisfies all the requirements under GASB No. 33 for recognizing revenue (i.e., measurable, probable of collection, all eligibility requirements, and an enforceable legal claim established). The disbursement of HAP by HUD to the PHA will result in the following journal entry.

Transaction 1: HUD HAP funds disbursed to PHA			
FDS Line		Debit	Credit
113	Cash – Other Restricted	\$99,999	
70600-010	HAP Subsidy		\$99,999

Any unspent HAP funds will continue to flow into net restricted position and should not be reported as unearned revenue or as a payable back to HUD.

Where HUD disbursements and net restricted position balances are less than what is needed by the PHA to make immediate and eligible EHV HAP payments, and funds at HUD are available to the PHA, the revenue recognition criteria under GASB No. 33 have been met. The PHA will then book an accounts receivable. The following illustrates the journal entry when the PHA requests additional EHV HAP funds, but the funds were not received by the PHA at the end of the reporting period.

Transaction 2: HUD HAP funds disbursed to PHA			
FDS Line		Debit	Credit
122	Accounts Receivable – HUD Other Projects	\$99,999	
70600-010	HAP Subsidy		\$99,999

PHAs will not report any obligated non-disbursed HAP funds in their FDS, except where the revenue recognition criteria under GASB No. 33 have been met, as previously discussed.

- e. **Prohibition on Over-leasing.** While PHAs are not currently restricted from over-issuing EHV vouchers to account for success rates and/or potential attrition in its

efforts to fully lease their allocation of EHV, PHAs must exercise care to prevent over-leasing. Over-leasing is where EHV unit months leased (UMLs) exceed unit months available (UMAs) at the end of the initial funding term (12/31/22) or at the end of subsequent renewal years. PHAs will not receive additional EHV funding during the initial funding term to cover over-leased units and over-leased units are not taken into account when determining the PHA's EHV renewal funding eligibility. (See section 7 of PIH Notice 2021-15 regarding permissible funding adjustments during the initial funding term.) A PHA that has over-leased its EHV program must identify other eligible sources to pay for the over-leased units and must take immediate steps to reduce and eliminate its over-leasing. Renewal funding eligibility will be reduced based on the number of over-leased unit months and the average PUC during the re-benchmark period. PHAs must still report all over-leasing in VMS and must also report \$0 HAPs in the appropriate categories in VMS.

- f. Family Self-Sufficiency Escrow Payments.** EHV escrow activity should be reported in the EHV column (14.EHV) on the FDS. HUD has provided detailed journal entries and reporting for FDS escrow transactions on page five of “Financial Reporting for the Family Self-Sufficiency (FSS) Program Accounting Brief #23” at <https://www.hud.gov/sites/dfiles/PIH/documents/accountingbrief23fss.pdf>. This guidance is applicable to escrow accounting and reporting of EHV escrow transactions.
- g. Portability.** If the receiving PHA of an EHV family administers an EHV program, then the receiving PHA will report that activity in 14.EHV of the FDS, regardless of whether the receiving PHA absorbed the family using an EHV voucher or will bill the initial PHA. If the receiving PHA does not absorb the voucher, the HAP payment for that EHV family will be reported in FDS line 97350 “HAP Portability-In”.

If the receiving PHA does not administer an EHV program, the receiving PHA may absorb the EHV family into its HCV program in accordance with § 982.355(d). Therefore, all activity surrounding this voucher will be reported in the FDS column 14.871 (HCV program). However, if the receiving PHA that does not administer the EHV program chooses to bill the initial PHA, the receiving PHA must add 14.EHV to their FDS and begin reporting this billing relationship / transactions under 14.EHV, including costs associated with administration of the port-in vouchers.

HUD has provided detailed journal entries and reporting guidance for portability transactions in the “Accounting Procedures for Recording Portability Transactions for the Housing Choice Voucher (HCV) Program Accounting Brief #18” at <https://www.hud.gov/sites/documents/ACCTBRIEF18PORT.PDF>. This guidance is applicable to accounting and reporting of EHV portability transactions.

- h. Interest Income and General Depository Agreement.** PHAs are required to execute a General Depository Agreement (HUD-51999) for EHV funding. As part of the agreement, Section 2 states that “All monies deposited by the HA with the Depository

shall be credited to the HA in a separate interest-bearing deposit or interest-bearing accounts...”

In accordance with 2 CFR § 200.305(b)(9), interest earned on all EHV funds up to \$500 per PHA fiscal year may be retained by the PHA for administrative expenses. Any additional interest earned must be remitted annually based on the PHA’s fiscal year end to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either the Automated Clearing House (ACH) network or a Fedwire Funds Service payment (<https://pms.psc.gov/>). A PHA should use the Emergency Housing Voucher Program - Interest Earned on Excess Funds and RNP Balances PHA – Annual Certification for Internal Records form to document the amount of interest earned and amount of interest returned. This form can be found at https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/fmd. The completed form should be kept on file for financial review purposes by the auditor or HUD.

FDS reporting of interest income on EHV funds at or below \$500 will be reported as revenue and increase unrestricted cash on the FDS as shown in journal entry 1 below. Interest income on EHV funds at or below \$500 can be used to support any eligible cost of the EHV program, with the exception of EHV HAP payments. If unspent, these funds will flow into FDS line 511.4 Unrestricted Net Position. FDS reporting of interest income on EHV funds above \$500 are shown in journal entries 2 and 3 below.

Journal Entry 1: Interest income on EHV funds at or below \$500 will be reported on the FDS as follows:

Transaction 1: Interest Earned on EHV funds at or below \$500			
FDS Line		Debit	Credit
111	Cash – Unrestricted	\$99,999	
71100	Investment Income – Unrestricted		\$99,999

Journal Entries 2 and 3: Interest income on EHV funds above \$500 will be reported on the FDS as follows:

Transaction 2: Determination of Interest Earned Liability			
FDS Line		Debit	Credit
115	Cash – Restricted for Payment of Current Liability	\$99,999	
331	Accounts Payable - HUD PHA Programs		\$99,999

Transaction 3: Remittance of Interest Earned on EHV HAP Funds			
FDS Line		Debit	Credit
331	Accounts Payable - HUD PHA Programs	\$99,999	
115	Cash – Restricted for Payment of Current Liability		\$99,999

Note the remittance of interest income back to the Federal government is a statement of net position (balance sheet) only transaction.

- i. **Allowed Fees Paid to the COCC.** A number of PHAs that will administer EHV's operate under HUD's asset management model (24 CFR 990 Subpart H) using the central office cost center model. A PHA's COCC is allowed to charge three types of fees to the EHV program: EHV management fee, EHV bookkeeping fee and EHV Fee for Portability Vouchers.

Fee Type	Description
1. EHV Management Fee	<p>The PHA can choose one of the following two options:</p> <ul style="list-style-type: none"> • Option 1 – Percentage of Administrative Fee. The PHA can choose as the basis for their EHV management fee, a percentage of the EHV <u>ongoing administrative fee</u> that the PHA earned during their fiscal year. A PHA may not include any fee from the preliminary fee, placement fee/expedited issuance reporting fee or service fee in this calculation. The maximum amount of fee that can be earned under this option is limited to 20 percent of the ongoing administrative fee earned. Under this methodology, the fee earned is subject to proration. • Option 2 – Fixed Rate Per Voucher Leased. The PHA can choose as the basis for its EHV management fee, a fixed rate per voucher leased. The maximum fee that can be earned under this option is limited to \$12.00 per voucher leased per month. Under this methodology, the fee earned is not subject to proration.

Fee Type	Description
	A PHA cannot earn an HCV management fee on any over-leased units. A PHA cannot charge an HCV management fee using either of the methodologies described above on port-in or port-out vouchers.
2. EHV Bookkeeping Fee	<ul style="list-style-type: none"> • The PHA is permitted to earn up to \$7.50 per unit per month for the EHV bookkeeping fee. This rate is the same for all PHAs nationally. A PHA can earn an EHV bookkeeping fee for vouchers that are leased on the first of the month. • A PHA cannot charge an EHV bookkeeping fee if the accounting functions are also performed and charged as a frontline cost to the program. A PHA cannot earn an EHV bookkeeping fee on any over-leased units. A PHA cannot charge an EHV bookkeeping fee on port-in or port-out vouchers.
3. EHV Fee – Portability Vouchers (Port-in & Port-out)	<ul style="list-style-type: none"> • For the initial PHA, the COCC may charge a fee not to exceed 20 percent of the EHV <u>ongoing administrative fee earned</u> from HUD on the port-out voucher. A PHA may not include any fee from the preliminary fee, placement fee/expedited issuance reporting fee or service fee in this calculation. For the receiving PHA, the COCC may charge a fee not to exceed 20 percent of the administrative fee earned from the initial PHA on the port-in voucher. • Both the initial and receiving PHA are ineligible to receive an EHV management fee and EHV bookkeeping on a portability voucher.

FDS Reporting. The PHA would report both the EHV management fee and EHV Fee for Portability Vouchers as an expense on FDS line 91300 (Management fee expense) and the EHV bookkeeping fee on FDS line 91310 (Bookkeeping fee expense) in the 14.EHV column of the FDS. The PHA would show these amounts as revenue in its COCC column on FDS lines 70710 (Management fee revenue) and 70730 (Bookkeeping fee Expense). These amounts would be eliminated in the Elimination column of the FDS.

- j. Moving-to-Work (MTW) Agencies.** Moving to Work PHAs are reminded, as per Notice PIH 2021-15, that EHV funding (EHV HAP funding and all forms of EHV administrative fees) may only be used on eligible EHV expenses as provided in Notice PIH 2021-15 and this notice. EHV funding is not flexible or fungible in any manner. For example, EHV service fees may only be used for those eligible activities listed in Section 6d of Notice PIH 2021-15. MTW funds (i.e., HCV, Capital Funds and operating subsidy) can be used to fund all EHV expenses. An MTW PHA that elects to support the EHV program with its MTW funds will report the use of these funds as an operating transfer out (FDS line 10020) or as transfers between project and program - out (FDs line 10094), and as an operating transfer in (FDS line 10010) or as transfers between project and program - in (FDS line 10093) into the EHV program.

FDS reporting of the EHV program administered by MTW PHAs must conform to the reporting instructions as described in this notice.

- k. Schedule of Expenditures of Federal Awards (SEFA).** EHV program funding should be reported under Assistance Listings (formerly referred to as Catalog of Federal Domestic Assistance) number 14.871 - “Housing Choice Voucher Program” on the Schedule of Expenditures of Federal Awards. Security, utility, and other similar deposits should be considered an expense when the deposit is made, regardless of its reporting treatment in the PHA’s books of account.

To identify the EHV funds that are part of the total program award expended under 14.871 on the schedule, the PHA should indicate on its SEFA how much of the EHV funding is included in the total. This instruction can be met with a footnote which specifies the amount or by adding detail lines in the schedule itself. For reporting of Federal awards expended in the FASS-PH system, the PHA should report the EHV funding of Federal awards expended in 14.EHV, thereby providing the detailed reporting needed by HUD.

- l. OMB Compliance Supplement and EHV Program.** In the next update to the OMB Compliance Supplement, it is HUD’s intention to add EHV audit testing requirements in the Special Test section of 14.871.

9. Record Retention

The OMB regulation at 2 CFR 200.334 provides general record retention requirements. Most notably, OMB requires that records pertinent to a federal award must be retained for a period of at least three years from the date of submission of the final expenditure report.

2 CFR 200.334(b) allows Federal agencies to extend the record-retention period for non-Federal entities (e.g., PHAs) if the extension is made in writing. HUD reserves the right to extend the record-retention period beyond three fiscal years and will notify PHAs in writing if and when such an extension is warranted.

10. Further Information

Questions concerning this notice should be submitted by email to the following HUD mailbox: ehv@hud.gov. For specific FDS reporting questions, PHAs should contact their FASS-PH analyst and/or manager for further information and answers.

11. 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.

- FDS. The Public Housing Financial Management template is assigned OMB approval number 2535-0107.
- VMS. The Voucher Management System template is assigned OMB approval number 2577-0169.

12. Penalty for False Claims and Statements

HUD will seek civil, criminal, or administrative action against individual and entities who either make, present, submit, or cause to be submitted a false, fictitious, or fraudulent statement, representation, or certification. 18 U.S.C. §§ 287, 1001, 1010, 1012, 1014 and 31 U.S.C. §§ 3729, 3802.

/s/

Dominique Blom
General Deputy Assistant Secretary
for Public and Indian Housing