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

OFFICE OF PUBLIC AND INDIAN HOUSING

Notice PIH 2023-21 (HA)

Issued: August 2, 2023

Special Attention of:
Directors of HUD Regional and Field Offices of Public Housing; Agencies that Administer the Housing Choice Voucher Program.

Cross Reference: Notice PIH-2023-07; PIH-2022-18

Expires: This notice remains in effect until amended, superseded, or rescinded.

SUBJECT: Allocation of New Incremental Housing Choice Vouchers and Special Administrative Fees.

1. **Purpose**
This notice explains the U.S. Department of Housing and Urban Development's (HUD's) process for awarding approximately 4,000 new Housing Choice Vouchers (HCVs) to Public Housing Agencies (PHAs). This includes the housing assistance payments (HAP) funding award process, and the process for declining an allocation of these vouchers. These new HCVs are not special purpose vouchers; rather, they are regular HCVs and will not require separate tracking or reporting.

HUD strongly encourages PHAs to implement strategies to expand housing opportunities for individuals and families experiencing homelessness or at risk of homelessness and survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking, including by establishing appropriate preferences, consistent with HCV regulations and statute. This notice explains how HUD is making available preliminary fees to support the utilization of this new HCV allocation. The notice also describes an additional fee that will be paid subject to certain conditions and time frames when the PHA reports a family as homeless at admission (which includes survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking) in the Inventory Management System/PIH Information Center (IMS/PIC) or the forthcoming successor system Housing Information Portal (HIP).

2. **Background**
On December 29, 2022, President Biden signed the Consolidated Appropriations Act, 2023 (P.L. 117-328) into law.

The 2023 Act appropriated $50 million for new incremental vouchers pursuant to a method, as determined by HUD, which may include a formula that may include such factors as severe cost burden, overcrowding, substandard housing for very low-income renters, homelessness, and administrative capacity. In comparison to the 2022 allocation of new vouchers, this year's implementation has been modified by adding a PHA utilization capacity criterion to the allocation formula, increasing the minimum award, and restructuring the administrative fees. The Act further provides HUD with the discretion to specify additional terms and conditions for the use of these vouchers to ensure that PHAs provide vouchers for use by survivors of domestic violence, or individuals and families who are homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)), or at risk of homelessness, as defined in section 401(1) of such Act (42 U.S.C. 11360(1)). As discussed in section 4.C. of this notice, HUD has determined that it will not establish any additional terms and conditions.

The 2023 Act provides no special administrative fee funding for these vouchers. As with other vouchers, PHAs will receive ongoing administrative fees for these incremental vouchers consistent with sections 6.a. and 6.b. of PIH Notice 2023-07. The 2023 Act authorizes HUD to use $30 million of the administrative fee appropriation for PHAs that need additional funds to administer their section 8 programs. HUD is using a portion of this $30 million administrative fee set-aside to provide a one-time lease-up fee to PHAs to facilitate the prompt leasing of these incremental vouchers. In addition, HUD is using a portion of the set-aside to provide supplemental fees to PHAs in order to strengthen incentives for serving individuals and families experiencing homelessness and survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking. These special fees are discussed in section 6 of this notice.

3. PHA Eligibility

To be eligible for an HCV funding allocation under this notice, a PHA must currently administer the HCV program through an existing Consolidated Annual Contributions Contract (CACC) with HUD. Non-profit agencies that only administer HCV Mainstream vouchers are not eligible to receive an HCV allocation.

4. HCV Allocation formula

HUD's allocation formula is designed to direct HCVs to areas where there is a demonstrated need among extremely low income (ELI) and very low income (VLI) renter households. The allocation will ensure that there is representation by both rural and urban areas, and vouchers will go to PHAs most able to use them within each state that receives an allocation as demonstrated by their relatively high leasing utilization rates. The following data and indicators were used to develop the statutorily mandated allocation formula:

A. Need Among Low and Very Low-Income Renters

The allocation formula incorporates measures of severe cost burden, overcrowding, substandard housing for very low-income renters and homelessness, consistent with the provisions of the Consolidated Appropriations Act, 2023. The allocation formula weighs three different variables to determine the level of need in each state and PHA area.

- 10 percent of the weight in the formula is given to the number of 0 to 50 percent Area Median Income (AMI) (ELI plus VLI) households overcrowded in the area. Overcrowding rates are well correlated to homeless rates.
- 75 percent of the weight in the formula is given to the number of 0 to 30 percent AMI (ELI) households with severe cost burdens, overcrowding and/or without kitchen or plumbing in the area (to reflect HCV program targeting requirements to ELI).
- 15 percent of the weight in the formula is given to the number of 30 to 50 percent AMI households (VLI above ELI) to factor in housing need for VLI renters.

- Should the formula yield fewer than 20 vouchers for a state, the allocation is automatically increased to 20 vouchers.
- U.S. Territories, the minimum allocation is 5 vouchers.

B. Additional Capacity Criterion

- PHA eligibility within each state is determined based on a formula that combines leasing utilization capacity and the local need measures outlined above.
- PHAs with a 2022 leasing utilization rate that is in the highest 25% in the state, or above the national 75th percentile leasing utilization rate of 95.08, are eligible for a share of the vouchers allocated to their state. This added capacity metric helps ensure that the new vouchers will be made promptly available to families on local waiting lists. They are further allocated proportional to need among the eligible PHAs within each state. Capacity is measured as the number of leased vouchers divided by the number of vouchers each PHA could potentially lease using available funds, including unspent funding reserves.
- PHAs eligible for less than five vouchers under the formula will receive none, except for PHAs in rural areas, which qualify for an allocation if they are eligible for at least three vouchers.
- If a state would get fewer than 20 vouchers, it is bumped up to 20.

C. Separate Reporting of these Vouchers and Additional Conditions

- HUD does not require separate reporting of these vouchers nor is HUD setting special terms and conditions for these vouchers. Instead PHAs, particularly those that have not received an allocation of Emergency Housing Vouchers, are encouraged to establish local preferences consistent with HCV regulations and statute to reach individuals and families experiencing homelessness, at risk of homelessness and survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking. See section 6 of this notice for additional information.

5. Acceptance/Declination Process

Once HUD has calculated the HCV allocation in accordance with Section 4 above, HUD will notify eligible PHAs of their HCV award upon publication of this notice. The notification will specify the number of vouchers allocated to each eligible PHA in accordance with the allocation formula and will reiterate instructions provided below regarding how PHAs may decline the allocation.

If a PHA determines it does not want the HCV award, the PHA must submit a notice declining the award to NewHCVs@hud.gov **within the timeframe specified in the invitation**. If HUD does not receive a declination from the PHA, HUD will deem the HCV award accepted. However, if for any reason after this date a PHA decides to return the vouchers awarded, the PHA should reach out to NewHCVs@hud.gov to begin this process.

HUD may subsequently contact PHAs to ask them to accept or decline an offer of additional

HCVs if additional HCVs become available because other PHAs have declined their allocation. PHAs are encouraged to respond to HUD's notification as soon as possible but must provide their declination of the additional allocation no later than seven calendar days following HUD's notification. PHAs that wish to accept the vouchers do not need to take any action.

6. <u>Administrative Fees</u>

PHAs will be allocated administrative fees as follows:

A. One Time Lease Up Fee. Each PHA will receive a one-time, preliminary start-up fee of $250 per HCV allocated to the PHA once the PHA's CACC is amended to reflect the new funding obligation. This fee amount will support the anticipated immediate start-up costs that the PHA will incur and facilitate leasing of these vouchers.

B. Homeless/DV Incentive Lease Up Fees. As previously stated, HUD strongly encourages PHAs to implement strategies to expand housing opportunities for individuals and families experiencing homelessness, at risk of homelessness and survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking. For more information on available strategies to serve these populations, HUD urges PHAs to consult PIH Notice 2023-13, Guidance on housing individuals and families experiencing homelessness through the Public Housing and Housing Choice Voucher Programs.

A PHA will receive a $250 incentive fee for vouchers the PHA reports have been issued to and leased by an individual or family experiencing homelessness or survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking as defined in section 4 of Notice PIH 2023-13. This fee would be awarded for any new household reported in the Inventory Management System/PIH Information Center (IMS/PIC) or the Housing Information Portal (HIP) with an 50058 effective date between the new incremental awards effective date and December 31, 2024, and where the HUD Form 50058 or HUD Form 50058 MTW indicates that the household is either homeless and/or a victim of domestic violence, dating violence, sexual assault, stalking, or human trafficking at admission (**PHAs currently use line 4c to report homeless at admission, in accordance with the definition and instructions under PIH Notice 2023-13**). PHAs will be eligible for a maximum Incentive Lease Up Fee equal to two times the number of vouchers received. For example, a PHA that received 20 vouchers will be eligible for a maximum of $10,000 in incentive fees ($250 x 40 (20 vouchers x 2)) if the PHA reports at least 40 new admissions that meet the above criteria from the effective date of the award.

C. On-going Administrative Fee. Administrative Fees for these new vouchers are allocated based on leasing. These administrative fees are calculated for calendar year 2023 as provided for by Section 8(q) of the United States Housing Act (and related Appropriation Act provisions), as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act (QHWRA) of 1998 (P. L. 105-276).

Under this calculation, PHAs are allocated a fee amount for each voucher that is under HAP contract as of the first day of each month. For further information on the proration and reconciliation of FY 2023 Administrative Fees, see PIH Notice 2023-07 "Implementation of the Federal Fiscal Year (FFY) 2023 Funding Provisions for the Housing Choice Voucher Program."

PHAs seeking to use administrative fees to encourage owner participation and the leasing of these vouchers are encouraged to consult PIH Notice 2022-18, "Use of Housing Choice Voucher (HCV) and Mainstream Voucher Administrative Fees for Other Expenses to Assist Families to Lease Units" for guidance.

7. Renewals and Reporting of HAP and Administrative Fees

These vouchers will be renewed and must be reported monthly into the Voucher Management System (VMS) in the same manner as vouchers and administrative fees are renewed and reported for a PHA's regular HCV program. These are not special purpose vouchers, but rather an additional allocation of regular HCVs that will roll into the PHAs renewals after the first year.

8. Uses of Funds and Tracking

The funding from these awards must exclusively be used for the leasing of new admissions to the HCV program. These funds cannot be used for HCV renewals or for the accumulation of reserves. PHAs are required to track the initial leasing of these vouchers and spending to document that these funds were used for leasing new admissions.

9. Further Information

Questions concerning this notice should be submitted by email to the following HUD mailbox: NewHCVS@hud.gov

Richard J. Monocchio

Richard J. Monocchio
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Office of Public and Indian Housing