



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

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention of:
Public Housing Agencies
PIH Staff

PIH Notice 2020-17

Issued: July 30, 2020
Amended: October 28, 2020

Amendment on October 27, 2020 revises deadline for supplemental funding applications and the period of availability for PUC increases due to Extraordinary Circumstances.

Expires: This notice remains in effect until amended, superseded, or rescinded.

Cross References: PIH Notice 2020-04, PIH Notice 2020-05 PIH, Notice 2020-08

SUBJECT: CARES Act – Housing Choice Voucher (HCV) Program Housing Assistance Payments (HAP) Supplemental Funding

1. **Purpose.** This notice implements the HAP supplemental funding provisions for the Housing Choice Voucher (HCV) Program, including Mainstream vouchers, 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 HAP and administrative fee funding to prevent, prepare for, and respond to coronavirus (COVID-19). The Tenant-Based Rental Assistance language of the CARES Act is attached as Appendix A.

This notice describes the allocation methodology determined by the U.S. Department of Housing and Urban Development (HUD) for the HAP portion of this appropriation and the public housing agency (PHA) eligibility and application submission requirements for the funding.

2. **Summary.** The CARES Act provides funding to prevent, prepare for, and respond to COVID-19, including for PHAs to maintain normal operations and take other necessary actions during the period the program is impacted by COVID-19. The total supplemental appropriation for the HCV Program is \$1.25 billion.

This notice covers the requirements related to the supplemental HAP funding totaling \$400 million for the HCV Program, including Mainstream vouchers. The supplemental HAP funding is available for PHAs that either (1) experience a significant increase in voucher PUC due to extraordinary circumstances, or (2) despite taking reasonable cost saving measures, as determined by the Secretary, would otherwise be required to terminate rental assistance for families as a result of insufficient funding (herein referred to as Shortfall Funds).

For PHAs that are applying under the first category, if your agency previously submitted applications for CY 2020 HAP renewal set-aside funding under Category 2A-Unforeseen Circumstances (PIH Notice 2020-04) due to PUC increases triggered by COVID-19, your agency **must resubmit** those funding requests in accordance with this notice. Resubmission of the PHA application under the CARES Act HAP supplemental funding will ensure proper tracking of the CARES Act funds and will expedite the processing of the PHAs' requests with the latest available data. PHAs that previously submitted applications under Category 2A-Unforeseen Circumstances for PUC increases for reasons other than COVID-19 are not required to submit an updated application but are encouraged to do so if the PUC has further increased as a result of the COVID-19 pandemic.

For PHAs applying under the second category, if your agency previously applied for Shortfall Funds under the calendar year (CY) 2020 HAP renewal set-aside (PIH Notice 2020-04), your agency **does not have to resubmit** a Shortfall Funds application under this notice. However, PHAs that have not submitted applications for Shortfall Funds as of the date of this notice must do so in accordance with the requirements of this notice, and not under the PIH Notice 2020-04. This notice supersedes the guidance in PIH Notice 2020-04 regarding the process by which HUD will make additional HAP funding available to PHAs 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.

HUD will first use the CARES Act appropriations to address HAP funding shortfalls before using the CY 2020 HAP renewal set-aside funds for this purpose. PHAs that submit applications for HAP shortfall funding under either the PIH 2020-04 Notice or this Notice may receive funding from the CARES Act Supplemental funding and/or the CY 2020 Appropriations Act HAP renewal set-aside – the application covers both funding sources.

Awards will be made to eligible PHAs based on need, as determined by HUD. The requirements for applications under each category are described in section 3 of this Notice.

- 3. Eligibility and Submission Requirements.** The CARES Act provides supplemental HAP funding for the HCV program, including Mainstream vouchers. HUD will award \$400 million in adjustments to eligible PHAs' CY 2020 renewal funding allocations. The CARES Act HAP funding identifies two eligible categories for adjustments to renewal funding allocations: Extraordinary Circumstances as described in section A below and Shortfall Funds described in section B. These awards will be made to eligible PHAs based on need, as determined by HUD, following a complete application submitted by the PHA. HUD will prioritize the Shortfall Funds category to prevent termination of assistance to participating families.

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

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 2020.

- i. Application Period:** PHAs may submit applications from the issuance date of this notice through **March 31, 2021, or until HAP funds have been depleted.**
- ii. Review Process and Timing of Funding Award:** HUD will review applications on a rolling basis to determine eligibility and priority status. Applications that qualify for priority status (Priority Applications) will be funded as the application is received and processed, subject to the availability of funding. Applications that do not qualify for priority status (Regular Applications) will be eligible to receive funding in November, subject to the availability of funding.
- iii. PHA Eligibility:** PHAs with a PUC (based on the most recent month of total HAP expenses and leasing) that is 102 percent or greater than the PUC HUD used to determine the PHA's CY 2020 renewal funding (the CY 2020 PUC) and meet the application submission requirements are eligible for funding under this category.
- iv. Priority Status:** If the PHA HAP reserve is less than the amount needed to cover three (3) months of HAP expenses, the PHA application qualifies for priority status. For this exercise, HUD determines the amount of PHA HAP reserve by taking the PHA's reconciled 12/31/2019 HAP reserve balance and adjusting it to account for the validated CY 2020 VMS data for HAP expenses and the budget authority disbursed to the PHA for the same time period. HUD will then take the most recent validated month of expenses from VMS and adjust it by adding a 2 percent margin. The adjusted reserve balance is divided by adjusted HAP expenses to determine if the PHA reserve balance is less than the equivalent of three (3) months of HAP expenses. A sample calculation is provided at the end of this subsection.

If the PHA application qualifies for priority status, the PHA will be notified and will receive funding shortly after the application is processed, subject to the availability of appropriations.

If the PHA application is determined to be a regular application, HUD will promptly notify the PHA that the application has been approved but that funding will not be made available until November, subject to the availability of appropriations.

- v. Summary of Application Outcomes:** The following chart summarizes the potential outcomes for an application submitted prior to the **March 31, 2021** deadline:

	Application Evaluation Result	Submission	Part I – PUC	Part II - Reserves
Group		Complete Application	PUC > than 102%	HAP Reserves < 3 months
Priority	Eligible for Immediate Funding	Yes	Yes	Yes
Regular	To be funded in November 2020	Yes	Yes	No
Ineligible	Ineligible for Funding	No	No	N/A

- vi. **Additional Applications:** PHAs that receive an initial funding award as a priority application are eligible to apply for a second award on or before **March 31, 2021**, if the PHA's PUC continues to increase after the initial application was funded. HUD will take the initial award into consideration when determining if the second application qualifies as a priority or regular application.

PHAs that previously submitted an application that was approved as a regular application may reapply on or before **March 31, 2021**, if the PHA's PUC continues to increase after the initial application. In such instance, the new application supersedes the original application, which will be discarded and no longer eligible for funding.

PHAs that submitted ineligible applications are eligible to reapply on or before **March 31, 2021**, if the PHA believes that based on changing circumstances they are subsequently eligible for funding under this category.

- vii. **Funding considerations:** Depending on funding availability in November 2020, Regular Applications may be prorated. Furthermore, HUD may at any time suspend or stop awarding funds under this category if HUD determines that some or all of the funding allocated for this eligibility category is needed to prevent terminations of families due to insufficient funding under the second eligibility category.
- viii. **Funding Award Calculations for PHAs:** For non-MTW PHAs, the funding award amount will be calculated as follows:
- a. HUD determines the difference between the increased PUC and the PHA's CY 2020 HAP renewal PUC. The increased PUC is calculated by dividing HAP costs by unit months leased (UMLs) for the most recent month of total HAP based on the most recent month provided by the PHA as part of the application. The PHA's CY 2020 HAP renewal PUC is located in the 2020 HCV renewal **Enclosure A**, line 29, described as *CY 2020 Inflated Per Unit Cost*.
 - b. The difference is then multiplied by the PHA's most recent month's UMLs and then by 12 months to determine the total funding amount.

In the absence of PUC and UML data provided by the PHA, HUD will use May 2020 VMS data, or the most recent validated VMS data available, to calculate PHA eligibility.

For MTW PHAs, the funding amount will be calculated as follows:

- a. HUD will calculate the CY 2020 HAP PUC by dividing the MTW PHA's average CY 2019 monthly HAP expenses (excluding mid-month expenses) by the average CY 2019 unit months leased in the "frozen" CY 2019 Voucher Management System (VMS) database¹, and then adjusting it by the CY 2020 inflation factor.
- b. The award amount is then calculated by multiplying the difference between the increased PUC and the MTW PHA's CY 2020 HAP PUC by the PHA's most recent month's UMLs then multiplied by 12 months.

In the absence of PUC and UML data provided by the PHA, HUD will use May 2020 VMS data, or the most recent validated VMS data available, to calculate PHA eligibility.

Please see the example calculations for a non-MTW PHA and an MTW PHA at the end of this section.

- ix. Application submission requirements:** To be eligible for funding under this category, a PHA must submit a completed **Appendix B** Application for Extraordinary Circumstances under the CARES Act HAP Funding provided with this notice. PHAs must select the applicable program for this application, either Mainstream vouchers, the HCV program or both and complete the table(s) under the selected program. The tables within **Appendix B** provide space for PHAs to enter their HAP costs and UMLs for the most recent month of total HAP expenses, which will be reported in VMS. The final column of data in each table is for the PUC. PHAs must divide the HAP by the UMLs (column 1 divided by column 2) to provide the accurate PUC. Additionally, PHAs will certify that their HCV Program, Mainstream vouchers, or both are experiencing extraordinary circumstances due to COVID-19 and then certify that all the information provided within Appendix B is accurate.

Failure to provide a completed Appendix B will result in denial of the application. However, in the absence of PHA provided PUC and UML data, HUD will accept the application and use the May 2020 PUC form VMS, or the most recent VMS data available.

HUD will not accept mailed or faxed applications. PHAs are required to submit their applications electronically. Electronic signatures will be accepted on

¹ The frozen CY 2019 VMS database refers to the period where HUD does not allow the PHA to further update their data. The frozen data is used to calculate renewals for the CY.

Appendix B to this notice. Requests for the Extraordinary Circumstance category as introduced by this notice, **must be submitted** to the 2020COVIDHCV@hud.gov email address. The subject line of the email must include the following: **PHA Number, 2020 Extraordinary Circumstances Application** (for example, TX001, *2020 Extraordinary Circumstances Application*).

ALERT: All PHAs must submit requests for PUC increases under the Extraordinary Circumstance category using **Appendix B** to this notice. PHAs that previously applied for PUC increases due to COVID-19 under the 2A-Unforeseen Circumstance category of the CY 2020 HAP renewal set-aside, (per PIH Notice 2020-04) must **resubmit** their requests under this Extraordinary Circumstance category. HUD will communicate this requirement to all PHAs that submitted funding applications for PUC increases due to COVID-19 under the 2A-Unforeseen Circumstances category of the CY 2020 HAP renewal set-aside.

x. Example calculations.

Example 1: Part I - Supplemental HAP Funding Award for a non-MTW PHA

1	Most Recent Month's PUC provided by the PHA	\$500		In the absence of the PHA providing the most recent month's PUC, HUD will use May 2020 PUC or the most recent validated month of VMS reporting
2	PHA's CY 2020 PUC (2020 HCV Renewal Enclosure A, line 29, described as CY 2020 Inflated Per Unit Cost)	\$405		
3	Difference between the PUCs		\$95	
4	Is the difference between to the 2 PUCs 2% or greater than the CY 2020 PUC (Line 1 divided by Line 2, must be greater than 1.02)?	23%		
5	Most Recent Month's Units leased	300		In the absence of the PHA providing the most recent month's UML, HUD will use May 2020 UML or the most recent validated month of VMS reporting
6	Unit months leased (Line 5 * 12)		<u>3,600</u>	
7	Total Request (Line 3 * Line 6)		\$342,000	

In this example the PHA's PUC increased 23 percent which meets Part I of the application review. The PHA is eligible for \$342,000. The next step is to ascertain if this is a Priority Application (the PHA's HAP Program Reserve is less than three-months' worth of HAP) or a Regular Application in order to determine when the funding will be made available.

Example 2: Part I - Supplemental HAP Funding Award for an MTW PHA

1	Most Recent Month's HAP Expense	\$8,772,886		In the absence of the PHA providing the most recent month's PUC, HUD will use May 2020 PUC as reported in VMS or the most recent month's validated VMS
2	Most Recent Month's Units Leased	9,783		In the absence of the PHA providing the most recent month's units leased, HUD will use the May 2020 UML as reported in VMS or the most recent month's validated VMS
3	Increased PUC (Line 1 divided by Line 2)	\$896.75		
4	CY 2020 HAP PUC	\$841.91		
5	Is the difference between the two PUCs 2% or greater than the CY 2020 PUC (Line 3 divided by Line 4)?	7%		
6	Difference between PUCs (Line 3 minus Line 4)		\$54.84	
7	2020 Estimated UMLs (Line 2 x 12)		<u>117,396</u>	
8	Total Request (Line 6 * Line 7)		\$6,437,997	

In this example, the PHA's PUC increased 7 percent which meets Part I of the application review. The next step is to ascertain if this is a Priority Application (the PHA's HAP Program Reserve is less than three-months' worth of HAP) or a Regular Application in order to determine when the funding will be made available.

Example 3: Part II - Application Priority Status Determination

1	12/31/2019 HUD-Held Reserves	\$30,000
2	Budget authority disbursed January – May 2020	\$50,000
3	January – May 2020 VMS HAP expenses	(\$45,000)
4	Available Reserves	\$35,000
5	1 month of HAP expenses in VMS (May 2020 or most recent)	\$10,000
6	Plus 2% margin	\$200
7	Total HAP expenses	\$10,200
8	Total Months of HAP in Program Reserves (Line 4/Line 7)	3.4 months

The PHA's HAP Program Reserve is above the three-month threshold, therefore this PHA would qualify as a regular application, not a priority application.

B. Shortfall Funds:

This category will assist PHAs (including MTW PHAs) that despite taking reasonable cost savings measures, would otherwise be required to terminate rental assistance for families as a result of insufficient funding for either the Mainstream vouchers and/or HCV Program.

Should the CARES Act HAP funding be insufficient to cover Shortfall needs, HUD will use any remaining CY 2020 HAP renewal set-aside funds. Therefore, a PHA Shortfall Funding application (Appendix D) under this notice will also be considered under the CY 2020 HAP renewal set-aside for the Shortfall Funds category.

The Shortfall Funding guidance provided in this notice supersedes the guidance provided through PIH Notice 2020-04. Effective as of the issuance date of this notice, PHAs applying for Shortfall funds must use the guidance and Appendix D as provided by this notice. PHAs that previously applied for Shortfall Funds under the CY 2020 HAP renewal set-aside, using Appendix E, do not have to resubmit their application as HUD will process it under this notice.

To be eligible for funding under this category, the PHA must meet the criteria outlined below for either Shortfall Scenario 1 or Shortfall Scenario 2 and must submit 2020 Appendix D – PHA Application for *Shortfall Funds* and PHA Certification of Reasonable Cost Savings Measures Undertaken to Prevent Termination of HCV Participants Due to Insufficient Funds.

- 1) **Shortfall Scenario 1:** This scenario applies to PHAs already in a Shortfall Prevention Team (SPT) confirmed shortfall on March 31, 2020, the date PIH Notice 2020-04 was issued. See Appendix D of this notice for the applicable certification language.
- 2) **Shortfall Scenario 2:** This scenario applies to PHAs that were not in an SPT-confirmed shortfall as of March 31, 2020 but are confirmed to be in one after that date, despite managing their HCV program budgets in a reasonable and responsible

manner. Under this scenario, HUD will review each application on a case-by-case basis to determine if the PHA is eligible for funding under this category. The PHA signature at the bottom of **Appendix D** indicates that the PHA agrees to comply with all SPT directed cost savings measures.

Note: In determining a shortfall and the amount of funding to be provided, HUD will use the **HCV Two-Year Forecasting Tool**. PHAs should refer to **Appendix C** of the notice, which provides the criteria HUD will use to determine if the PHA has a HUD-confirmed shortfall and the calculation of the shortfall amount. HUD's Two-Year Forecasting Tool and the instructions for it can be found through a link on the [Office of Housing Vouchers website](#).

PHAs with specific questions related to the calculation and determination of a HUD confirmed shortfall should contact the SPT at: 2020ShortfallInquiries@hud.gov. The subject line of the email must include the PHA's number (for example, TX001).

SUBMISSION: Appendix D as applicable.

ALERT: All PHAs with SPT confirmed shortfalls must submit requests for Shortfall Funds using Appendix D to this notice. However, PHAs that previously applied for Shortfall Funds under the 2020 HAP renewal set-aside under PIH Notice 2020-04, do not have to resubmit using Appendix D because HUD will process the previous request under this notice.

DEADLINE: The application period will remain open. PHAs may apply or reapply at any time during the application period. PHAs that receive Shortfall Funds based on their current HAP costs may find it necessary to apply for additional funds. Similarly, PHAs that do not initially anticipate a shortfall because they have suspended leasing and expect to decrease leasing by attrition may apply later if the attrition fails to resolve their shortfall. PHAs should still be in contact with the HUD field office and SPT in cases where the PHA anticipates attrition will solve the shortfall.

HOW TO SUBMIT SHORTFALL APPLICATIONS: PHAs are required to submit their applications electronically, HUD will not accept mailed or faxed applications. Electronic signatures will be accepted on Appendix D to PIH 2020-04. Requests for the Shortfall category **must be submitted** to the 2020Shortfallapplications@hud.gov. The subject line of the email must include the **PHA's number and the words "Shortfall Application"** (for example, TX123 Shortfall Application).

Quick Reference and Timeline Sheet for CARES Act HAP Funds:

Category	Deadline	PHAs must submit
Extraordinary Circumstances	Will remain open until March 31, 2021 or funds are depleted. Applications accepted on a rolling base	<ul style="list-style-type: none"> • Completed Appendix B, Application for Extraordinary Circumstances under the CARES Act HAP Funding. <p>Failure to complete all of Appendix B, WILL result in a rejection of the PHA's application for Extraordinary Circumstances</p>
Shortfall Funds	Will remain open. Applications accepted on a rolling base	<ul style="list-style-type: none"> • Completed Appendix D, Application for Shortfall Funds, to this notice (Appendix E applications per PIH Notice 2020-04, received prior to the issuance of this notice do not need to be resubmitted)

4. **Period of Availability.** The effective date of the CARES Act HAP funding is March 27, 2020. HUD recognizes that the HCV and Mainstream vouchers may have been affected prior to this date and will continue to be impacted by COVID-19 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 waivers and alternative requirements in accordance with [PIH Notice 2020-05](#), and manage CY leasing and utilization challenges created by COVID-19.

The Department has determined that the period of availability of the supplemental funding awarded for PUC increases due to Extraordinary Circumstances will continue until **December 31, 2021**. Any CARES Act HAP funds awarded under the Extraordinary Circumstances category that remain unexpended after **December 31, 2021**, will be recaptured by HUD unless if that timeframe is extended. If funds remain unexpended at a PHA where the program continues to be impacted by COVID-19, HUD will consider extending the period of availability.

The period of availability for supplemental funding awarded under the Shortfall Funds category is December 31, 2020. This date will not be extended, because these funds are provided to prevent terminations in CY 2020. HUD will reconcile actual expenses through December 31, 2020 during early 2021 and will adjust the Shortfall awards accordingly. Any unexpended funds at a PHA at the conclusion of this reconciliation will be recaptured.

Finally, CARES Act HAP funds may not roll into the restricted net position (RNP) and must be tracked and accounted for separately throughout the period of availability. If any of these funds are not expended by the PHA before the end of the period of availability, the remaining funds will be recaptured by HUD. Accounting and remittance guidance will be forthcoming.

5. **Ineligible Expenses.** The funding provided through this notice may only be used for current year eligible HAP expenses. HAP funding cannot be used for the repayment of debts or any amounts owed to HUD by HUD program participants including, but not limited to, Office of Inspector General (OIG), Quality Assurance Division (QAD) or other monitoring review findings. HAP cannot be used for Administrative Fee purposes.
6. **Reporting Requirements.** CARES Act HAP funding expenses must be reported within the appropriate VMS fields. PHAs must track supplemental funding received and spent for the Mainstream vouchers separately from the supplemental funding for the HCV Program. These funds cannot be comingled or used interchangeably should the PHA receive funding for both programs. 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 COVID-19 revenue and expenses by creating COVID-19 Profit and Loss (P&L) accounts. Guidance for reporting COVID-19 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.

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 reporting requirement to comply with the CARES Act will be forthcoming.

9. **Further Information.** Direct questions to the COVID-19 electronic mailbox, at PIH-COVID@hud.gov.

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.

CY 2020 Housing Choice Voucher Program

Application for \$400 Million CARES Act Funding for PUC Increases due to Extraordinary Circumstances funding.

Name of PHA: _____

PHA Number: _____

Executive Director: _____

CHECK THE BOX and complete the information in the table(s) below the program that apply to this request. PHAs applying under both programs must ensure they complete each table with the data that applies to that program.

_____ **Extraordinary Circumstances for the Mainstream Vouchers.**

Total HAP Expenses and UMLs for the month of _____, 2020

Most recent month of Total HAP Expenses	UMLs for the most recent month of HAP Expenses	HAP Expenses divided by UMLs = PUC
\$		\$

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

Total HAP Expenses and UMLs for the month of _____, 2020

Most recent month of Total HAP Expenses	UMLs for the most recent month of HAP Expenses	HAP Expenses divided by UMLs = PUC
\$		\$

Certification to the Cause of the PUC Increase:

I, _____, hereby certify that the HCV Program, Mainstream Vouchers, or both are experiencing extraordinary circumstances due to COVID-19, and this adjustment is necessary to maintain normal operations and take other necessary actions during the period of impact. Applications for funding adjustments under the CARES Act are subject to the Quality Assurance Division review for verification.

Further information on applying for this category of funding as well as deadline details are provided in Section 3 of this notice.

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

Certification: I 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

Appendix C

Calculation of HUD-Confirmed Shortfall and Shortfall Amount

The amount that a PHA will be eligible to receive from the \$400,000,000 CARES Act HAP funding (and/or the CY 2020 HAP renewal set-aside, if needed) will be calculated by HUD, using HUD's Two-Year Forecasting Tool (see link) and the most recent validated voucher leasing and expense data available in VMS at the time the PHA's application is reviewed, including any updated information supplied by the PHA. HUD's Two-Year Forecasting Tool can be found at the [Office of Housing Choice Vouchers](#) website that includes a link to the two-year tool instruction page.

The two-year tool compares all resources available to support the PHA's HAP payments in CY 2020 with actual HAP expenses for 2020 projected through the end of the CY based upon the best information available.

Resources are calculated using the HUD-calculated RNP as of 12/31/2019, the HUD-held reserve as of 12/31/2019, the PHA's actual Renewal Annual Budget Authority (ABA) for 2020, and any new voucher incremental funding applicable to CY 2020 or set-aside and/or CARES Act amounts awarded or expected to be awarded in 2020.

HAP expenses are calculated based on current leasing and expense data, projected through the end of CY 2020; the PHA's suspension of voucher issuance (with the exceptions noted below), and considering any updated information supplied by the PHA.

The requirement to suspend voucher issuance is subject to the following exclusions subject to over leasing provisions (note, vouchers in category 2 below are also added to the HAP expense projection):

1. The reissuance of turnover vouchers lost to attrition; however, PHAs may not exceed the number of units under HAP contract at the time of the confirmed shortfall (except the SPVs listed in item 4 below). In general, a PHA may reissue the turnover voucher to a family from the PHA waiting list, except for eligible VASH turnovers where a referral is provided by the Veterans Administration Medical Centers (VAMC), issue the voucher to a family moving from a Project-Based Voucher (PBV) unit in accordance with 24 CFR 983.261, or use the voucher to absorb a family under portability. However, a PBV family that has the right to move in accordance with 24 CFR 983.261 and wishes to do so has priority for the turnover voucher.
2. Vouchers issued to current HCV participants to allow them to move.
3. New VAMC referrals for HUD-Veterans Affairs Supportive Housing (HUD-VASH) for previously unleased vouchers.

4. Vouchers issued to program applicants under special-purpose voucher increments awarded in CY 2019 or CY 2020. These special-purpose vouchers (SPVs) include Family Unification Program (FUP), and Tenant Protection vouchers initially awarded in 2019 and/or 2020, to include Set-aside funding. Note that turnover SPVs may be also be reissued under exception #1 above.
5. Vouchers issued to applicants moving into PBV units to allow the PHA to meet its contractual obligation to fill PBV Agreement to Enter Housing Assistance Payments (AHAP) units being placed under HAP for the first time, and PBV units currently under HAP that are vacated by program participants. However, tenant-based vouchers are not to be issued to participants living in PBV units who are requesting a voluntary move with a tenant-based voucher after the date of date of notification by the SPT of a potential shortfall unless a turnover voucher is or becomes available for reissuance under exception #1 above.
6. Vouchers issued pursuant to the settlement of litigation (“Litigation Vouchers”) against a PHA. PHAs must request approval to continue leasing Litigation Vouchers and submit supporting documentation. HUD will review and decide on a case by case basis using the supporting documentation received as the basis for the decision.
7. The Secretary reserves the right to consider additional exceptions on a case-by-case basis.

Per item 1 in the above list, PHAs that received an SPT Shortfall notification of a potential shortfall **cannot continue to issue new vouchers, with the exception of vouchers already under lease that were turnover (turnover vouchers) on or after receipt of the SPT notification. This guidance supersedes guidance published in PIH Notice 2020-04.**

In addition, the SPT may suspend or eliminate these exceptions to the suspension of voucher issuance for a Shortfall PHA if such action is subsequently determined to be necessary by the SPT to prevent the termination of families. The Shortfall PHA must comply with the SPT’s instructions in such circumstances to remain eligible for shortfall funding.

The application period for shortfall funding will remain open throughout the CY 2020, and PHAs may apply at any time during the application period. PHAs that receive CARES Act funds based on their current HAP costs are encouraged to maintain contact with the SPT to ensure all shortfall needs are met.

All PHAs applying for shortfall must be working with HUD’s SPT at the time of their application. The SPT will review the PHA’s funding available for 2020 and their leasing and expense data to date, to determine whether the PHA has a shortfall and the amount needed to resolve the shortfall. To reduce the possibility of an increased shortfall, the PHA will continue to work with the SPT throughout the year to monitor the PHA’s financial position and to implement cost savings measures.

Factors considered by the SPT to determine the amount of a potential shortfall will be determined as follows:

- a. **Cash Supported Total Reserves as of 12/31/2019**: SPT will use the Cash Supported Total Reserves as of 12/31/2019, which consists of the HUD-Held Reserve and the lower of HUD-Estimated Excess Cash, PHA Reported RNP as of 12/31/2019, or the actual amount of cash on hand to support the RNP. If there is a discrepancy with any of these amounts the PHA will be required to provide documentation as requested before this adjustment will be made.
- b. **HUD-held reserve as of 12/31/2019**: SPT will use the balance reported to SPT by HUD's FMC.
- c. **2020 Renewal ABA**: Actual renewal ABA awards for CY 2020.
- d. **SPV and tenant protection funding and set-asides**: FMC will provide amounts to be made available to the PHA in CY 2020 for special-purpose voucher and tenant protection funding increments applicable to any portion of CY 2020, and for any set-aside/CARES Act funding previously awarded in CY 2020.
- e. **Unit months leased**: The unit months leased (UML) for CY 2020 will be projected by taking the number of units reported in VMS in the last month available and projecting that number through the end of the year.
- f. **Total HAP expense**: Total HAP expense for CY 2020 will be based on a projection of the unit months leased for CY 2020 (described in e above) at the per-unit cost taken from the PHA's most recent VMS report, and considering any updated information supplied by the PHA. If the PHA's PUC increases in future months, and the PHA again determines that it is in danger of a shortfall, an additional shortfall award may be made without the need to reapply.
- g. **Vouchers issued or projected to be issued**: The number of vouchers issued as of the date of notification by the SPT of a potential shortfall, as shown in the PHA's VMS report, will be used to determine future leasing, if any, from vouchers issued prior to the date of notification by the SPT of a potential shortfall. **PHAs can only reissue turnover vouchers after receiving SPT notification of a potential shortfall** to maintain their leasing levels during the period the program is impacted by COVID-19. Planned issuances for vouchers exempt from the suspension will be shown in the months they will be issued. The projected HAP costs for these units will be affected by the voucher success rate provided by the PHA and average time from issuance of the voucher to the HAP effective date.

- h. **Other Planned Additions or Reductions to Leased Units:** This field incorporates into the leasing schedule other planned additions to leasing with fixed start dates, such as the dates that PBV units currently under AHAP are scheduled to come under HAP. The calculated HAP cost for these units is not subject to the success rate calculation.

- i. **2020 Year-End Total HAP Reserve Balance:** Any PHA with a negative projected 2020 year-end balance will be considered a shortfall PHA. PHAs with year-end balances of \$0 or above will not be considered shortfall PHAs or eligible to receive shortfall CARES Act funds.

CY 2020 Housing Choice Voucher Program – Application for Funds from \$400 Million CARES Act HAP and CY 2020 HAP Renewal Set-aside

PHA Application for Shortfall Funds and PHA Certification of Reasonable Cost Savings Measures Undertaken to Prevent Termination of HCV Participants Due to Insufficient Funds.

Name of PHA: _____

PHA Number: _____

Executive Director: _____

Please check the applicable program for which your PHA is applying, PHAs applying for and awarded Shortfall Funds under both must keep the funding separate as they may only be used for the program the funding was awarded to:

_____ Mainstream Vouchers

_____ HCV Program

The above referenced agency is applying for Shortfall Funds and has undertaken reasonable cost savings measures to prevent termination of HCV Participants due to insufficient funds.

Please check Shortfall Scenario 1 or Shortfall Scenario 2 for which your PHA is applying. The application must be signed by the appropriate PHA official.

_____ **Shortfall Scenario 1:** For PHAs in an-SPT confirmed shortfall as of March 31, 2020, the certification is as follows:

I, _____, hereby certify to the following:

(1) At the time of application, the PHA is working with the HUD Shortfall Prevention Team (SPT) and SPT has confirmed the PHA is in a shortfall position. (PHAs that are not currently working with the SPT but believe they are in a shortfall position should immediately contact their HUD Field Office for assistance.)

(2) The PHA has **ceased issuing new vouchers** to applicants as of the date of notification by the SPT of a potential shortfall. Please note that this restriction does not apply to the following; however, is subject to over leasing provisions:

- The reissuance of turnover vouchers lost to attrition; however, PHAs may not exceed the number of units under HAP contract at the time of the confirmed shortfall (except the SPVs listed in the 4th point below). In general, a PHA may reissue the turnover voucher to a family from the PHA waiting list, except for eligible VASH turnovers where a referral is provided by the Veterans Administration Medical Centers

(VAMC), issue the voucher to a family moving from a Project-Based Voucher (PBV) unit in accordance with 24 CFR 983.261, or use the voucher to absorb a family under portability. However, a PBV family that has the right to move in accordance with 24 CFR 983.261 and wishes to do so has priority for the turnover voucher.

- Vouchers issued to current HCV participants to allow them to move.
- New VAMC referrals for HUD-Veterans Affairs Supportive Housing (HUD-VASH) for previously unleased vouchers.
- Vouchers issued to program applicants under special-purpose voucher increments awarded in CY 2019 or CY 2020. These special-purpose vouchers include Family Unification Program (FUP) and Tenant Protection vouchers initially awarded in 2019 and/or 2020, to include set-aside funding. Note that turnover SPVs may be also be reissued under the exception in the first bullet point above.
- Vouchers issued to applicants moving into Project-Based Voucher (PBV) units to allow the PHA to meet its contractual obligation to fill PBV AHAP units being placed under HAP for the first time, and PBV units currently under HAP that are vacated by program participants. However, tenant-based vouchers are not to be issued to participants living in PBV units who are requesting a voluntary move with a tenant-based voucher after the date of date of notification by the SPT of a potential shortfall.
- Vouchers issued pursuant to the settlement of litigation (“Litigation Vouchers”) against a PHA. PHAs must request approval to continuing leasing Litigation Vouchers and submit supporting documentation. HUD will review and decide on a case by case basis using the supporting documentation received as the basis for the decision.

_____ **Shortfall Scenario 2:** For those PHAs that manage their HCV program budgets in a reasonable and responsible manner but are later determined to be in an SPT-confirmed shortfall position, HUD will review each application on a case-by-case basis to determine if the PHA is eligible for funding under this category.

I, _____, here by certify that the PHA agrees to comply with all SPT-directed cost savings measures.

Certification: I 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