SUBJECT: Implementation of the Federal Fiscal Year 2012 Funding Provisions for the Housing Choice Voucher Program

1. Purpose. This Notice implements the Housing Choice Voucher (HCV) program funding provisions of the “Consolidated and Further Continuing Appropriations Act, 2012” (PL 112-55), referred to hereafter as “the 2012 Act,” enacted on November 18, 2011. The 2012 Act establishes the allocation methodology for calculating housing assistance payments (HAP) renewal funds, new incremental vouchers and administrative fees.

2. Summary. The HCV program is the largest rental assistance program in the nation. Funding is provided through Annual Appropriation Acts through HUD, which in turn distributes it to public housing agencies (PHAs) in accordance with the Appropriations Act as described in this Notice.

The 2012 Act requires the Department to provide renewal funding based on validated Voucher Management System (VMS) leasing and cost data for the prior calendar year, (January 1, 2011 – December 31, 2011), rather than on the prior Federal Fiscal Year validated VMS leasing and cost data as in recent years.

In 2012, Congress appropriated $18,914,369,000 to fund the HCV program. Of that, funding is broken down in the amounts and sections of the Act as follows:

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAP Renewal funding</td>
<td>$17,242,351,000</td>
</tr>
<tr>
<td>(NRA Offset from HAP Renewal Funding Above)</td>
<td>(650,000,000)</td>
</tr>
<tr>
<td>Tenant Protection Vouchers</td>
<td>75,000,000</td>
</tr>
<tr>
<td>Administrative Fees</td>
<td>1,350,000,000</td>
</tr>
<tr>
<td>Family Self-Sufficiency</td>
<td>60,000,000</td>
</tr>
</tbody>
</table>

1 From the HAP Renewal funding, the 2012 Act provides up to $103 million which will be used as a set-aside to address four specific categories of need.

2 Under the General Provisions, Section 236, of the 2012 Act, Congress has directed the Department to offset $650,000,000 through an NRA Offset.
This implementation notice provides detailed information concerning how HUD calculates funding for every PHA’s HCV program. In addition, each PHA will receive an individual funding letter with the PHA’s funding calculations attached. If a PHA does not understand the calculation or has questions related to this Notice, the PHA should contact its Financial Analyst (FA) at the Financial Management Center (FMC).

This Notice is organized into sections designed to address the funding of both vouchers and administrative fees (Sections 3 through 8) and other policy issues (Sections 9 through 14). Additionally, Appendix A provides the text of the 2012 Appropriations Act as it relates to HCV funding.

PHAs are encouraged to pay particular attention to Section 3b (set-aside) and Attachments A and B of this Notice. The 2012 Act provides a $103 million set-aside for specific categories only. In order to be considered for funding under the set-aside funding, a PHA must meet the eligibility requirements described in Section 3b, and submit a completed Attachment A (and, where applicable, Attachment B) and the required supporting documentation in the timeframe and manner prescribed in this Notice.

This year, HUD is again focused on ensuring that PHAs appropriately manage their HCV programs within the funding provided for the CY and existing net restricted assets (NRA). PHAs should review their per unit costs (PUC), leasing and attrition rates on a monthly basis to be able to plan for upcoming months and carefully manage their wait lists. Unlike in CY 2010 and 2011, Congress is requiring that HUD perform an offset of $650,000,000 from PHAs’ NRA. HUD will continue to monitor NRA balances closely this year and will continue to require PHAs to report NRA balances in the Voucher Management System (VMS) on a monthly basis.

Additionally, in order to comply with Treasury requirements, effective January 1, 2012, the Department is implementing cash management procedures for the disbursement of HAP funds to PHAs under the HCV program. The process of disbursing only the funds required for current HAP costs will result in the re-establishment of HUD-held program reserves, whereby excess HAP funds will remain obligated but undisbursed at the HUD level rather than held by the PHAs. This will move new budget authority into the program reserves if it is not needed for current costs. Existing NRA balances currently held by PHAs will be transitioned in CY2012 to the cash management process and the program reserves, via their use in lieu of HUD disbursing additional budget authority. These cash management procedures are fully described in Notice PIH 2011-67 and PHAs are encouraged to review the notice in detail.

3a. **Calculation of CY 2012 HAP Renewal Funding**

The 2012 Act requires that HUD utilize a re-benchmarking renewal formula based on validated leasing and cost data in VMS for **Calendar Year (CY) 2011** (January 1, 2011 through December 31, 2011). The renewal provisions of the Act are stated in **Appendix A.** HUD will provide renewal funding as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans Affairs Supportive Housing</td>
<td>75,000,000</td>
</tr>
<tr>
<td>Mainstream 5 Year Program</td>
<td>112,018,000</td>
</tr>
<tr>
<td><strong>Total Available CY 2012 Appropriations</strong></td>
<td><strong>$18,264,369,000</strong></td>
</tr>
</tbody>
</table>
Step 1: A new HAP funding baseline will be established based on all validated leasing and cost data\(^3\) (not to exceed unit months available under the Annual Contributions Contract (ACC)) in VMS for CY2011, including data that reflects the use of unrestricted net assets (UNA), extraordinary admin fees, or other eligible resources (e.g., such as local funding), for HAP costs during the re-benchmarking period.

Step 2: As required by the Act, HUD will make adjustments for the first-time renewal of certain vouchers. These are tenant protection vouchers and special purpose vouchers such as Family Unification, Veterans Affairs Supportive Housing and Nonelderly Disabled vouchers that are initially expiring in CY 2012. The adjustment to be provided will be an inflation factor to reflect cost increases expected in CY2012.

Step 3: The HUD-published Policy, Development and Research (PD & R) inflation factor adjusted for localities per the PD & R Federal Register Notice to be published early during CY 2012 will be applied to the PHA’s calculated 12 month renewal requirement after all adjustments have been applied under Steps 1 and 2 above. The PD & R inflation factors that HUD will use to reflect inflation can be found at HUD’s website at: this section will be updated as soon as the factors have been published.

Step 4: Proration: HUD will determine the total eligibility for all PHAs and compare that amount to the total available HAP renewal funding per the 2012 Act in order to determine a proration factor. This proration factor will then be applied to each PHA’s CY 2012 eligibility. A pro-ration of less than 100 percent may be necessary in the event that the nationwide eligibility exceeds the available HAP renewal funding.

Step 5: Offset: In accordance with the 2012 Act, HUD will reduce the total pro-rated nationwide eligibility by $650,000,000 by offsetting each affected PHA’s CY 2012 funding by a portion of that PHA’s Net Restricted Assets (NRA) balance as of December 31, 2011. CY2011 budget authority from new incremental awards, including Non Elderly Disabled (NED) Category 2 funding awards, with effective dates in CY 2011, and 50% of the budget authority awarded under the CY 2011Set-aside, will be excluded from NRA for offset purposes. Also, the estimated NRA necessary to lease up VASH vouchers awarded from 2008, 2009 and 2010 Appropriations and the estimated NRA to lease up Family Unification Program (FUP) vouchers awarded from 2008 and 2009 Appropriations, but not yet leased as of 12/31/2011, will be excluded from NRA offsets in 2012. HUD anticipates that the offset for each PHA will be approximately equal to that portion of the PHA’s NRA balance as of December 31, 2011 that exceeds approximately one month of the PHA’s CY 2012 eligibility. If a PHA’s NRA balance is less than the approximate one month, that PHA will not be subject to offset. One month is an estimate; the actual amount used to determine the offsets will be calculated as the amount needed to yield the $650 million offset required. For very small PHAs that administer 50 vouchers or less, the offset will equal that portion of the NRA balance that exceeds approximately six months of the PHA’s CY 2012 eligibility. HUD will

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\(^3\) In those rare instances where vouchers were transferred from one PHA to another during the re-benchmarking period, the leasing and cost data of the PHAs will be adjusted to ensure that the leasing and costs represented by the transferred vouchers are properly accounted for in the eligibility determinations.
provide each PHA the calculation of the December 31, 2011 NRA balance for PHA review and revision request as needed. PHAs have already received calculated NRA balances as of September 30, 2011, for review and revision request as needed, so the December balances review period will be brief.

For Moving to Work (MTW) agencies, the 2012 Act requires an offset of NRA in accordance with VMS data in calendar year 2011 that is verifiable and complete. As a result, the offset applies only to HCV funds attributable to vouchers that are not covered by the MTW agreement, or as provided specifically in a PHA’s agreement.

3b. **Set-aside of up to $103 million to Adjust PHA Allocations.**

This set-aside is for additional HAP needs only; additional administrative cost needs are ineligible for funding through this set-aside.

The 2012 Act provides that **up to $103 million** shall be available to PHAs in four specific categories only:

1. to adjust the allocations for public housing agencies, after application for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in renewal costs of tenant-based rental assistance resulting from unforeseen circumstances or from portability under section 8(r) of the Act;
2. for vouchers that were not in use during the 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the Act;
3. for adjustments for costs associated with HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers; and
4. *(for incremental tenant-based assistance for eligible families currently assisted under the Disaster Voucher Program as authorized by Public Law 109-148 under this heading and the Disaster Housing Assistance Program for Hurricanes Ike and Gustav on the condition that such vouchers will not be re-issued when families leave the program.)*

*The Department has determined that of the $103 million under the set-aside, up to $28 million will be used for Category 4 above. PHAs potentially eligible for Category (4) have been notified under separate cover and have been provided specific instructions for applying for funds under Category (4). Awards under this category will be provided under separate cover. In the event that funding eligibility under this Category (4) is less than $28 million, any remaining funds will be applied to the other 3 categories identified above.*

**Please note that in order to receive funding under the $103 million set-aside (with the exception of Category (4)), PHAs must complete and submit Attachment A, provide the required documentation identified below and, where applicable, Attachment B of this Notice; the submission must be received at the address indicated below by close-of-business (COB) Tuesday, March 27, 2012.**

HUD may make determinations of eligibility for set-aside funding based on need as determined by HUD. Additionally, if eligible requests exceed the funding available, awards
for any/all categories may be subject to proration. Set-aside funds may not be granted for any purposes other than those cited above. Calculations and funding will be determined by HUD for all eligible agencies, including eligible Moving to Work (MTW) agencies. As noted above, for all eligible categories the application receipt is COB Tuesday, March 27, 2012. Submission requirements are described below.

A-1. Category (1)
Unforeseen Circumstances:
To be eligible for funding under this category, a PHA must submit the following:

a. Attachment A
b. Written narrative detailing the unforeseen circumstances that occurred during or after the CY2011 rebenchmarking period that have significantly increased renewal costs.
c. Evidence to support the narrative.
d. PHA calculation of the increased costs for CY 2012.

HUD reserves the right to request additional information or ask for clarification, if necessary.

For Unforeseen Circumstances, it is important to note that PHAs must submit all items (a-d) above by the application deadline in order for the application to be considered. Failure to provide any of the required documents, including the PHA calculation of the increased costs, will result in denial of the application.

The following are some examples of unforeseen circumstances and accompanying evidence HUD would consider in its evaluation under this Category:

- PHAs that have experienced significant increases in the cost of assistance due to an unforeseeable rise in rental costs that exceeds the applicable PD& R inflation factors published by HUD; documentation could include evidence of increased rents, identification of affected contracts and a calculation of the increased costs. **A calculation must be provided by the PHA.**

- PHAs experiencing an increase in their per unit HAP costs in comparison to the pro-rated funded HAP PUC for CY 2012 due to economic conditions resulting in decreases in total tenant payment (TTP); documentation could include actual per unit TTPs and HAP costs experienced by the PHA in CY 2012. **A calculation must be provided by the PHA.**

A-2. Category (1)
Portability:

To be eligible for funding under this category, the PHA must have experienced a significant increase in renewal costs due to portability for tenant-based rental assistance under Section 8(r) of the Act. To calculate eligibility under this category, the Department will compare the average HAP Per Unit Cost (PUC) for the rebenchmarking period (1-1-2011 to 12-31-2011) to the average HAP PUC for "Port Vouchers Paid" during the rebenchmarking period, both based on reporting in VMS. If the portability average HAP exceeds 110% of the program-
wide average HAP PUC for the rebenchmarking period, the PHA will be eligible for set-aside funding. The difference between the portability average PUC and 110 percent of the program-wide average PUC will be multiplied by the total unit months leased for the “Port Vouchers Paid” reported in VMS during the rebenchmarking period to determine funding eligibility. The Department will calculate eligibility under this category; therefore, no additional documentation will be required or accepted other than Attachment A, which must be completed, signed and submitted by the deadline date.

B. Category (2)

**Project-based Vouchers:**

To be eligible for funding under this category, a PHA must show that vouchers were not in use during the CY 2011 rebenchmarking period in order to be available to meet a commitment for project-based voucher assistance under section 8(o)(13) of the Act. Adjustments will apply only to vouchers withheld pursuant to a project-based voucher commitment for newly constructed or rehabilitated housing. Adjustments **will not** apply to existing housing as there is no waiting period for existing housing project-based voucher commitments; therefore, there is no need to withhold vouchers. Adjustments will not be made under any circumstances for those units under an AHAP commitment that, when added to units under lease for CY 2011, exceed the PHA’s baseline units under ACC for CY 2011. (The PHA would not have been able to lease those shelved vouchers during CY 2011 due to the restriction on over-leasing.)

For each project-based voucher commitment for which a request is being made under this category, the PHA must provide an executed Agreement to Enter into a HAP Contract (AHAP), in its entirety, including all exhibits. If the Housing Assistance Payments (HAP) Contract has been executed by the time of the submission of this request for adjustment, the executed HAP Contract, in its entirety, including all exhibits, must also be submitted. If the HAP Contract has not been executed, the PHA must state that the HAP Contract has not yet been executed. **These documents, along with the completed and signed Attachment A, and the completed and signed Attachment B (for every project based commitment) must be submitted by the deadline date.**

C. Category (3)

**HUD-VASH:**

To be eligible for funding under this category the PHA must demonstrate a need for funding as indicated below:

PHAs whose program-wide funded CY2012 HAP PUC is less than their current VASH HAP PUC based on their latest VASH HAP expenses in CY 2012. The PHA must provide a calculation of the need and documentation of the latest VASH HAP PUC in CY2012. **The documentation and calculation, along with the completed and signed Attachment A, must be submitted by the deadline date.**

D. Category (4)

**Incremental tenant-based assistance for Disaster Voucher Program and Disaster Housing Assistance Program for Hurricanes Ike/Gustav for eligible families currently assisted.**
To be eligible for funding under this category the PHA must be providing assistance to the identified disaster households for months in CY 2012 after the termination of the disaster housing assistance funding. Potentially eligible PHAs have been notified, under separate cover, of the application procedures for this category, therefore; no additional information or documentation is required under this Notice.

Documentation requirements for each category are provided below. PHAs are advised to provide all applicable supporting documentation along with the completed/signed Attachment A and Attachment B, where applicable, by the deadline date established in the Submission Requirements section. (Note: If applying for more than one category, only one Attachment A is required.)

Quick Reference Chart for Set-Aside Funds

<table>
<thead>
<tr>
<th>Category</th>
<th>PHAs must submit</th>
</tr>
</thead>
</table>
| (1) Unforeseen Circumstances | • Attachment A  
• Written Justification  
• Evidence to support justification  
• PHA calculation of the increased costs  
**Failure to provide the items identified above, including the PHA calculation of increased costs, WILL result in a rejection of the PHA’s application for Unforeseen Circumstances** |
| (1) Portability           | • Attachment A  
| (2) PBV                   | • Attachment A  
• Attachment B  
• Executed AHAPs  
• Executed HAPs or statement by PHA that none have been executed yet |
| (3) HUD-VASH              | PHAs whose program-wide funded CY2012 HAP PUC is less than their current VASH HAP PUC based on their latest VASH HAP expenses in CY 2012 must provide:  
• Attachment A  
• Documentation of the latest VASH HAP PUC from CY2012 in comparison to the CY2012 Funded HAP PUC  
• A calculation of the amount being requested |
| (4) Incremental Tenant-Based | Potentially eligible PHAs have been notified, under separate cover, of the application procedures for this category, therefore; no additional information or documentation is required under this Notice. |
Submission Requirements:

To be eligible for consideration of funds under category (1) (2), and/or (3), the PHA must complete and submit Attachment A to this Notice - Application for the $103 million set-aside, along with the required documentation, including the PHA calculation of increased costs (for the Unforeseen Circumstances category). For Category (2) only, PHAs must also submit Attachment B to this Notice. Please mark the applicable category (1), (2), and/or (3); provide the documentation identified on Attachment A; ensure signature by the appropriate PHA official; and submit the request to the Department at the address below:

U.S. Department of Housing and Urban Development
Office of Housing Voucher Programs
Attn: Miguel A. Fontanez, Director, Financial Management Division
Room 4222
451 7th Street, S.W.
Washington, DC 20410

The PHA’s request must be received at the above address no later than close of business (5:00 p.m. EDT), Tuesday, March 27, 2012.

It is recommended that requests be sent using overnight mail (USPS Express Mail, UPS, Fed Ex, DHL, etc.) that requires signature upon delivery. Hand-delivered or standard delivery mail will be accepted; however, it is important to note that non-expedited mail (including Priority Mail from the Postal Service) has no guaranteed delivery time and is subject to the Department’s security screening, which can delay delivery. Requests will only be accepted at the above location; requests delivered to other locations will not be accepted. Requests not received on time will not be processed. Faxes and electronic submissions will not be accepted.

4. Tenant Protection Vouchers. HUD may only provide replacement vouchers for those units that were occupied within the previous 24 months that cease to be available as public housing or assisted housing, subject to the availability of funds (See Appendix A for Appropriations text). HUD may reduce the amount of funding in the funding allocation if the PHA has excessive NRA or HAP Reserves available to use to support some of the units.

A) Housing Conversion Actions. The administering PHA is eligible to receive vouchers for the number of units covered by the Housing Conversion Action that were occupied by an assisted family at any time within the 24 months prior to the eligibility event as determined by HUD's Office of Multifamily Housing. The eligibility event for each category of Housing Conversion Action is as follows:
(1) Prepayments: The effective date of the prepayment of the mortgage or the voluntary termination of the mortgage insurance.
(2) Opt-outs: The effective date of the expiration of the project-based contract.
(3) Terminations: The effective date of the contract termination.

B) Public Housing Demolition/Disposition and Conversion. PHAs are eligible to receive vouchers for the number of units that:

(1) will cease to be available as public housing as a result of the approved demolition, disposition, or conversion action, and
(2) were occupied by a public housing resident within the 24 months prior to the date of HUD approval of the PHA demolition/disposition application, or the HOPE VI revitalization plan or conversion plan that contains the demolition or disposition approval, as applicable.

C) Moderate Rehabilitation (MR) and Single Room Occupancy (SRO) Replacements. PHAs are eligible to receive vouchers for the number of units occupied within 24 months prior to the expiration of the MR or SRO contract or the MR or SRO contract termination.

D) The 2012 Act provides that up to $10 million may be available to provide tenant protection assistance, not otherwise provided under the 2012 Act, to residents residing in low-vacancy area and who may have to pay rents greater than 30 percent of household income, as the result of (1) maturity of a HUD-insured, HUD held or Section 202 loan that requires permission of the Secretary prior to loan prepayment; (2) the expiration of a rental assistance contract for which the tenants are not eligible for enhanced voucher or tenant protection assistance under existing law; or (3) the expiration of affordability restrictions accompanying a mortgage or preservation program administered by the Secretary. This proviso further provides that such tenant protection assistance made available under the previous proviso may be provided under the authority of section 8(t) or section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C.H. R. 2112—127 1437f(t)). The Department will issue further information related to this provision within 120 days of enactment of the 2012 Act.

5. Funding for Administrative Costs.
The 2012 Act provides $1,350,000,000 for administrative fees to PHAs administering the voucher program (See Appendix A for Appropriations text). Of the appropriated amount, approximately $1,340,000,000 will be available for ongoing administrative fees and fees for new vouchers and approximately $10,000,000 will be made available to allocate to PHAs that need additional funds to administer their section 8 programs.

A) Ongoing Administrative Fees and Administrative Fees for New Vouchers.
Ongoing administrative fees and administrative fees for new vouchers will be paid based on leasing. These administrative fees will be calculated for CY 2012 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 (Public Law 105-276). Under this calculation, PHAs will be paid a fee for each voucher that is under HAP contract as of the first day of each month. Administrative fees for new incremental vouchers will also be paid based on leasing.

Please note that beginning in CY 2010, HUD no longer provided a lower administrative fee for PHA owned units. A PHA earns the same amount of administrative fee for a PHA owned unit as it does for a non-PHA owned unit.

1) **Pro-ration and Reconciliation of Administrative Fees:**

HUD has developed and posted administrative fee rates for each PHA to enable PHAs to calculate potential fee eligibility. Fee rates will be posted during the month of February, 2012 in the HCV website: http://www.hud.gov/offices/pih/programs/hcv/.

HUD advances administrative fees to PHAs on a monthly basis prior to receiving actual leasing data from PHAs in VMS. Each PHA’s administrative fee eligibility will be reconciled every month based on actual reported leasing by either increasing or offsetting the amount of subsequent administrative fee payment. A final reconciliation is completed after the December 2012 leasing data is reported in VMS.

HUD compares each month’s national eligibility for administrative fees to the appropriated amount available for ongoing administrative fees. HUD then prorates the administrative fees (and consequently the monthly disbursements) based on reported leasing to the extent necessary not to exceed the amount appropriated for ongoing administrative fees for CY 2012.

PHAs have received administrative fee advances for the early months of CY 2012 which are subject to reconciliation. Based on the Appropriations, PHAs should assume that the amounts advanced in the early months of the year will exceed the final earnings for those months.

2) **Blended Rate Administrative Fees and Higher Administrative Fee Rates:**

PHAs may request either a blended administrative fee rate or a higher administrative fee rate if eligible under the circumstances as described below for each category:

(a) **Blended Rate Administrative Fees:** PHAs serving multiple administrative fee areas may, in lieu of the fee determined for their agency, request a blended rate based on the actual location of their assisted units. PHAs must submit the request to the Financial Management Division, Housing Choice Voucher Program, in writing to the address cited in Section
3b no later than close of business **Tuesday, March 13, 2012**, if they are requesting a blended rate. The blended rate will be used for the entire CY.

**(b) Higher Administrative Fee Rates:** A PHA that operates over a large geographic area, defined as multiple counties, may request higher administrative fees. To request higher fees, an agency must submit the following financial documentation to the PHA’s assigned FA at the FMC:

- Actual UNA balance as of December 31, 2011;
- Actual administrative costs for the HCV program for CY 2011, in sufficient detail for HUD review;
- The PHA’s CY 2012 HCV program administrative budget for the voucher program, identifying anticipated reasonable and necessary administrative costs, broken out in sufficient detail to allow for review (positions and salaries, detailed travel costs, overhead and pro-rations, etc). There is no HUD form, nor a mandated format, for this budget;
- If both the unit month and budget authority utilization in CY 2011 were below 95 percent of available for renewal units, a statement as to why this occurred;
- An explanation for any withdrawals from the UNA account at the end of CY 2006, CY 2007, CY 2008, CY 2009, CY 2010 or during CY 2011, or a statement that none were made;
- An explanation as to why the projected CY 2012 administrative fees are insufficient to cover program operating costs;
- Certification by the chief executive of the PHA that the data is accurate.

In order to request a higher administrative fee rate, PHAs must provide the above information to their assigned Financial Analyst (FA), Financial Management Center (FMC), no later than close of business **Tuesday, March 13, 2012**.

An approved higher administrative fee rate will apply only to CY 2012. At the end of the year the PHA will be required to submit evidence to the FMC of actual costs, to enable HUD to determine if the entire approved increase was needed; excess funds will be recaptured by HUD.

**B) Special Fees.** As stated above, HUD will make approximately **$10,000,000** available to allocate to PHAs that need additional funds to administer their section 8 programs. These funds may be provided for the following purposes:

- **Homeownership Fees:** HUD will provide the $500 special fee for a family participating in the Voucher Homeownership, Section 8 Family Self Sufficiency, or a Section 8 MTW homeownership program. Fees are paid to the PHA administering the voucher after the homebuyers closing is reported in PIC and a closing date is provided to the Department.
• Special Fees for Multifamily Housing Conversion Actions: A special (one-time) fee of $200 will be provided for each unit occupied on the date of the eligibility event, for multifamily housing conversions only.

• Funding to assist PHAs in need of additional funds to administer their HCV program (e.g., PHAs impacted by a natural disaster).

C) Uses of Administrative Fees.
   i. Administrative Fees. Administrative fees may only be used to cover costs incurred to perform PHA administrative responsibilities for the HCV program in accordance with HUD regulations and requirements.
   ii. UNA (formerly known as “administrative fee reserve”). Any administrative fees from 2012 funding (as well as 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 funding) that are subsequently moved into the UNA Account at the PHA’s fiscal year end must only be used for activities related to the provision of tenant-based rental assistance authorized under section 8, including related development activities. Examples of related development activities include, but are not limited to, unit modification for accessibility purposes and development of project-based voucher units. If a PHA has not adequately administered its HCV program, HUD may prohibit use of funds in the UNA Account and may direct the PHA to use funds in that account to improve administration of the program, for HCV HAP expenses, or to reimburse ineligible expenses in accordance with the regulation at 24 CFR 982.155(b)(3).

6. Family Self-Sufficiency (FSS). The 2012 Act provides that $60,000,000 shall be made available for FSS coordinators under section 23 of the Act. A Notice of Funding Availability (NOFA) will be published during 2012 that will provide the eligibility criteria and application requirements for these funds.

7. Veterans Affairs Supportive Housing (VASH) and Other Special Purpose Vouchers (SPVs).

   A) VASH Funding. The 2012 Act provides funding for new incremental vouchers for the VASH program in the amount of $75,000,000. As provided by the FY 2012 Act, the Department of Veterans Affairs (VA) will first identify VA Medical Centers (VAMCs) to participate in VASH. In selecting sites, the VA will take into account factors such as the population of homeless veterans needing services, the number of homeless veterans recently served by the homeless programs at each VAMC, geographic distribution and the VA’s case management resources. Once the VA has selected the VAMCs, HUD will identify a PHA to partner with each site taking into account location and administrative performance of the PHA. These PHAs will then be invited by HUD to apply for FY 2012 VASH vouchers that will be administered in partnership with their local VASH VAMC.

   B) SPV Renewal Funding. The 2012 Act provides for renewal funding of vouchers, including SPVs. Renewal funding of SPVs is included in the PHA’s main HCV renewal increment. See Section 3a of this Notice for additional information on how renewal funding is calculated.
C) SPV Turnover. PHAs are reminded that they are required to fully lease their SPV allocations and may only re-issue turnover SPVs to the same targeted population.

1) VASH: PHAs are reminded that, upon turnover, all VASH vouchers awarded since 2008 must continue to serve homeless veterans, as required by every Appropriations Act since 2008. For more information on leasing and reporting requirements for HUD-VASH, see Notice PIH 2011-53.

2) Family Unification Program (FUP): The Consolidated Appropriations Act, 2008 (Public Law 110-161) provides that amounts made available under the Act or previous Appropriations Acts for tenant-based assistance under the Family Unification Program shall, to the extent practicable, remain available for FUP-eligible families or youths upon turnover. “To the extent practicable” means that the FUP vouchers must be issued to a FUP-eligible family or youth upon turnover unless the voucher has already been reissued to regular Housing Choice Voucher (HCV) participants, meaning that these vouchers have already lost their FUP identity; the PHA no longer has a valid Memorandum of Understanding (MOU) or an existing relationship with the PCWA; or if efforts to identify potentially eligible FUP families or youths have yielded no eligible applicants. For more information, see PIH Notice 2011-52. In 2009 and subsequent appropriations, this standard changed. The Consolidated Appropriations Act, 2009 (Public Law 111-8) and subsequent Appropriations provide that assistance made available under the Act shall continue to remain available for family unification upon turnover (regardless of practicability).

3) Non-elderly disabled (NED): Pursuant to the Frank Melville Supportive Housing Investment Act of 2010, all vouchers made available for NED families under Appropriation Acts since fiscal year 1997 shall continue to remain available for NED families upon turnover. This turnover requirement applies to all NED increments awarded since 1997, including the FY 2009 NED Category 1 and Category 2 vouchers, Designated Housing, Certain Developments, One-year Mainstream, and Project Access. PHAs have been notified of their NED baselines in letters from the Financial Management Center to Executive Directors in August, 2011. The NED baseline numbers for each PHA are also available on HUD’s NED voucher webpage. See PIH Notice 2011-32 for more information on reestablishing NED vouchers and requirements for turnover and reporting.

D) Funding Shortfalls After the Initial Funding Year. PHAs that stop issuing vouchers as a result of a renewal funding shortfall in a given calendar year and who are not serving the required number of SPVs must issue vouchers first to FUP, NED, and HUD-VASH families on its waiting list when it resumes issuing vouchers until the PHA is utilizing its required number of SPVs. The PHA must establish policies in its administrative plan regarding selection among families qualifying for SPVs once the PHA resumes issuing vouchers after a funding shortfall. Should the PHA have to terminate families from its HCV program due to a funding shortfall, HUD-VASH, NED and FUP families that comprise the required number of families served must be last to be terminated. An administrative policy must also address the order of terminating special purpose voucher families should termination be necessary. For more information, see
PIH 2011-52; PIH 2011-32, and PIH 2011-53. Should the PHA have to terminate families from its HCV program due to a funding shortfall, HUD-VASH, NED and FUP families that comprise the required number of families served must be last to be terminated. An administrative policy must also address the order of terminating special purpose voucher families should termination be necessary. Administrative plans should be amended as soon as practicable.

8. PHA Management of HCV Program Utilization and Funding.
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procedures and the use of existing NRA balances in lieu of new budget authority will not change the amount of funding to which each PHA is entitled each year; nor does the transition from PHA-held NRA to the PHA reserve being maintained by HUD reduce the PHA’s available HAP resources. Funding allocations will continue to be calculated in accordance with the requirements of each year’s Appropriations Act. The only change that will occur is that NRA accounts will no longer be maintained by PHAs, and all excess budget authority will be held on behalf of the individual PHAs by HUD in the program reserves, as was the case prior to CY 2005. PHAs will still be able to access their program reserves, for eligible HAP-related needs only whenever necessary by contacting their Financial Analyst at the FMC.

10. VMS/FASS Reporting and Data Integrity. The Department will continue to deploy Quality Assurance Division (QAD) teams to conduct on site reviews of PHAs to ensure the integrity of PHA-reported data for the HCV program, as well as to ensure compliance with other program requirements, including over-leasing. It is each PHA’s responsibility to retain the appropriate records to support their VMS submissions. VMS data is subject to review by the QAD and subsequent recalculation of funding will occur if a QAD review demonstrates that costs were incorrectly reported, resulting in excess funding. QA staff will also review compliance with rent reasonableness requirements to ensure that owners are receiving rents that do not exceed the rents for comparable unassisted units in the market.

PHAs must continue to submit required financial documents including, but not limited to, monthly VMS and annual FASS electronic submissions. PHAs that do not submit the required data by the reporting deadline may be sanctioned as provided by 24 CFR 982.152(d), and in accordance with the procedures outlined in PIH Notice 2008-09. PHAs that fail to meet the submission requirements may be subject to administrative actions, including but not limited to, an imposition of a penalty against the PHA’s monthly administrative fees until the PHA complies with these requirements. This penalty represents a permanent reduction for the current CY that shall not be reversed.

11. HAP Disbursements and Frontloading. PHAs will receive monthly disbursements from their budgetary allocations, in accordance with the cash management procedures established in PIH Notice 2011-67. PHAs will be advised before the beginning of each calendar year quarter of the disbursements scheduled for that quarter. PHAs may request a frontload when monthly disbursements and available NRA will not cover expenses for the month or quarter, in an amount not to exceed the budget authority authorized for the CY2012. The frontload request should be sent to the assigned Financial Analyst (FA) at the Financial Management Center (FMC) for review and approval.

12. Mainstream 5 Program (MS5): Funding for this program historically came from the Section 811 Appropriations. The 2012 Act provides that renewal funding for CY2012 will be provided from the Tenant-Based Rental Assistance Account (TBRA). Mainstream 5 program renewals will not be re-benchmarked during CY2012; these renewals will continue to be calculated based on the same methodology as in previous years. PHAs are required to continue submitting budgets, requisitions and year-end settlement statements for this program to the FMC for review and approval until further notice from HUD.
13. **Excluded Programs.** The changes implemented by this Notice do not apply to renewal funding for the Section 8 Moderate Rehabilitation or Single Room Occupancy (SRO) programs.

14. **MTW.** MTW agencies will continue to have their funding determined pursuant to their MTW agreements. HUD is directed by the 2012 Act to again apply the same pro-ration factor to the HCV allocations for MTW agencies as is applied to all other PHAs. Note that MTW agencies may utilize section 8 funds for section 9 purposes in accordance with their agreements.

**Paperwork Reduction Act.**
The additional information collection requirements contained in this document 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. In accordance with the Paperwork Reduction Act, 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.

**Further Information.**
Any questions concerning this Notice should be directed to the Housing Voucher Financial Management Division, Office of Public Housing and Voucher Programs, at (202) 708-2934 (this is not a toll-free number). Persons with hearing or speech impairments may access these numbers via TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

/s/
Sandra B. Henriquez, Assistant Secretary for Public and Indian Housing
Appendix A
The 2012 Appropriations Act renewal formula provides:

Tenant Based Rental Assistance:
For activities and assistance for the provision of tenant-based rental assistance authorized under the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.) (“the Act” herein), not otherwise provided for, $14,914,369,000, to remain available until expended, shall be available on October 1, 2011 (in addition to the $4,000,000,000 previously appropriated under this heading that became available on October 1, 2011), and $4,000,000,000, to remain available until expended, shall be available on October 1, 2012: Provided, That of the amounts made available under this heading are provided as follows:
(1) $17,242,351,000 shall be available for renewals of expiring section 8 tenant-based annual contributions contracts (including renewals of enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act) and including renewal of other special purpose incremental vouchers: Provided, That notwithstanding any other provision of law, from amounts provided under this paragraph and any carryover, the Secretary for the calendar year 2012 funding cycle shall provide renewal funding for each public housing agency based on validated voucher management system (VMS) leasing and cost data for the prior calendar year and by applying an inflation factor as established by the Secretary, by notice published in the Federal Register, and by making any necessary adjustments for the costs associated with the first-time renewal of vouchers under this paragraph including tenant protection and HOPE VI vouchers: Provided further, That none of the funds provided under this paragraph may be used to fund a total number of unit months under lease which exceeds a public housing agency’s authorized level of units under contract, except for public housing agencies participating in the Moving to Work (MTW) demonstration, which are instead governed by the terms and conditions of their MTW agreements: Provided further, That the Secretary shall, to the extent necessary to stay within the amount specified under this paragraph (except as otherwise modified under this Act), pro rate each public housing agency’s allocation otherwise established pursuant to this paragraph: Provided further, That except as provided in the following provisos, the entire amount specified under this paragraph (except as otherwise modified under this Act) shall be obligated to the public housing agencies based on the allocation and pro rata method described above, and the Secretary shall notify public housing agencies of their annual budget not later than 60 days after enactment of this Act: Provided further, That the Secretary may extend the 60-
day notification period with the prior written approval of the House and Senate Committees on Appropriations: \textit{Provided further,} That public housing agencies participating in the Moving to Work demonstration shall be funded pursuant to their Moving to Work agreements and shall be subject to the same pro rata adjustments under the previous provisos: \textit{Provided further,} That up to $103,000,000 shall be available only: 
(1) to adjust the allocations for public housing agencies, after application for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in renewal costs of tenant-based rental assistance resulting from unforeseen circumstances or from portability under section 8(r) of the Act; 
(2) for vouchers that were not in use during the 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the Act; 
(3) for adjustments for costs associated with HUD-Veterans Affairs Supportive Housing (HUD–VASH) vouchers; and 
(4) for incremental tenant-based assistance for eligible families currently assisted under the Disaster Voucher Program as authorized by Public Law 109–148 under this heading and the Disaster Housing Assistance Program for Hurricanes Ike and Gustav on the condition that such vouchers will not be re-issued when families leave the program: \textit{Provided further,} That the Secretary shall allocate amounts under the previous proviso based on need as determined by the Secretary;

\textbf{Tenant Protection:}

(2) $75,000,000 shall be for section 8 rental assistance for relocation and replacement of housing units that are demolished or disposed of pursuant to section 18 of the Act, conversion of section 23 projects to assistance under section 8, the family unification program under section 8(x) of the Act, relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency, enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act, HOPE VI vouchers, mandatory and voluntary conversions, and tenant protection assistance including replacement and relocation assistance or for project-based assistance to prevent the displacement of unassisted elderly tenants currently residing in section 202 properties financed between 1959 and 1974 that are refinanced pursuant to Public Law 106–569, as amended, or under the authority as provided under this Act: Provided, That when a public housing development is submitted for demolition or disposition under section 18 of the Act, the Secretary may provide section 8 rental assistance when the units pose an imminent health and safety risk to residents: \textit{Provided further,} That the Secretary may only provide
replacement vouchers for units that were occupied within the previous 24 months that cease to be available as assisted housing, subject only to the availability of funds: Provided further, That of the amounts made available under this paragraph, $10,000,000 may be available to provide tenant protection assistance, not otherwise provided under this paragraph, to residents residing in low-vacancy areas and who may have to pay rents greater than 30 percent of household income, as the result of (1) the maturity of a HUD-insured, HUD held or section 202 loan that requires the permission of the Secretary prior to loan prepayment; (2) the expiration of a rental assistance contract for which the tenants are not eligible for enhanced voucher or tenant protection assistance under existing law; or (3) the expiration of affordability restrictions accompanying a mortgage or preservation program administered by the Secretary: Provided further, That such tenant protection assistance made available under the previous proviso may be provided under the authority of section 8(t) or section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. H. R. 2112—127 1437f(t)): Provided further, That the Secretary shall issue guidance to implement the previous provisos, including, but not limited to, requirements for defining eligible at-risk households within 120 days of the enactment of this Act;

**Administrative Fees:**
(3) $1,350,000,000 shall be for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program, of which up to $50,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs, including fees associated with section 8 tenant protection rental assistance, the administration of disaster related vouchers, Veterans Affairs Supportive Housing vouchers, and other incremental vouchers: Provided, That no less than $1,300,000,000 of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year 2012 funding cycle based on section 8(q) of the Act (and related Appropriation Act provisions) as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act of 1998 (Public Law 105–276): Provided further, That if the amounts made available under this paragraph are insufficient to pay the amounts determined under the previous proviso, the Secretary may decrease the amounts allocated to agencies by a uniform percentage applicable to all agencies receiving funding under this paragraph or may, to the extent necessary to provide full payment of amounts determined under the previous proviso, utilize.
unobligated balances, including recaptures and carryovers,
remaining from funds appropriated to the Department of
Housing and Urban Development under this heading from prior
fiscal years, notwithstanding the purposes for which such
amounts were appropriated: Provided further, That amounts
provided under this paragraph shall be only for activities
related to the provision of tenant-based rental assistance
authorized under section 8, including related development
activities;

General Provisions (NRA Offset): SEC. 236. Of the unobligated balances
remaining from funds
appropriated under the heading ‘‘Tenant-Based Rental Assistance’’
under the ‘‘Full-Year Continuing Appropriations Act, 2011’’,
$650,000,000 are rescinded from the $4,000,000,000 which are available
on October 1, 2011: Provided, That such amounts may be
derived from reductions to public housing agencies’ calendar year
2012 allocations based on the excess amounts of public housing
agencies’ net restricted assets accounts, including the net restricted
assets of MTW agencies (in accordance with VMS data in calendar
year 2011 that is verifiable and complete), as determined by the
Secretary.
Name of PHA: ___________________________________________
PHA Number: __________________________________________
Executive Director: _______________________________________

CHECK ALL BOXES THAT APPLY


_____ B. Category (2): Project Based Vouchers

_____ C. Category (3): HUD-VASH.

Documentation requirements for each of the above categories are contained in Section 3b. of this Notice.

Applications and supporting documentation must be submitted by the deadline date established in Section 3b. of this Notice and should be submitted to:

U.S. Department of Housing and Urban Development
Office of Housing Voucher Programs
Attn: Miguel A. Fontanez Sanchez, Director, Financial Management Division
Room 4222
451 7th Street, S.W.
Washington, DC 20410

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: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3279, 3802)

___________________________________
Signature of Executive Director and Date

_______________________________
Contact Name and Phone Number
Attachment B - Project-Based Commitment Data - Calendar Year 2011

HA Number

HA Name

PROJECT-BASED COMMITMENTS

If the PHA had project-based (PB) commitments during CY 2011 for which vouchers were withheld from leasing, the PHA must report for each month the number of vouchers withheld from leasing.

The PHA must complete a separate Attachment B for each PB commitment.

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PHA Certification: I hereby certify that all information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Convictions may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, U.S.C. 3729, 3802)

Executive Director Signature

Date

PHA Contact

Executive Director Name

Phone Number