



## U.S. Department of Housing and Urban Development Public and Indian Housing

---

Special Attention of:  
Office Directors of Public Housing;  
Regional Directors; Public Housing  
Agencies

### Notice PIH 2013-12

Issued: May 23, 2013

Expires: December 31, 2013

---

### Cross References:

---

### **SUBJECT: Implementation of the Federal Fiscal Year 2013 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, 2013” (PL 113-6), referred to hereafter as “the 2013 Act,” enacted on March 26, 2013. The 2013 Act establishes the allocation methodology for calculating housing assistance payments (HAP) renewal funds, new incremental vouchers and administrative fees.
- 2. Organization.** This Notice is organized into three basic sections. Paragraphs 3 through 12 describes the funding made available under the Appropriations Act and HUD’s implementation of the provisions related to the allocation of that funding. Paragraph 13 contains eligibility and instructions for applying under the HAP set-aside, including Attachments A and B, C and D. Paragraphs 14 through 18 provide other important information regarding the administration of the public housing agency’s (PHA) HCV program.
- 3. Summary.** The HCV program is HUD’s largest rental assistance program. Funding is provided through Annual Appropriation Acts for HUD, which in turn allocates it to PHAs in accordance with the Appropriations Act as described in this Notice.

The 2013 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, 2012 – December 31, 2012). The amounts appropriated are reduced by the sequestration requirements and an additional across-the-board rescission of .2%. Note that the HUD-VASH program is subject only to the across-the-board rescission of .2%.

In 2013, the amount Congress appropriated to fund the HCV program is subject to sequestration. The funding that results is broken down in the amounts and sections of the Act as follows. Note that funds reflected below are **after** sequestration and the across-the-board rescission, with the exception of VASH, which is subject only to the across-the-board rescission:

### **2013 Appropriations following Sequestration**

|   |                                |
|---|--------------------------------|
| HAP Renewal funding <sup>1</sup>              | \$16,349,364,819               |
| Tenant Protection Vouchers                    | 71,077,050                     |
| Administrative Fees                           | 1,305,528,490                  |
| Family Self-Sufficiency                       | 56,861,640                     |
| Veterans Affairs Supportive Housing           | 74,850,000                     |
| Mainstream 5 Year Program                     | <u>106,158,786</u>             |
| <b>Total Available CY 2013 Appropriations</b> | <b><u>\$17,963,840,785</u></b> |

This implementation notice provides detailed information concerning how HUD calculates funding for every PHA's HCV program. In addition, each PHA will receive a funding letter with the PHA's specific 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).

PHAs are encouraged to pay particular attention to the set-aside funding provisions (listed in Paragraph 13) and the Attachments A, B, C and D to this Notice. The 2013 Act provides a set-aside of up to \$103 million for specific categories only. In order to be considered for funding under the set-aside, a PHA must meet the eligibility requirements described in Paragraph 13, and submit a completed Attachment A and/or B (and, where applicable, Attachments C and D) and the required supporting documentation in the timeframe and manner prescribed in this Notice.

#### **4. Calculation of CY 2013 HAP Renewal Funding**

The 2013 Act requires that HUD apply a re-benchmarking renewal formula based on validated leasing and cost data in VMS for **calendar year (CY) 2012** (January 1, 2012 through December 31, 2012) to calculate the PHA's renewal allocation. The renewal provisions of the Act are stated in **Appendix A**.

HUD will provide renewal funding as follows:

Step 1: A new HAP funding baseline will be established based on all validated leasing and cost data<sup>2</sup> (not to exceed unit months available under the Annual Contributions Contract (ACC)) in VMS for CY2012 for HAP costs during the re-benchmarking period. Note that PHAs that were located in a disaster area may also receive adjustments to HAP renewal funding.<sup>3</sup>

<sup>1</sup>From the HAP Renewal funding, the 2013 Act provides up to \$103 million which will be used as a set-aside to address four specific categories of need.

<sup>2</sup> 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.

<sup>3</sup>The Disaster Relief Appropriations Act, 2013 (PL113-2) authorized HUD to make adjustments to a PHA's Housing Assistance Payment renewal funding and Administrative Fee eligibility for 2013 if it has been affected by a

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 2013. The adjustment to be provided will be an inflation factor to reflect cost increases expected in CY 2013. PHAs should refer to their renewal funding allocation enclosure for further details. First time increments not initially funded for twelve months will receive the additional funding required for CY 2013, as identified on the funding enclosures of the affected PHAs. Note that funding for VASH renewals is **not** subject to sequestration but is subject to the across-the-board rescission of .2%.

Step 3: The HUD inflation factor adjusted for localities 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 inflation factors that HUD will use to reflect inflation are posted by HUD's Office of Policy, Development and Research at <http://www.huduser.org/portal/>.

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 2013 Act in order to determine a proration factor. This proration factor will then be applied to each PHA's CY 2013 eligibility. A proration of less than 100 percent will be applied because the nationwide eligibility exceeds the available HAP renewal funding following the sequestration reductions.

##### **5. Set-aside of up to \$103 million to Adjust PHA Allocations.**

The Department has authority to adjust PHAs HAP allocations for the categories outlined below. The submission deadline for these set-aside categories is **June 24, 2013**. Note that **Category 1** is a new category and HUD is prioritizing the use of set-aside funding to prevent terminations of families due to insufficient funding. (PHAs applying for Category 1 funds may still submit applications after June, 24, 2013; however, applications received after June 24, 2013, will be evaluated and funded on a first-come, first-served basis as the funds are limited.)

PHAs applying for categories **other than** Category 1, should be aware that reviews of these applications will be deferred until after all Category 1 applications submitted by the June 24th, 2013 due date have been reviewed and a determination made as to funding eligibility.

Set-Aside Categories:

---

natural disaster in Federal Fiscal Year (FFY) 2013, which means on or after October 1, 2012. In order to be eligible for this adjustment, a PHA must have been affected by a disaster in an area for which the President declared a disaster during FFY 2013 under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.). PHAs were notified of this provision by letter of April 15, 2013 and the requirements for submitting a request for adjustment to the Department by close of business, April 30, 2013. Approved adjustments will be incorporated into the renewal allocations of affected PHAs.

**Category 1: Prevention of Terminations due to Insufficient Funding.** This is a new category. The Act provides that set-aside funding may be made available to PHAs that despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate participating families from the program due to insufficient funds.

**Category 2a: Unforeseen Circumstances**

**Category 2b: Portability cost increases**

**Category 3: Project Based Vouchers**

**Category 4: HUD-VASH**

With the exception of Category 1, other categories may not be funded depending on the number of eligible applications and funding limitations.

**Please refer to Paragraph 13 of this Notice for more details about the set-aside categories, eligibility requirements and submission deadlines.**

6. **Tenant Protection Vouchers.** Tenant protection vouchers are available for activities such as public housing relocation, HOPE VI, voluntary conversions, Moderate Rehabilitation (MR) replacements, Single Room Occupancy (SRO) replacements, and Multifamily Housing conversions, such as terminations, opt-outs, property disposition relocations, prepayments, and Rental Assistance Demonstration (RAD) conversions.

Due to limited funding availability, tenant protection vouchers are only being provided for eligible units that are occupied at the time of the eligibility event for Multifamily Housing conversion actions and the date of the Section 8 application for Public Housing demolition/disposition. The Department is unable to provide replacement vouchers for units that are currently unoccupied but were occupied within 24 months that cease to be available as public housing or assisted housing. (See Appendix A for Appropriations text). Should significant amounts of tenant protection funding remain at the end of FY 2013, HUD may reconsider funding some unoccupied units, but in no instance would funding exceed the statutory limitation described above in the 2013 Act.

The initial funding term is typically 12 months. However, subject to availability of tenant protection funding, the initial term may vary by CY quarter. When the initial funding term is less than 12 months, the tenant protection increment will be renewed at expiration.

7. **Funding for Administrative Costs.**

The 2013 Act provides **\$1,305,528,489** for administrative fees to PHAs administering the voucher program (See Appendix A for Appropriations text). Of the appropriated amount, approximately **\$1,295,528,489** 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 2013 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) Proration 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 have been posted to the HCV website:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/hcv](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/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 quarter based on actual reported leasing. Any amount due the PHA that resulted from reconciliations will be disbursed; any amount due from the PHA will be offset from a subsequent administrative fee payment. A final reconciliation will be completed after the December 2013 leasing data is reported in VMS.

HUD compares each month's national eligibility for administrative fees to 1/12<sup>th</sup> of the appropriated amount available for ongoing administrative fees. In addition, please note that in CY 2013 there is a sequestration reduction (and an additional across-the-board rescission of .2%). HUD then prorates the administrative fees (and consequently the monthly disbursements) based on prior reported leasing to the extent necessary not to exceed the amount appropriated for ongoing administrative fees for CY 2013. **Please note that fees provided for VASH units leased are not subject to the sequestration reduction (other than the .2% across-the-board rescission).**

PHAs have received administrative fee advances for the early months of CY 2013 that are subject to reconciliation. Based on the Appropriations amount, PHAs should assume that the amounts advanced in the early months of the CY 2013 will exceed the final earnings for those early months.

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

(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. The blended rate will be used for the entire CY 2013.

**(b) Higher Administrative Fee Rates:** A PHA that operates over a large geographic area, defined as multiple counties, may request higher administrative fees. An approved higher administrative fee rate will apply only to CY 2013. 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.

**PHAs were advised via email on March 28, 2013 of the procedures for requesting a blended administrative fee rate or a higher administrative fee rate if eligible under the circumstances as described above. The deadline date for both types of requests was April 30, 2013. Unfortunately, HUD cannot accept additional applications at this time.**

**B) Special Fees.** As stated above, HUD will make up to **\$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 non-exclusive purposes:

- Homeownership Fees: HUD will provide a \$200 special fee for every homeownership closing reported in PIC for families participating in the Voucher Homeownership, Section 8 Family Self-Sufficiency, or a Section 8 MTW Homeownership programs. These special fees are paid to the PHAs administering the vouchers after the homebuyers closings are reported in PIC and closing dates are provided to the Department. HUD will provide these fees automatically; therefore, PHAs do not need to apply for these funds.
- 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. HUD will provide these fees automatically; therefore, PHAs do not need to apply for these funds.
- Special Fees for Receiving PHAs where portability vouchers comprise a significant portion of their vouchers under lease. This is a new special fee category that will be considered starting in CY 2013. Additional guidance will be provided via letter to PHAs. This category, as any other under the admin fee set-aside will be subject to the availability of funds. HUD anticipates that it will provide these special fees automatically; therefore, PHAs will not need to apply for these funds. Details will be provided in the forthcoming letter.
- Disaster Fee adjustments (Sec 1091). HUD will provide an administrative fee adjustment for PHAs that were affected by a disaster in an area for which the President declared a disaster during FFY 2013 under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.). PHAs were notified of this provision by letter of April 15, 2013, and the requirements for submitting a request for adjustment to the Department by close

of business, April 30, 2013. Approved adjustments will be provided to eligible PHAs via letter and disclosed in their 2013 funding award enclosures.

**Should HUD determine during the course of the calendar year that the entire estimate of \$10 million may not be needed for extraordinary costs, a portion of this set-aside may be re-programmed for use as on-going administrative fees in order to increase the fee proration.**

**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 2013 funding (as well as 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 funding) that are subsequently moved into the unrestricted net assets (UNA) account at the PHA’s fiscal year (FY) 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).
- 8. Family Self-Sufficiency (FSS).** The 2013 Act provides that **\$56,861,640** shall be made available for FSS coordinators under section 23 of the Act. A Notice of Funding Availability (NOFA) will be published during 2013 that will provide the eligibility criteria and application requirements for these funds.
- 9. Veterans Affairs Supportive Housing (VASH) and Other Special Purpose Vouchers (SPVs).**  
**VASH Funding.** The 2013 Act provides funding for new incremental vouchers for the VASH program in the amount of **\$74,850,000**. **Note that funding for VASH is not subject to sequestration except for the across-the-board rescission of .2%. The amount of \$74,850,000 is net amount available after the across-the-board rescission.** As provided by the FY 2013 Act, the Department of Veterans Affairs (VA) identified VA Medical Centers (VAMCs) to participate in VASH. In selecting sites, the VA took 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 selected the VAMCs, HUD identified a PHA to partner with each site taking into account location and administrative performance of the PHA. These PHAs were invited by HUD to apply for 2013 VASH vouchers that will be administered in partnership with their local VASH VAMC.
- 10. Mainstream 5-Year Program (MS5).**

Funding for this program historically came from the Section 811 Appropriations. The 2013 Act provides that renewal funding for CY 2013 will be provided from the Tenant-Based Rental Assistance Account (TBRA). Mainstream 5-Year program renewals will not be re-benchmarked during CY 2013; 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.

- 11. Moving To Work (MTW) Agencies.** MTW agencies will continue to have their funding determined pursuant to their MTW agreements. HUD is directed by the 2013 Act to again apply the same proration 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.
- 12. 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.
- 13. Instructions for Applying for the Set-Aside HAP funds of \$103 million**

**PHAs in Category 1 will receive priority, both in review of application and in funding awards.**

**Set-Aside Categories and Eligibility Requirements:**

**Category 1 – Shortfall Funds (Priority Category)**

For PHAs, that despite taking reasonable cost savings measures as determined by the Secretary, would otherwise be required to terminate participating families from the program due to insufficient funds.

Note: In a letter dated April 26, 2013, the Department advised PHAs that to be eligible for set-aside funding to prevent terminations due to insufficient funding under this category, the PHA must meet certain requirements. These requirements, along with the documentation that must be submitted are reiterated below.

**To be eligible for funding under this category the PHA must meet the criteria outlined in a. (1) through (5) below and must submit the following documentation:**

- a) Attachment A – Application for Category 1-Shortfall Funds and PHA Certification of Reasonable Cost Savings Measures Undertaken to Prevent Termination of HCV Participants Due to Insufficient Funds which certifies 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 vouchers to applicants. (Please note this does not apply to families that are participants and were issued a voucher to move to a



different unit. This restriction is also not applicable to tenant protection vouchers that are being issued to targeted families that were residing in the covered property on the eligibility event, or where the PHA is leasing homeless veterans under a recent HUD VASH allocation. )

- (3) The PHA has rescinded or immediately rescinds following receipt of HUD's April 26, 2013 letter any vouchers remaining on the street that were issued to applicant families on or after April 1, 2013 and has stopped leasing those rescinded vouchers. Note this does not apply to vouchers issued under the two exceptions noted in (2) above. (PHAs were notified in March that the Sequestration was effective and of the expected impact on the proration for 2013 funding, as well as provided guidance on how to estimate their available resources in the wake of the Sequestration cuts. Therefore, HUD's expectation is that PHAs in shortfall positions would not have been issuing vouchers at such a late date, or have taken/are taking immediate action to rescind any vouchers issued in error.) In addition, PHAs may enter into PBV HAP contracts for units that are under AHAP as of the date of this letter and still meet this condition.
- (4) The PHA has ceased or immediately ceases to absorb portable vouchers.
- (5) In regard to project-based voucher (PBV) HAP contracts, vouchers are not issued to a family that wants to voluntarily move. (However, if a unit becomes vacant, the PBV unit shall be filled with a family from the waiting list.)

Note: In determining a shortfall and the amount of funding, HUD will use the **Two Year Forecasting Tool**. PHAs should refer to **Appendix B** 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 can be found at [http://portal.hud.gov/huddoc/FORECASTING\\_TOOL\\_v2.XLS](http://portal.hud.gov/huddoc/FORECASTING_TOOL_v2.XLS) and the instructions can be found at [http://portal.hud.gov/huddoc/forecast\\_guidance.pdf](http://portal.hud.gov/huddoc/forecast_guidance.pdf).

PHAs with specific questions related to the calculation and determination of a HUD-confirmed shortfall should contact the SPT at the following:

[2013ShortfallInquiries@hud.gov](mailto:2013ShortfallInquiries@hud.gov)

The subject line of the e-mail must include the PHA's number.

### **Category 2a**

#### **Unforeseen Circumstances:**

**To be eligible for funding under this category, a PHA must submit the following:**

- a. Attachment B
- b. Written narrative detailing the unforeseen circumstances that occurred during or after the CY 2012 re-benchmarking period that have significantly increased renewal costs.
- c. Evidence to support the narrative.
- d. PHA calculation of the increased costs for CY 2013.

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

For applications under the unforeseen circumstances category, 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 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 2013 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 2013. **A calculation must be provided by the PHA.**

#### **Category 2b -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 re-benchmarking period (1-1-2012 to 12-31-2012) to the average HAP PUC for "Port Vouchers Paid" during the re-benchmarking period, both based on reporting in VMS. If the portability average HAP exceeds 110% of the program-wide average HAP PUC for the re-benchmarking 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 re-benchmarking 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 B, which must be completed, signed and submitted by the deadline date.**

#### **Category 3 -Project-based Vouchers:**

To be eligible for funding under this category, a PHA must show that vouchers were not in use during the CY 2012 re-benchmarking 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 2012, exceed the PHA's baseline units under ACC for CY 2012. (The PHA would not have been able to lease those shelved vouchers during CY 2012 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, from Part 1 of the executed Agreement to Enter into a HAP Contract (AHAP) for New Construction/Rehabilitation**, the following:

1. The page which identifies the parties to the AHAP (both the Housing Authority and the owner);
2. Identification of the project;
3. Section 1.1A which identifies the effective date of the agreement;
4. Section 1.1B which identifies the date of the commencement of the work;
5. Section 1.1C which identifies the time for completion of the work;
6. Exhibit C which identifies the units by size and applicable initial contract rents for the units to be project based;
7. If the project is to be completed in stages: Exhibit E which identifies the schedule of completion of stages (if applicable). (This exhibit shall identify the units in each stage.)
8. Signature page which provides the signature of both the Housing Authority and the owner and the dates the AHAP was signed.

**NOTE: If the HAP Contract has not been executed, the PHA must state that the HAP Contract has not yet been executed.**

If the Housing Assistance Payments (HAP) Contract **has been executed** by the time of the submission of this request for adjustment, the PHA **must provide, from Part 1 of the HAP Contract for New Construction/Rehabilitation**, the following:

9. The page which identifies the parties to the HAP Contract (both the Housing Authority and the owner);
10. Exhibit A which identifies the total number of units in the project covered by the HAP Contract; the initial Contract Rent to owner, and the number and description of the contract units;
11. If the project is to be completed in stages: in addition to the items described in 2. above, Exhibit A must also identify the units to be completed in each phase covered by the HAP Contract;
12. Exhibit B which identifies the services, maintenance and utilities to be provided by the owner;
13. Exhibit C which identifies the utilities available in the contract unit, including a listing of utility services to be paid by the owner (without charges in addition to the rent to owner) and utilities to be paid by the tenant;
14. Section 2a which identifies the initial term of the contract;
15. Signature page which provides the signature of both the Housing Authority and the owner and the dates the HAP was signed.

**These documents, along with the completed and signed Attachment B, and the completed and signed Attachments C and D (for each project based commitment) must be submitted by the deadline date.**

**Category 4****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 CY 2013 HAP PUC is less than their current VASH HAP PUC based on their latest VASH HAP expenses in CY 2013. The PHA must provide a calculation of the need and documentation of the latest VASH HAP PUC in CY 2013. **The documentation and calculation, along with the completed and signed Attachment B, must be submitted by the deadline date.**

Documentation requirements for each category are provided in a Quick Reference Chart below. PHAs are advised to provide all applicable supporting documentation and calculations along with the completed/signed Attachment A, Attachment B, C and/or Attachment D, where applicable, by the deadline date established in the Submission Requirements section.

**Quick Reference Chart for Set-Aside Funds**

| Category   | PHAs must submit   |
|--|--|
| <b>1</b> Shortfall Funds - For PHAs, that despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate participating families from the program due to insufficient funds. | <ul style="list-style-type: none"> <li>• Attachment A</li> </ul>   |
| <b>2a</b> Unforeseen Circumstances   | <ul style="list-style-type: none"> <li>• Attachment B</li> <li>• Written Justification</li> <li>• Evidence to support justification</li> <li>• PHA calculation of the increased costs</li> </ul> <p><b>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</b></p> |
| <b>2b</b> Portability  | <ul style="list-style-type: none"> <li>• Attachment B</li> </ul>   |
| <b>3</b> PBV   | <ul style="list-style-type: none"> <li>• Attachment B</li> </ul> <p>For <b>each</b> PBV project:</p> <ul style="list-style-type: none"> <li>• Attachment C</li> <li>• Attachment D</li> </ul>  |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• Identification of the project</li> </ul> <p>From Part 1 of the AHAP:</p> <ul style="list-style-type: none"> <li>• The page which identifies the parties to the AHAP (both the Housing Authority and the owner);</li> <li>• Section 1.1A which identifies the effective date of the agreement;</li> <li>• Section 1.1B which identifies the date of the commencement of the work;</li> <li>• Section 1.1C which identifies the time for completion of the work;</li> <li>• Exhibit C which identifies the units by size and applicable initial contract rents for the units to be project based;</li> <li>• If the project is to be completed in stages: Exhibit E which identifies the schedule of completion of stages (if applicable). (This exhibit shall identify the units in each stage.)</li> <li>• Signature page which provides the signature of both the Housing Authority and the owner and the dates the AHAP was signed.</li> </ul> <p><b>NOTE: If the HAP Contract has not been executed, the PHA must state that the HAP Contract has not yet been executed.</b></p> <p>If the Housing Assistance Payments (HAP) Contract <b>has been executed</b> by the time of the submission of this request for adjustment, the PHA <b>must provide, <u>from Part 1 of the HAP Contract for New Construction/Rehabilitation</u></b>, the following:</p> <ul style="list-style-type: none"> <li>• The page which identifies the parties to the HAP Contract (both the Housing Authority and the owner);</li> <li>• Exhibit A which identifies the total number of units in the project covered by the HAP Contract; the initial Contract Rent to owner, and the number and description of the contract units;</li> <li>• If the project is to be completed in stages: in addition to the items described in 2. above, Exhibit A must also identify the units to be completed in each phase covered by the HAP Contract;</li> <li>• Exhibit B which identifies the services, maintenance and utilities to be provided by the owner;</li> <li>• Exhibit C which identifies the utilities available in the contract unit, including a listing of utility</li> </ul> |
|--|--|

|            |   |
|------------|---|
|            | <p>services to be paid by the owner (without charges in addition to the rent to owner) and utilities to be paid by the tenant;</p> <ul style="list-style-type: none"> <li>• Section 2a which identifies the initial term of the contract;</li> <li>• Signature page which provides the signature of both the Housing Authority and the owner and the dates the HAP was signed.</li> </ul> <p><b><u>Note: Failure to provide the required documentation listed above will result in denial of the application for funds under this category.</u></b></p> |
| 4 HUD-VASH | <p>PHAs whose program-wide funded CY 2013 HAP PUC is less than their current VASH HAP PUC based on their latest VASH HAP expenses in CY 2013 must provide:</p> <ul style="list-style-type: none"> <li>• Attachment B</li> <li>• Documentation of the latest VASH HAP PUC from CY 2013 in comparison to the CY 2013 Funded HAP PUC</li> <li>• A calculation of the amount being requested</li> </ul>   |

### **Submission Requirements and Timelines:**

#### **Category 1: Shortfall Funds:**

PHAs applying for funds under Category 1, Shortfall Funds, must use Attachment A of this Notice - PHA Application for Category 1, Shortfall Funds and PHA Certification of Reasonable Cost Savings Measures Undertaken to Prevent Termination of HCV Participants Due to Insufficient Funds.

PHAs meeting the criteria for funds under Category 1, must submit their applications to be received by HUD no later than close of business (COB), **5:00 p.m. EDST, Monday, June 24, 2013, to be eligible for funding in the initial funding round.**

PHAs that meet this application deadline date and are determined eligible may anticipate a preliminary award announcement and commitment of funds by July 24, 2013.

PHAs applying for Category 1 funds may still submit applications after June, 24, 2013; however, applications received after June 24, 2013, will be evaluated and funded on a first-come, first-served basis as the funds are limited. Finally, note that HUD will use its discretion to reduce PHA awards in the event that the award plus renewal funding significantly exceeds need by the end of the calendar year.

#### **All Other Categories: (2a, 2b, 3 and 4):**

PHA requests for funds under one or more of the other categories (2a, 2b, 3 and/or 4) shall be combined on Attachment B of this Notice – Application for \$103 Million Set-Aside for Category(ies) 2a – Unforeseen Circumstances; 2b – Portability; 3 – Project Based Vouchers and/or; 4 HUD-VASH of this Notice.

Applications for Categories 2a, 2b, 3 and 4 must be received no later than COB, (5 p.m. EDST), **Monday, June 24, 2013.**

HUD does not have a determined timeframe to complete the evaluation of these applications at this time because availability of funding will depend on the funds needed to fund PHAs in Category 1.

After awards announcements for Category 1 have been accomplished (estimated as July 24, 2013) HUD will assess the funding availability and timeframe to complete the application reviews and awards for Categories 2a, 2b, 3 and 4. Submission by June 24, 2013 under Categories 2a, 2b, 3 and 4 is still required because HUD will use its discretion to process these requests at any point in time, when funding needs under Category 1 have been addressed.

PHAs may choose between submitting requests via electronic mail (e-mail) or via regular mail but **shall not submit their request(s) using both methods** as this would result in duplicate applications for the same funds and may delay HUD's review and processing of the request(s).

**Electronic Mail (email) Requests:**

PHA requests, with the appropriate signed Attachments (A, B, C and D) along with all required documentation and calculations (if applicable) may be submitted to the Department at the following mailbox:

[2013Set-AsideApplications@hud.gov](mailto:2013Set-AsideApplications@hud.gov)

The subject line of the e-mail must include the following: **PHA#, 2013 Set-Aside Application**  
(Example: XX123, 2013 Set-Aside Application)

**OR**

**Hard Copy Requests via Mail:**

PHA requests, with the appropriate signed Attachments (A, B, C and D) along with all required documentation and calculations (if applicable) can be submitted to the Department at the following physical address:

**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**

**PHA request(s) must be received no later than COB (5:00 p.m. EDST), Monday, June 24, 2013.**

If your PHA chooses to submit via hard copy, 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 locations (email box or physical address only); requests delivered to other locations **will not** be accepted. Requests not received on time **will not** be processed. Faxes **will not** be accepted.

## Other Program Requirements

- 14. HCV Financial Management.** PHAs must manage their programs in a prudent manner to enable them to serve families within their CY 2013 allocations and voucher baselines. PIH Notice 2011-28 provides guidance on cost-savings measures PHAs may take to reduce financial shortfalls in the HCV program.

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 2012, Congress is NOT requiring that HUD perform an offset from PHAs' Net Restricted Assets (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 began 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 results 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 moves new budget authority into the program reserves if it is not needed for current costs. Existing NRA balances currently held by PHAs will either be spent or transitioned in to HUD-held program reserves, and will be available for use.

- 15. 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 CY 2013. The frontload request should be sent to the assigned Financial Analyst (FA) at the Financial Management Center (FMC) for review and approval.
- 16. Use of HAP and HAP NRA.** PHAs are reminded that funds in the HAP NRA account shall only be used for eligible HAP needs in the current and future CYs. The ACC requires PHAs to use HAP funding to cover rental assistance payments. **HAP and/or HAP NRA shall not under any circumstances be used for any other purpose, such as to cover administrative expenses or be loaned, advanced or transferred (referred to as operating transfers due to/due from) to other component units or other programs such as Low-Rent (Public Housing) program.** Use of HAP for any purpose other than eligible HAP needs is a violation of law, and such illegal uses or transfers may result in sanctions and possible declaration of breach of the ACC.



In instances where a PHA is found to have misappropriated HAP and/or HAP NRA funds by using the funds for any purpose other than valid HAP expenses for units up to the baseline, HUD will require the immediate return of the funds to the HAP or HAP NRA account. HUD may take action, including suspension and debarment, against a PHA or any party that has used HAP funds and/or the HAP NRA account for non-HAP purposes.

- 17. 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. QAD 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 2012-21. 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.

- 18. Prohibition on Over-leasing.** It is important to note that the 2013 Act continues to strictly prohibit the use of appropriated HAP funds by any PHA, except for PHAs participating in the MTW demonstration, to lease units above their ACC baseline units during any CY, even if the PHA has sufficient budget authority (BA) and/or NRA to support the additional units. If a PHA engages in over-leasing, it must identify other sources to pay for the over-leasing, and the PHA must take immediate steps to eliminate any current over-leasing. Renewal funding allocations will not include over-leased units. Renewal funding eligibility will be reduced based on the number of over-leased unit months and the average PUC during the re-benchmark period. PHAs must still report all over-leasing in VMS and must also report \$0 HAPs in the appropriate categories in VMS.

**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.



## **Appendix A**

**Note: The language in the “Consolidated and Further Continuing Appropriations Act, 2013”, (PL 113-6), that provides changes to the 2012 Appropriations Act that was the basis of the 2013 Act are presented below. Also provided, directly below the 2013 Act language, is the language from the 2012 Appropriations Act for reference. Please note that amounts provided in Section 1807 are subject to sequestration and the across-the-board rescission of .2%.**

Sec. 1807. Notwithstanding section 1101, the level for `Department of Housing and Urban Development, Public and Indian Housing, Tenant-Based Rental Assistance' shall be \$14,939,369,000, to remain available until expended, which shall be available on October 1, 2012 (in addition to the \$4,000,000,000 previously appropriated under such heading that became available on October 1, 2012), and, notwithstanding section 1111, an additional \$4,000,000,000, to remain available until expended, shall be available on October 1, 2013: *Provided*, That of the amounts available for such heading, \$1,375,000,000 shall be for activities specified in paragraph (3) under such heading in title II of division C of Public Law 112-55: *Provided further*, That in applying paragraph 1 under such heading in such Public Law to 2013, under the penultimate proviso strike `(4) for incremental' and all that follows up to the colon and insert `(4) for PHAs, that despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate participating families from the program due to insufficient funds'.

### **The 2012 Appropriations Act renewal formula provided:**

#### **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: *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: *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: *Provided further*, That the Secretary shall allocate amounts under the previous proviso based on need as determined by the Secretary;

**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: *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;

## Appendix B Calculation of HUD-Confirmed Shortfall and Shortfall Amount

The amount that a PHA will be eligible to receive from this set-aside will be calculated by HUD, using HUD's 2-year projection 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. HUD's 2 year projection (forecasting) tool can be found at [http://portal.hud.gov/huddoc/FORECASTING\\_TOOL\\_v2.XLS](http://portal.hud.gov/huddoc/FORECASTING_TOOL_v2.XLS) and the instructions can be found at [http://portal.hud.gov/huddoc/forecast\\_guidance.pdf](http://portal.hud.gov/huddoc/forecast_guidance.pdf)

The 2-year tool compares all resources available to support the PHA's HAP payments in calendar 2013 with actual HAP expenses for 2013 projected through the end of the calendar year.

Resources are calculated using the PHA's NRA as of 12/31/12, the HUD-held reserve as of 12/31/2012, the PHA's actual Renewal Annual Budget Authority (ABA) for 2013, and any new voucher incremental funding applicable to CY 2013 or set-aside amounts awarded or expected to be awarded in 2013.

HAP expenses are calculated based on current leasing and expense data, projected through the end of calendar 2013; the PHA's suspension of general voucher issuance as of 3/31/2013; and projected attrition based on actual attrition for the 12 months prior to the PHA's request for set-aside funds, as reported in PIC.

The requirement to suspend general voucher issuance as of 3/31/2013 is subject to the following exclusions:

1. Vouchers issued to current HCV participants to allow them to move.
2. Vouchers issued to program applicants under special-purpose voucher increments awarded in CY 2012 or CY 2013. These special-purpose vouchers include VASH, FUP, NED, and Tenant Protection vouchers initially awarded in 2012 and/or 2013.
3. Vouchers issued to applicants moving into Project-Based Voucher (PBV) units in order 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 3/31/2013.

**Any vouchers issued on or after 4/1/2013, with the exception of those described in 1, 2, and 3 above, must be rescinded immediately.** To the extent consistent with the PHA's Administrative Plan, holders of these vouchers may be advised that they will be eligible to receive a new voucher when the PHA is able to resume issuance.

The application period for shortfall set-aside funding will remain open indefinitely, and PHAs may apply or re-apply at any time during the application period. PHAs that receive set-aside based on their current HAP costs may find it necessary to apply again if increased costs re-open the possibility of a shortfall. Similarly, PHAs that do not initially anticipate a shortfall because they have suspended leasing and expect to lose sufficient units by attrition may apply later if the attrition fails to resolve their shortfall.

All PHAs applying for the shortfall set-aside must be working with HUD's Shortfall Prevention Team (SPT) at the time of their application. The SPT will review the PHA's funding available for 2013 and their leasing and expense data to date, to determine whether the PHA has a shortfall and the amount needed to resolve the shortfall. The shortfall will be considered resolved when, using the two-year tool, the PHA projects a 2013 year-end NRA balance of \$0.

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

- a. **PHA-held NRA as of 12/31/2012:** SPT will use the NRA balance reported by the PHA in VMS for 12/31/2012. If there is a confirmed discrepancy between this amount and the amount actually held by the

PHA on 12/31/2012, the lower of the reported or the actual amount will be used. The PHA will be required to provide documentation as requested before this adjustment will be made.

- b. **HUD-held reserve as of 12/31/2012:** SPT will use the balance reported to us by HUD's FMC.
- c. **2013 Renewal ABA:** Actual renewal ABA awards for CY 2013.
- d. **Special-purpose voucher and tenant protection funding and set-asides:** FMC will provide amounts to be made available to the PHA in CY 2013 for special-purpose voucher and tenant protection funding increments applicable to any portion of CY 2013, and for any set-aside funding previously awarded in CY 2013.
- e. **Unit months leased:** The unit months leased (UML) for CY 2013 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. Reductions to projected leasing will be made for to adjust for attrition, in accordance with the annual turnover rate used in the 2-year tool. This rate is derived from the PHA's PIC data on families ending participation (EOP). Increases to projected leasing will be made for vouchers on the street prior to 4/1/2013, and additional leasing resulting from the admission of families described in 2 and 3 above -- families receiving new special-purpose vouchers, and families moving into new or vacant PBV units. No adjustments will be made for mover families who receive vouchers in accordance with 1 above.
- f. **Total HAP expense:** Total HAP expense for 2013 will be based on a projection of the unit months leased for 2013 (described in f above) at the per-unit cost taken from the PHA's most recent VMS report. If the PHA's PUC increases in future months, and the PHA again determines that it is in danger of a shortfall, the PHA may apply for additional shortfall set-aside funds.
- g. **Vouchers issued, or projected to be issued:** The number of vouchers on the street as of 3/31/2013, taken from the PHA's VMS report, will be used to determine future leasing, if any, from vouchers issued prior to the 4/1/2013 cutoff. For most PHAs, there will be no units on the street starting in April 2013. 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. **Year-End NRA Balance 2013:** Any PHA with a negative projected 2013 year-end balance will be considered to be a shortfall PHA. PHAs with year-end balances of \$0 or above will not be considered as shortfall PHAs or eligible to receive shortfall set-aside funds.



CY 2013 Housing Choice Voucher Program - \$103 Million Set-Aside  
**ATTACHMENT A**  
**PHA Application for Category 1, 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: \_\_\_\_\_

The above referenced agency is applying for Category 1 Shortfall Funds and has undertaken reasonable cost savings measures to prevent termination of HCV Participants due to insufficient funds.

I, \_\_\_\_\_, hereby certify to the following:

1. The above identified PHA is working with the HUD Field Office/Shortfall Prevention Team (SPT) and is in a HUD confirmed shortfall position at the time of application.
2. The above identified PHA has ceased issuing vouchers to applicants. (Please note this does not apply to families that are participants and were issued a voucher to move to a different unit. This restriction is also not applicable to tenant protection vouchers that are being issued to targeted families that were residing in the covered property on the eligibility event, or where the PHA is leasing homeless veterans under a recent HUDVASH allocation. )
3. The above identified PHA has rescinded or immediately rescinds following receipt of HUD’s April 26, 2013 letter any vouchers remaining on the street that were issued to applicant families on or after April 1, 2013 and has stopped leasing those rescinded vouchers. Note this does not apply to vouchers issued under the two exceptions noted in paragraph (2) above. (PHAs were notified in March that the Sequestration was effective and of the expected impact on the proration for 2013 funding, as well as provided guidance on how to estimate their available resources in the wake of the Sequestration cuts. Therefore, HUD’s expectation is that PHAs in shortfall positions would not have been issuing vouchers at such a late date, or have taken/are taking immediate action to rescind any vouchers issued in error.) In addition, PHAs may enter into PBV HAP contracts for units that are under AHAP as of the date of this letter and still meet this condition.
4. The above identified PHA has/or immediately ceases to absorb portable vouchers.
5. The above identified PHA, in regard to project-based voucher (PBV) HAP contracts, vouchers are not issued to a family that wants to voluntarily move. (However, if a unit becomes vacant, the PBV unit shall be filled with a family from the waiting list.)  
However, if a unit becomes vacant, the PBV unit shall be filled with a family from the waiting list.

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

CY 2013 Housing Choice Voucher Program

**ATTACHMENT B – Application for \$103 Million Set-Aside for Category(ies) 2a – Unforeseen Circumstances; 2b – Portability; 3 – Project Based Vouchers and/or; 4 HUD-VASH**

Name of PHA: \_\_\_\_\_

PHA Number: \_\_\_\_\_

Executive Director: \_\_\_\_\_

**CHECK ALL BOXES THAT APPLY**

\_\_\_\_\_ **Category 2a: Unforeseen Circumstances.**

\_\_\_\_\_ **Category 2b: Portability.**

\_\_\_\_\_ **Category 3: Project Based Vouchers**

\_\_\_\_\_ **Category 4: HUD-VASH.**

**Documentation requirements for each of the above categories are contained in Paragraph 13 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: 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 C - Project-Based Commitment Data - Calendar Year 2012**

|                  |  |
|------------------|--|
| <b>HA Number</b> |  |
| <b>HA Name</b>   |  |

**PROJECT-BASED COMMITMENTS**

If the PHA had project-based (PB) commitments during CY 2012 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 C for each PB commitment.*

| Project Identification | NUMBER OF VOUCHERS WITHHELD FOR THIS PROJECT BASED COMMITMENT ONLY |          |          |          |          |           |           |          |           |          |          |          |
|------------------------|--|----------|----------|----------|----------|-----------|-----------|----------|-----------|----------|----------|----------|
|                        | Jan 2012   | Feb 2012 | Mar 2012 | Apr 2012 | May 2012 | June 2012 | July 2012 | Aug 2012 | Sept 2012 | Oct 2012 | Nov 2012 | Dec 2012 |
|                        |  |          |          |          |          |           |           |          |           |          |          |          |

**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

**ATTACHMENT D - \$103 MILLION SET-ASIDE - PBV DATA - (Page 1 of 2)**

**NOTE: PLEASE COMPLETE ATT D FOR EACH PROJECT FOR WHICH PBV SET-ASIDE FUNDING IS BEING REQUESTED**

**PHA#:**

**PHA NAME:**

**# \_\_\_\_\_ of \_\_\_\_\_ PROJECTS**

**PROJECT NAME:**

**PROJECT TYPE:**

**NEW CONSTRUCTION:**

**REHABILITATION:**

**NOTE: EXISTING HOUSING IS INELIGIBLE FOR THIS CATEGORY**

**INFORMATION ON AHAP:**

**EFFECTIVE DATE OF AHAP:**

**#OF DAYS FROM EFFECTIVE DATE OF HAP TO PROJECT COMPLETION DATE:**

**END DATE (DATE OF NEW CONSTRUCTION/REHAB COMPLETION DATE):**

**PERIOD  
ALLOWED:  
# OF UNITS:**

|                      | Jan-12               | Feb-12               | Mar-12               | Apr-12               | May-12               | Jun-12               | Jul-12               | Aug-12               | Sep-12               | Oct-12               | Nov-12               | Dec-12               |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

| UNIT SIZE | CONTRACT RENT | GROSS RENT | UTILITIES INCLUDED IN GROSS RENT Y/N | # OF UNITS |
|-----------|---------------|------------|--------------------------------------|------------|
|-----------|---------------|------------|--------------------------------------|------------|

|                                     |                      |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| <input type="text"/> <b>BEDROOM</b> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|

|                                     |                      |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| <input type="text"/> <b>BEDROOM</b> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|

(Page 2 of 2)

|               |  |  |  |  |
|---------------|--|--|--|--|
| _____ BEDROOM |  |  |  |  |
|---------------|--|--|--|--|

|               |  |  |  |  |
|---------------|--|--|--|--|
| _____ BEDROOM |  |  |  |  |
|---------------|--|--|--|--|

|               |  |  |  |  |
|---------------|--|--|--|--|
| _____ BEDROOM |  |  |  |  |
|---------------|--|--|--|--|

|               |  |  |  |  |
|---------------|--|--|--|--|
| _____ BEDROOM |  |  |  |  |
|---------------|--|--|--|--|

|               |  |  |  |  |
|---------------|--|--|--|--|
| _____ BEDROOM |  |  |  |  |
|---------------|--|--|--|--|

|           |
|-----------|
| COMMENTS: |
|-----------|

**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:**

|  |
|--|
|  |
|--|

**DATE:**

|  |
|--|
|  |
|--|

**CONTACT NAME AND PHONE #:**

|  |
|--|
|  |
|--|