



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

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

**Notice PIH 2017-07**

Issued: April 26, 2017

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amended, superseded or rescinded

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Cross References:

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**SUBJECT: Guidance Related to (1) Eligibility for Potential Shortfall Funding Under the Calendar Year (CY) 2017 Housing Assistance Payments (HAP) Renewal Set-Aside for the Housing Choice Voucher (HCV) Program and (2) CY 2017 Administrative Fees**

1. **Background.** The Department is currently operating under the Further Continuing and Security Assistance Appropriations Act, 2017 (Public Law 114-254), enacted on December 12, 2016. The continuing resolution (CR) provides appropriations and authority to continue projects and activities authorized under the 2016 Appropriations Act, until such time as another CR is enacted, an Appropriations Bill is enacted, or April 28, 2017. While under the CR, funding is provided at the 2016 level, subject to a small across-the-board reduction. Based on possible funding scenarios if a full-year CR is enacted, or if an appropriations act is enacted at either the House or Senate proposed levels, a deeper HAP proration than previously experienced may occur.
2. **Purpose.** The purpose of this Notice is to provide guidance related to eligibility for shortfall funding in CY 2017, should such shortfall funding be available under either a full-year CR or a full-year appropriation. At this time, local HUD Field Offices (FO) and the Shortfall Prevention Team (SPT) are in the process of identifying Public Housing Agencies (PHAs) that are at risk or potentially at risk for a shortfall based on specific criteria and estimated HAP proration levels. Additionally, this Notice provides information related to the Administrative Fee Set-aside and Blended and Higher Administrative Fee Rates under estimated funding levels.
3. **Shortfall Guidance.** For PHAs identified by the local FO or the SPT as having a potential shortfall, the following actions must be taken by the PHA upon instruction to do so by the SPT:
  - (a) The PHA continues to work with their local FO and/or the SPT and will continue to provide information/data to assist in determining if a shortfall is imminent. (PHAs that

are not currently working with the SPT but believe they are in a shortfall position should immediately contact their local FO for assistance.)

- (b) The PHA has ceased issuing vouchers to applicants **as of the date the PHA is notified of the potential shortfall by the SPT**. This requirement does not apply to the following:
- Families that are participants and were issued a voucher to move to a different unit,
  - 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 under the HUD-VASH program, up to the baseline level of units under all HUD-VASH allocations (not just recent allocations), including turnover of HUD-VASH vouchers.
- (c) The PHA has rescinded any vouchers remaining on the street that were issued to applicant families and has stopped leasing those rescinded vouchers **as of the date the PHA is notified of the potential shortfall by the SPT**. Note this does not apply to vouchers issued under the exceptions noted in (b) above. This requirement does not apply to vouchers that were issued for PBV HAP contracts for units that were under AHAP as of the application date.
- (d) The PHA has ceased absorbing portable vouchers **as of the date the PHA is notified of the potential shortfall by the SPT**.
- (e) In regard to project-based voucher (PBV) HAP contracts, vouchers are not issued to a family that wants to voluntarily move with tenant-based assistance. (However, if a unit becomes vacant, the PBV unit shall be filled with a family from the waiting list.)

**Please note that there is currently no full-year CR or full-year appropriation in place for HUD to provide Shortfall funding to any agency at this time. If shortfall funding is made available, a PHA's eligibility for such funding will be contingent on the PHA having taken the actions described above.**

**4. Administrative Fee Set-aside Guidance. - **Special Fees.**** From Administrative Fee funding for CY 2017, HUD intends to make up to **\$10,000,000** available to allocate to PHAs that need additional funds to administer their Section 8 programs, if the 2017 full-year CR or full-year appropriation makes such set-aside funding available. All fee categories below are subject to the availability of funds. These funds may be provided for the following non-exclusive purposes:

- (a) **Homeownership Fees:** HUD provides a \$200 special fee for every homeownership closing reported in PIC for families participating in the Voucher Homeownership, Section 8 Family Self-Sufficiency, or 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 / confirmed to the Financial Management Center staff. PHAs do not need to apply for these funds as HUD provides these fees automatically based on PIC data and closing dates confirmations.

- (b) **Special Fees for Multifamily Housing Conversion Actions:** For multifamily housing conversions, a special (one-time) fee of \$200 will be provided for each unit **occupied** on the date of the eligibility event. PHAs do not need to apply for these funds as HUD provides these fees automatically based on PIC data. This special fee will also be paid to PHAs that agree to administer vouchers on behalf of a Multifamily Choice Neighborhood Grantee.
- (c) **Special Fees for Portability:** Receiving PHAs, where portability vouchers comprise a significant portion of their vouchers under lease are eligible for a special fee. PHAs must be administering port-in vouchers, which equal 20% or more of the PHAs total number of leased vouchers as of December 31, 2016 to be eligible for special portability fees. For each eligible port-in voucher, the receiving PHA will receive 12 months of funding equal to **5 percent (5 %)** of the PHA's 2017 Column A rate for administrative fees. This is a one-time award of special fees and will be calculated based on PHA portability data found in PIC for actions through December 31, 2016 and leased data from the Voucher Management System (VMS) as of December 31, 2016 (from the same VMS database used to determine the 2017 Housing Choice Voucher (HCV) renewal allocations). PHAs do not need to apply for these funds as HUD provides these fees automatically based on PIC data and the VMS data used for the 2017 renewal allocation. PHAs should ensure that all PIC data has been updated and successfully submitted **no later than 5 p.m. Eastern Time, May 22, 2017.**
- (d) **Special fees for Audit Costs Related to HCV Voluntary Transfers:** Please refer to Section 6, PIH Notice #2015-22: *Process for Public Housing Agency Voluntary Transfers and Consolidations of Housing Choice Vouchers, Mainstream 5 Year Vouchers, Project-Based Vouchers and Project-Based Certificates*, for requesting special fees under this category.
- (e) **Other special fees under the Secretary's discretion:** A portion of the \$10 million set-aside may be used for on-going administrative fees in order to increase the national fee proration, should HUD determine during the course of the calendar year that the entire \$10 million may not be needed for extraordinary costs. HUD will consider requests for other unanticipated increases in Administrative Fees on a case-by-case basis. Please note that requests for additional fees because of a lower national fee proration will not be accepted.

## **5. Blended Rate Administrative Fees and Higher Administrative Fee Rates Guidance.**

- (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 2017. PHAs must submit their request in writing to the Financial Management Division, Office of Housing Voucher Programs. Requests for Blended Rate Administrative Fees must be received **by close of business, 5 p.m. Eastern Time, May 22, 2017.**

PHAs can 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 and may delay HUD's review and processing of the request(s).

**Electronic Mail (email) Requests:**

PHA requests for Blended Rate Fees may be submitted to the Department at the following mailbox:

[PIHFinancialManagementDivision@hud.gov](mailto:PIHFinancialManagementDivision@hud.gov)

The subject line of the e-mail must include the following: **PHA Number (i.e., PHA xxx), 2017 Request for Blended Rate Administrative Fees**

**OR**

**Hard Copy Requests via Mail:**

PHA requests may 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. Fontáñez, Director  
HV Financial Management Division  
Room 4222  
451 7th Street, S.W.  
Washington, DC 20410**

- (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 2017. The PHA will be required to submit evidence of actual costs at the end of the calendar year to enable HUD to determine if the entire approved increase was needed. Excess funds will be recouped by HUD via a reduction in a future disbursement.

To request higher fees, an agency must submit the following financial documentation to the PHA's assigned Financial Analyst at the FMC:

- Actual Unrestricted Net Position (UNP) (formerly referred to as Unrestricted Net Assets (UNA) or administrative fee reserves) balance as of December 31, 2016,
- Actual administrative costs for the HCV program for CY 2016, in sufficient detail for HUD review,
- The PHA's CY 2017 HCV program administrative budget, 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 2016 were below 95 percent of available for renewal units, a statement as to why this occurred,
- A certification that the PHA has made withdrawals from the Administrative Fee reserves per official guidance provided in PIH Notice #2015-17: Uses and Reporting of Admin Fee Reserves. Should there be no withdrawals at this point, a statement that none were made is required.
- An explanation as to why the projected CY 2017 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) the information must be received no later than **close of business, 5:00 p.m. Central Time, May 22, 2017.** The mailing address for the FMC is:

**Financial Management Center  
2380 McGee Street  
Suite 400  
Kansas City, Missouri 64108**

6. **Further Information.** Questions related to this notice should be directed to [PIH.Financial.Management.Division@hud.gov](mailto:PIH.Financial.Management.Division@hud.gov).

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Jemine A. Bryon  
General Deputy Assistant Secretary