



## 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 2016-04**

Issued: March 10, 2016

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Cross References:

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**SUBJECT: Implementation of the Federal Fiscal Year (FFY) 2016 Funding Provisions for the Housing Choice Voucher Program**

- Purpose.** This Notice implements the Housing Choice Voucher (HCV) program funding provisions of the Consolidated Appropriations Act, 2016, (the Act) (P.L. 114-113) referred to hereafter as “the 2016 Act,” enacted on December 18, 2015. The 2016 Act establishes the allocation methodology for calculating housing assistance payments (HAP) renewal funds, new incremental vouchers and administrative fees.
- Organization.** This Notice is grouped into three sets of sections. Sections 3 through 11 describe the funding made available under the Appropriations Act and HUD’s implementation of the provisions related to the allocation of that funding. Section 12 contains eligibility and instructions for applying under the HAP set-aside, including Attachments A, B, C and D. Sections 13 through 18 provide other important information regarding the administration of the public housing agency’s (PHA) HCV program.
- 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 2016 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, 2015 – December 31, 2015).

In 2016, the amount Congress appropriated to fund the HCV program is broken down in the amounts and sections of the Act as follows:

## **2016 Appropriations**

HAP Renewal Funding <sup>1</sup>	\$17,681,451,000
Tenant Protection Vouchers	\$130,000,000
Administrative Fees	\$1,650,000,000
Mainstream 5 Year Program	\$107,074,000
Veterans Affairs Supportive Housing	<u>\$60,000,000</u>
<b>Total Available CY 2016 Appropriations</b>	<b>\$19,628,525,000</b>

This implementation notice provides information on how HUD calculates HAP renewal funding for every PHA's HCV program. In addition, each PHA will receive a funding letter with the individual PHA's specific funding calculations attached. If a PHA has questions related to the calculations or 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 Section 12) and the Attachments A, B, C and D to this Notice. The 2016 Act provides a set-aside of up to \$75 million for funding adjustments but only for specific categories set forth by the Act. In order to be considered for funding under the set-aside, a PHA must meet the eligibility requirements described in Section 12, 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.

Note: Prior to FFY 2014, the Family Self-Sufficiency (FSS) coordinator funding for the HCV program was funded under the Tenant-Based Rental Assistance (TBRA) account. However, the 2015 and 2016 Acts provide a separate single account for FSS coordinator funding for both the HCV and public housing programs. The funding amount appropriated under the Act for the combined FSS coordinator funding is \$75 million. Additional information regarding the FSS Coordinator funding is forthcoming.

#### **4. Calculation of CY 2016 HAP Renewal Funding**

The 2016 Act requires that HUD apply a re-benchmarking renewal formula based on validated leasing and cost data in VMS for **calendar year (CY) 2015** (January 1 to December 31, 2015) to calculate the PHA's renewal allocation. The renewal provisions of the Act are stated in **Appendix A**.

HUD is providing renewal funding as follows:

Step 1: A new HAP funding baseline is 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 CY 2015.

<sup>1</sup>From the HAP Renewal funding, the 2016 Act provides that up to \$75 million may 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.

Step 2: As required by the Act, HUD makes adjustments for the first-time renewal of certain vouchers. These are tenant protection vouchers and special purpose vouchers such as Veterans Affairs Supportive Housing (VASH) vouchers that initially expire in CY 2016. The adjustment is an inflation factor to reflect cost increases expected in CY 2016. PHAs should refer to their renewal funding allocation enclosure for further details. First time increments not initially funded for twelve months receive the additional funding required for CY 2016, as identified on the funding enclosures of the affected PHAs. Note: Vouchers for original families receiving assistance under DVP/DHAP-IKE may not be reissued. Both the units under the PHA's ACC and the renewal funding provided in CY 2016 reflect the reduced units based on the families under assistance as reported in VMS as of December of 2015. Additionally, renewal of vouchers received under the sunset provisions, identified in Section 6, is calculated in the same manner as DVP/DHAP-Ike renewal vouchers.

Step 3: The Renewal Funding Inflation Factor adjusted for localities is applied to the PHA's calculated 12 month renewal requirement after all adjustments have been applied under Steps 1 and 2 above. The Renewal Funding Inflation Factors that HUD uses to reflect inflation is published by HUD's Office of Policy, Development and Research at <http://www.huduser.org/portal/datasets/rfif/rfif.html>.

Step 4: Proration: HUD determines the total eligibility for all PHAs and compares that amount to the total available HAP renewal funding per the 2016 Act in order to determine a proration factor. This proration factor is then applied to each PHA's CY 2016 eligibility. A proration of less than 100 percent is applied if the nationwide eligibility exceeds the available HAP renewal funding.

##### **5. Set-aside of up to \$75 million to Adjust PHA Allocations.**

The Department has authority to provide adjustments to PHAs for the categories outlined below. Awards will be made to eligible PHAs in accordance with need as determined by HUD. Awards could be reduced, in whole or in part, if PHAs have available reserves (RNP and/or HUD-held reserves) above a reasonable threshold, as defined by the Secretary, and/or prorated if the \$75 million is insufficient to cover all awards.

###### Set-Aside Categories:

Category 1: Prevention of Terminations Due to Insufficient Funding

Category 2a: Unforeseen Circumstances

Category 2b: Portability Cost Increases

Category 3: Project-Based Vouchers

Category 4: HUD-VASH

The above numbering of the categories does not reflect priority.

Please refer to Section 12 of this Notice for more details about the set-aside categories, eligibility requirements and submission deadlines.

## **6. Tenant Protection Vouchers.**

As noted above, the 2016 Act provides \$130 million for Tenant Protection Vouchers, known as TPVs. TPVs are provided to protect HUD-assisted families from hardship as the result of a variety of actions that occur in HUD's Public Housing (Low-Rent) and Multifamily Housing portfolios. In addition to assisting individual families, in many cases TPVs mitigate the loss of HUD-assisted housing units in the community because these TPVs become part of the PHA's Housing Choice Voucher program and may be reissued to families on the PHA's waiting list upon turnover. For example, if an owner opts-out of a 50 unit Section 8 project-based contract, there would be a loss of 50 HUD-assisted housing units in the community. The TPVs provided in this instance both assist the impacted tenants in the occupied units and mitigate the loss of 50 HUD-assisted housing units.

The 2016 Act continues the prohibition on the reissuance of certain TPVs that are initially funded out of this appropriation. The Act provides that any TPV that is not defined as a "replacement voucher" by HUD may not be reissued by the PHA after the initial family that received the voucher is no longer receiving the voucher assistance, and the authority for the PHA to issue the voucher "shall cease to exist." HUD identifies these vouchers as "relocation TPVs" in this Notice to distinguish them from the "replacement TPVs" where reissuance is permitted and these sunset provisions do not apply. Relocation TPVs will sunset when the initial family issued the voucher is no longer receiving voucher assistance. The voucher will not receive renewal funding in the subsequent calendar year, and HUD will reduce the number of authorized vouchers covered by the PHA's Consolidated Annual Contributions Contract (CACC) accordingly. See section E below for additional details on replacement and relocation vouchers.

**A. Public Housing Actions.** TPVs may be available to PHAs based on certain actions that temporarily or permanently remove units from a PHA's public housing inventory, including:

- Demolitions and/or dispositions approved under Section 18 of the United States Housing Act of 1937, 42 USC 1437 ("1937 Act") (including de minimis demolitions),
- Required conversions approved under Section 33 of the 1937 Act,
- Voluntary conversions approved under Section 22 of the 1937 Act ,
- Homeownership plans approved under Section 32 of the 1937 Act, and
- Removals authorized under Choice Neighborhoods and/or HOPE VI grants authority.

**B. Multifamily Conversions.** TPVs may be available to assist residents affected by actions such as Moderate Rehabilitation (MR) replacements, Single Room Occupancy (SRO) replacements, and Multifamily Housing conversions, such as terminations, opt-outs, prepayments, property disposition relocations, and Choice Neighborhoods vouchers.

Note that with the exception of certain Choice Neighborhoods and Section 8(bb) transfers, TPVs issued based on a Multifamily Housing Conversion action are replacement TPVs because they are issued to replace units that cease to be available as assisted housing. TPVs issued in connection with Section 8(bb) transfers of assistance and Choice Neighborhood grants are considered relocation vouchers because they are issued in connection with a transaction where project-based is simple being transferred from one site to another. PHAs must follow the procedures outlined in this Notice concerning the prohibition on re-issuance of relocation vouchers.

- C. **TPV Set-Aside:** Under this paragraph, HUD will set-aside up to \$5,000,000 to provide tenant protection assistance 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.

The TPV 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. 1437f (t)). **PIH will publish a notice with the application requirements anticipated during the month of April 2016.**

- D. **Choice Neighborhoods Initiative (CNI) Actions.** Relocation and/or replacement TPVs may be available to CNI grantees that target public housing based on public housing units that will be temporarily or permanently removed pursuant to a CNI Award. Relocation TPVs may be available to Multifamily Housing CNI Grantees pursuant to a CNI Award.

E. **Relocation vs. Replacement TPVs:**

1. **Relocation TPVs:** Provided in cases where the HUD-assisted housing unit is not permanently lost. These relocation TPVs are provided as a temporary resource to assist only the individual families impacted by the conversion action until such time the family's unit in the property is redeveloped or the project-based assistance is transferred to the new property, or to continue to assist those relatively few families who decide not to return to public housing or the project-based unit when the redevelopment or transfer is complete.

Some cases where HUD-assisted housing is not permanently lost to the community include:

- Transfers under section 8(bb) of the United States Housing Act of 1937 (1937 Act), where the project-based assistance is simply being relocated,

- Certain Demolition and/or Dispositions of public housing units, where all or some the HUD-assisted housing units (which in this context is limited to public housing units) are being developed, and
- Certain units that will be temporarily removed pursuant to a Choice Neighborhoods Initiative (CNI) Award, such as where public housing are being redeveloped as public housing units or converted under the HUD Rental Assistance Demonstration (RAD) program, or where HUD-assisted Multifamily units are being redeveloped under project-based assistance.

2. **Replacement TPVs:** In brief, replacement TPVs are TPVs made available as the result of an eligibility event that reduces the number of HUD-assisted housing units.

3. The Department will identify whether the TPVs are replacement or relocation TPVs in the funding allocation letter. In cases where the allocation includes both replacement and relocation TPVs, HUD will identify the number in each category of TPV. **Instructions on how PHAs report the leasing status of relocation TPVs in PIC and the process by which HUD will adjust the PHA's CACC and renewal funding for relocation TPVs that ceased to be leased will be provided in the *Advice of Disbursement* letter from the Financial Management Center (FMC).** Please note that the distinction between relocation TPVs and replacement TPVs and the provisions that apply to relocation TPVs only apply to TPVs that are originally allocated from the FY 2015 and 2016 Appropriations. These new conditions do not apply to TPVs that were funded from previous year appropriations.

- F. **Funding Term.** The initial funding term is typically 12 months. However, the initial term may vary subject to availability of tenant protection funding and pending/anticipated demand. When the initial funding term is less than 12 months, the tenant protection increment will be renewed at expiration as part of the HCV renewal funding process. For all TPV actions, determination of funding is based on eligibility for such vouchers, and the Department may amend the PHA's ACC to rescind funding and remove the corresponding units if it is determined that the PHA is not eligible for funding provided (e.g., if units for which TPV funding was provided to a PHA have over-income or otherwise ineligible families).
- G. **Tenant Protection Vouchers for Vacant Units:** The 2016 Act provides that HUD may only provide replacement vouchers for units that were occupied within the previous 24 months that cease to be available as assisted housing, and only to the extent that funding is available (see Appendix A for appropriations text). Due to anticipated demand, tenant protection vouchers are only initially being provided for occupied units. Note that the Department, on a case by case basis, could expedite TPVs for unoccupied units when families living in Public Housing developments have been suddenly relocated because they were at risk of health or safety; the TPV application will be accepted prior to the relocation of families but all other requirements will remain the same. Subject to the availability of funding, HUD may subsequently be able to provide vouchers for vacant units in the impacted properties in accordance with the authority provided under the 2016 Act.

## **7. Funding for Administrative Costs.**

The 2016 Act provides **\$1,650,000,000** for administrative fees to PHAs administering the voucher program (See Appendix A for Appropriations text). Of the appropriated amount, approximately **\$1,640,000,000** 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 are paid based on leasing. These administrative fees are calculated for CY 2016 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 are 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 are also paid based on leasing.

#### **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 will be posted to the HCV website during the month of February 2016. Use the link below to access them: [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 disburses administrative fees to PHAs each month, based on prior reported leasing. Each PHA's administrative fee eligibility is reconciled after every quarter, based on actual reported leasing. HUD determines an estimated proration level by comparing each quarter's national eligibility for administrative fees to 1/4<sup>th</sup> of the appropriated amount available for ongoing administrative fees. HUD will disburse any amount due to the PHA and will recapture any amount due from the PHA via a reduction from a subsequent administrative fee payment. A final reconciliation will be completed after the December 2016 leasing data is reported in VMS, at which time the final pro-ration for the calendar year will be determined.

#### **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 2016.

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., EDST), Friday, April 15, 2016.**

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), 2016 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 2016. 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, 2015,
- Actual administrative costs for the HCV program for CY 2015, in sufficient detail for HUD review,
- The PHA's CY 2016 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 2015 were below 95 percent of available for renewal units, a statement as to why this occurred,
- A certification that your PHA has made withdrawals from the Admin 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 2016 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), Friday, April 15, 2016.** The mailing address for the FMC is:

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

**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. All fee categories below are subject to the availability of funds. These funds may be provided for the following non-exclusive purposes:

1. **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.
2. **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.

3. **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, 2015 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 2016 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, 2015 and leased data from the Voucher Management System (VMS) as of December 31, 2015 (from the same VMS database used to determine the 2016 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 2016 renewal allocation. PHAs should ensure that all PIC data has been updated and successfully submitted **no later than 5 p.m. (EST) Friday, April 15, 2016.**
4. **VASH Extraordinary Admin Fees:** HUD will reserve up to \$5 million of the \$10 million Admin Fee Set-Aside for this special fee. Please refer to **Attachment E** of this Notice for specific information regarding eligibility, application deadline, designated point of contact, and a sample format request.
5. **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.
6. **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.

### C. Uses of Administrative Fees.

For proper uses and reporting of Administrative Fees and Unrestricted Net Position (UNP) (formerly known as Unrestricted Net Assets (UNA) or as the "administrative fee reserve"), please refer to the newly published PIH Notice #2015-17: *Use and Reporting of Administrative Fee Reserves*. Use the following link to access it:

<http://portal.hud.gov/hudportal/documents/huddoc?id=PIH2015-17.pdf>

8. **Veterans Affairs Supportive Housing (VASH) Funding.** The 2016 Act provides \$60,000,000 for new incremental vouchers for the VASH program. The majority of this funding will be allocated as tenant-based vouchers, following the steps below. As provided by the FY 2016 Act, vouchers are allocated based on need, as determined by HUD's point-in-time data submitted by Continuums of Care (CoCs), as well as the Department of Veterans Affairs data on the number of contacts with homeless Veterans. Other data is then considered, such as performance data from PHAs and Veterans Affairs Medical Centers (VAMC). Once the allocations are identified at the VAMC level, HUD will identify a PHA to partner at each site, taking into account the location and administrative performance of the PHA. HUD will then invite these PHAs to apply for 2016 VASH vouchers that the PHA will administer in partnership with their local VAMC. HUD will set aside a portion of this funding to be awarded on a competitive basis for project-based vouchers. HUD will issue guidance on this competition at a later date.
9. **Mainstream 5-Year Program (MS5).** The 2016 Act provides \$107,074,000 for renewal funding and administrative fees for HCV units originally funded out of the Section 811 Account (known as Mainstream 5-Year program, MS5). The renewal funding will be re-benchmarked during CY 2016. Renewals are calculated based on validated Mainstream 5-Year program leasing and HAP expenses reported in VMS for the period January 1 to December 31, 2015 (CY 2015). In addition, the 2016 Act requires that the administrative and other expenses of the PHAs administering these vouchers, shall be funded under the same terms and be subject to the same pro rata admin fee reductions that apply to all other PHAs administering vouchers under the HCV program.

In order to more closely align the MS5 program with the regular voucher program, PHAs were instructed not to submit Budgets, Requisitions and Year-end Settlement Statements in prior years. HAP reconciliations are being completed using MS5 leasing and cost data as reported in the Voucher Management System (VMS). PHAs funding is limited to their CY eligibility and HUD-held MS5 reserves and, as with the voucher program, PHAs cannot incur in over-leasing (costs for units leased above the baseline ACC units).

Administrative fees are also paid based on MS5 leasing data from VMS. Fees are disbursed based on the most recent MS5 leasing data in VMS and fee reconciliations are performed on a quarterly basis. PHAs are no longer eligible to receive reimbursement for hard-to-house fees and audit costs, as is the case with the regular voucher program.

MS5 programs are ineligible for funding under the \$75 million HAP set-aside.

10. **Moving To Work (MTW) Agencies.** MTW agencies' renewal funding is determined pursuant to their MTW agreements and appropriations requirements. HUD is directed by the 2016 Act to apply the same proration factor to the HCV HAP renewal allocations and administrative fee eligibility 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.
11. **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.

## **12. Instructions for Applying for the Set-Aside HAP funds of \$75 million.**

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

#### **Category 1 – Shortfall Funds**

This category of HAP set-aside is 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 that there are two scenarios related to shortfalls for which PHAs may be eligible for funding under this category.

**To be eligible for funding under this category the PHA must meet the criteria outlined below for either Shortfall Scenario 1 or Shortfall Scenario 2 and must submit 2016 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.**

**Shortfall Scenario 1:** For PHAs **already in an-SPT confirmed shortfall**, the certification is as follows:

- (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 as of **April 1, 2016**. 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.
- (3) 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 **April 1, 2016**. Note this does not apply to vouchers issued under the exceptions noted in (2) 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.
- (4) The PHA has ceased absorbing portable vouchers as of **April 1, 2016**.
- (5) 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.)

**Shortfall Scenario 2:** For those PHAs that manage their HCV program budgets in a reasonable and responsible manner, but are later determined to be in an SPT-confirmed shortfall position, the Department will review each application on a case-by-case basis to determine if the PHA is eligible for funding under this category. The PHA signature at the bottom of 2016 Attachment A indicates that the PHA agrees to comply with all SPT-directed cost savings measures.

Note: In determining a shortfall and the amount of funding to be provided, HUD will use the **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 and the instructions can be found on HUD's website under the [Office of Housing Vouchers](#).

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

[2016ShortfallInquiries@hud.gov](mailto:2016ShortfallInquiries@hud.gov)

The subject line of the e-mail must include the PHA's number (example TX123).

**Category 2a -Unforeseen Circumstances:** PHAs should be aware that an unforeseen circumstance is an occurrence within or after the re-benchmarking period which the PHA could not reasonably have known in advance and was out of the PHA's control.

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

- a. 2016 Attachment B,
- b. Written narrative detailing the unforeseen circumstances that occurred during or after the CY 2015 re-benchmarking period that have significantly increased renewal costs,
- c. Evidence to support the narrative, and
- d. PHA calculation of the increased costs for CY 2016.

For applications under the unforeseen circumstances category 2a, it is important to note that PHAs must submit all items (a. through 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.**

**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 (1-1-2015 to 12-31-2015) 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 is 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 calculates eligibility under this category, therefore, **no additional documentation will be required or accepted other than 2016 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 2015 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 only apply to vouchers withheld pursuant to a project-based voucher commitment for newly constructed or rehabilitated housing. Adjustments do **not** apply to existing housing as there is no waiting period for existing housing project-based voucher commitments. There is no need to withhold vouchers for existing housing project-based voucher commitments. Adjustments will not be made under any circumstances for those units under an Agreement to Enter into a Housing Assistance Payments (AHAP) commitment that, when added to units under lease for CY 2015, exceed the PHA’s baseline units under ACC for CY 2015. (The PHA would not have been able to lease those shelved vouchers during CY 2015 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 that identifies the schedule of completion of stages (if applicable). (This exhibit shall identify the units in each stage.), and
8. Signature page that provides the signature of both the Housing Authority and the owner and the dates the AHAP was signed.

In addition, if the Housing Assistance Payments (HAP) Contract **has been executed** by the time of the submission, 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, and
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 2016 Attachment B, and the completed and signed 2016 Attachments C and D (for each project-based commitment) must be submitted by April 15, 2016.**

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

**Category 4 -HUD-VASH:** For PHAs administering VASH vouchers that can demonstrate a need for adjustment funding for the following two situations:

- a. Per Unit Cost Increase: PHAs whose program-wide funded CY 2016 HAP PUC is less than their current VASH HAP PUC, based on their latest VASH HAP expenses in CY 2016. The Department will calculate eligibility under this category; therefore, **no additional documentation will be required or accepted other than 2016 Attachment B, which must be completed, signed and submitted by the deadline date.**

And/or

- b. Leasing Increase: PHAs whose total VASH leasing for CY 2016 will exceed the leasing level included in their renewal funding plus the leasing that will be supported by the RNP and HUD-held program reserves. The Department will calculate eligibility under this category; therefore, **no additional documentation will be required or accepted other than 2016 Attachment B, which must be completed, signed and submitted by April 15, 2016.**

## **Submission Requirements:**

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

PHAs applying for funds under Category 1 - Shortfall Funds, must submit 2016 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.

The application period for shortfall set-aside funding under Category 1 will remain **open until November 9, 2016; therefore, applications must be received by or before 5:00 p.m. EDST, November 9, 2016.** PHAs may apply or re-apply at any time during the application period. PHAs that receive set-aside funds based on their current HAP costs may find it necessary to apply for additional set-aside funds. Similarly, PHAs that do not initially anticipate a shortfall because they have suspended leasing and expect to decrease leasing by attrition may apply later if the attrition fails to resolve their shortfall. PHAs should still be in contact with the HUD field office and SPT in cases where the PHA anticipates attrition will solve the shortfall.

### **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 2016 Attachment B of this Notice – Application for \$75 Million Set-Aside for Category (ies) 2a – Unforeseen Circumstances, 2b – Portability, 3 – Project-Based Vouchers, and 4 HUD-VASH.

**Applications for Categories 2a, 2b, 3, and/or 4 must be received by 5 p.m. EDST, on April 15, 2016.**

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 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:

2016Set-AsideApplications@hud.gov

The subject line of the e-mail must include the following: **PHA Number, 2016 Set-Aside Application** (Example: XX123, 2016 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) 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. Fontánez, Director  
HV Financial Management Division  
Room 4222  
451 7th Street, S.W.  
Washington, DC 20410**

HUD encourages electronic delivery via email. If your PHA chooses to submit via hard copy, it is recommended that requests be sent using overnight delivery (USPS Express Mail, UPS, Fed Ex, DHL, etc.) that requires signature upon delivery. Hand-delivered or standard delivery mail will be accepted. 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.

**HUD reserves the right to request missing signatures from Set-Aside application forms (Attachments A, B, C and/or D). HUD does not accept revised applications or augmentations after the submission deadline.**

## Quick Reference and Timeline Sheet for HAP Set-Aside Funds:

Category	Deadline	PHAs must submit
1. Shortfall Funds	11/09/2016	<ul style="list-style-type: none"> <li>2016 Attachment A</li> </ul>
2a. Unforeseen Circumstances	04/15/2016	<ul style="list-style-type: none"> <li>2016 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, <u>including the PHA calculation of increased costs</u>, WILL result in a rejection of the PHA's application for Unforeseen Circumstances</b></p>
2b. Portability	04/15/2016	<ul style="list-style-type: none"> <li>2016 Attachment B</li> </ul>
3. PBV	04/15/2016	<ul style="list-style-type: none"> <li>2016 Attachment B</li> </ul> <p>For <b>each</b> PBV project -:</p> <ul style="list-style-type: none"> <li>2016 Attachment C</li> <li>2016 Attachment D</li> <li>Identification of the project From Part 1 of the AHAP: <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> </ul> </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>In addition, 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> </ul>

		<ul style="list-style-type: none"> <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 services to be paid by the owner (without charges in addition to the rent to owner) and utilities to be paid by the tenant;</li> <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>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><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>
<p>4. HUD-VASH</p>	<p>04/15/2016</p>	<ul style="list-style-type: none"> <li>• 2016 Attachment B with a. and/or b. marked             <ul style="list-style-type: none"> <li>a. PHAs whose program-wide funded CY 2016 HAP PUC is less than their current VASH HAP PUC based on their latest VASH HAP expenses in CY 2016. 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.</li> </ul> </li> </ul> <p><b><u>And/or</u></b></p> <ul style="list-style-type: none"> <li>b. Leasing Increase: PHAs whose VASH leasing for CY 2016 will exceed the leasing level included in their renewal funding plus the leasing that will be supported by the RNP and HUD-held program reserves. 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.</li> </ul>

**13. HCV Financial Management.**

PHAs must manage their programs in a responsible manner to enable them to serve as many families within their CY 2016 allocations and voucher baselines.

This year, HUD is again focused on ensuring that PHAs appropriately manage their HCV programs within the funding provided for the CY and existing Restricted Net Position (RNP) and HUD-Held Program Reserves. PHAs should review per unit costs (PUC), leasing and attrition rates on a monthly basis to be able to plan for upcoming months and assist as many families as possible.

**14. HAP Disbursements and Frontloading.**

PHAs receive monthly disbursements from their budgetary allocations, in accordance with the cash management procedures established in PIH Notice 2011-67. PHAs are advised of the disbursements scheduled for that quarter before the beginning of each calendar year quarter. PHAs may request a frontload when monthly disbursements and available RNP and

HUD-held reserves will not cover expenses for the month or quarter. The frontload request should be sent to the assigned Financial Analyst (FA) at the Financial Management Center (FMC) for review and approval. PHAs will be required to provide HAP expenses not yet reported in VMS and actual HAP expenses for the period requested. The frontload will be limited to the amount necessary to cover the actual HAP expenses. PHAs must remember that a frontload(s) early in the CY affect(s) the amount(s) available in later month(s) in the CY.

- 15. Use of HAP and HAP RNP.** PHAs are reminded that funds in the HAP RNP account and HUD-held program reserves shall only be used for eligible HAP needs in the current CY. The ACC requires PHAs to use HAP funding to cover rental assistance payments. HAP and/or PHA reserves (HAP RNP and HUD held reserves) 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 the 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 RNP funds by using the funds for any purpose other than valid HAP expenses for units up to the baseline, HUD requires the immediate return of the funds to the HAP or HAP RNP account. HUD may take action, including suspension and debarment, against a PHA or any party that has used HAP funds and/or the HAP RNP account for non-HAP purposes.

- 16. VMS/FASS Reporting and Data Integrity.** 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 2012-2, or any successor notice. 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.

- 17. Prohibition on Over-leasing.** It is important to note that the 2016 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 RNP to support the additional units. If a PHA engages in over-leasing, it must identify other eligible 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.

- 18. Use of Outside Sources of Funds.** HUD issued [PIH Notice 2013-28](#), Guidance on the Use of Outside Sources of Funds in the Housing Choice Voucher (HCV) Program. The

Department recommends that all PHAs carefully review the information contained in the Notice.

**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/

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Lourdes Castro Ramírez  
Principal Deputy Assistant Secretary for  
Public and Indian Housing

## Appendix A

### Consolidated Appropriations Act, 2016 (Public Law 114-113)

#### **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, \$15,628,525,000, to remain available until expended, shall be available on October 1, 2015 (in addition to the \$4,000,000,000 previously appropriated under this heading that shall be available on October 1, 2015), and \$4,000,000,000, to remain available until expended, shall be available on October 1, 2016: Provided, That the amounts made available under this heading are provided as follows:*

- (1) *\$17,681,451,000 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 H. R. 2029—628 vouchers: Provided, That notwithstanding any other provision of law, from amounts provided under this paragraph and any carryover, the Secretary for the calendar year 2016 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, HOPE VI, and Choice Neighborhoods vouchers: Provided further, That in determining calendar year 2016 funding allocations under this heading for public housing agencies, including agencies participating in the Moving To Work (MTW) demonstration, the Secretary may take into account the anticipated impact of changes in targeting and utility allowances, on public housing agencies’ contract renewal needs: 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 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 paragraph), prorate 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 paragraph) 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 by the latter of 60 days after enactment of this Act or March 1, 2016: Provided further, That the Secretary may extend the notification period with the prior written approval of the House and Senate Committees on Appropriations: Provided further, That public housing agencies participating in the MTW demonstration shall be funded pursuant to their MTW agreements and shall be subject to the same pro rata adjustments under the previous provisos: Provided further, That the Secretary may offset public housing agencies’ calendar year 2016 allocations based on the excess amounts of public housing agencies’ net restricted assets accounts,*

*including HUD held programmatic reserves (in accordance with VMS data in calendar year 2015 that is verifiable and complete), as determined by the Secretary: Provided further, That public housing agencies participating in the MTW demonstration shall also be subject to the offset, as determined by the Secretary, excluding amounts subject to the single fund budget authority provisions of their MTW agreements, from the agencies' calendar year 2016 MTW funding allocation: Provided further, That the Secretary shall use any offset referred to in the previous two provisos throughout the calendar year to prevent the termination of rental assistance for families as the result of insufficient funding, as determined by the Secretary, and to avoid or reduce the proration of renewal funding allocations: Provided further, That up to \$75,000,000 shall be available only: (1) for adjustments in 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 vouchers resulting from unforeseen circumstances or from portability under section 8(r) of the Act; (2) for vouchers that were not in use during the previous 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 public housing agencies that despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate rental assistance for families as a result of insufficient funding: Provided further, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary;*

**Tenant Protection:**

*(2) \$130,000,000 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 and Choice Neighborhood 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, \$5,000,000 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: (A) the maturity of a HUD-insured, HUD-held or section 202 loan that requires the permission of the Secretary prior to loan prepayment; (B) 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 (C) 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. 1437f(t)): Provided further, That any tenant protection voucher made available from amounts under this paragraph shall not be reissued by any public housing agency, except the replacement vouchers as defined by the Secretary by notice, when the initial family that received any such voucher no longer receives such voucher, and the authority for any public housing agency to issue any such voucher shall cease to exist: Provided further, That the Secretary, for the purpose under this paragraph, may use unobligated balances, including recaptures and carryovers, remaining from amounts appropriated in prior fiscal years under this heading for voucher assistance for nonelderly disabled families and for disaster assistance made available under Public Law 110–329;*

**Administrative Fees:**

*(3) \$1,650,000,000 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 \$10,000,000 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 special purpose incremental vouchers: Provided, That no less than \$1,640,000,000 of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year 2016 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, excluding special purpose vouchers, notwithstanding the purposes for which such amounts were participating in the MTW demonstration shall be funded pursuant to their MTW agreements, and shall be subject to the same uniform percentage decrease as under the previous proviso: 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;*

**Mainstream 5 Year Program:**

*(4) \$107,074,000 for the renewal of tenant-based assistance contracts under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), including necessary administrative expenses: Provided, That administrative and other expenses of public housing agencies in administering the special purpose vouchers in this paragraph shall be funded under the same terms and be subject to the same pro rata reduction as*



*the percent decrease for administrative and other expenses to public housing agencies under paragraph (3) of this heading;*

**VASH Program:**

*(5) \$60,000,000 for incremental rental voucher assistance for use through a supported housing program administered in conjunction with the Department of Veterans Affairs as authorized under section 8(o)(19) of the United States Housing Act of 1937: Provided, That the Secretary of Housing and Urban Development shall make such funding available, notwithstanding section 204 (competition provision) of this title, to public housing agencies that partner with eligible VA Medical Centers or other entities as designated by the Secretary of the Department of Veterans Affairs, based on geographical need for such assistance as identified by the Secretary of the Department of Veterans Affairs, public housing agency administrative performance, and other factors as specified by the Secretary of Housing and Urban Development in consultation with the Secretary of the Department of Veterans Affairs: Provided further, That the Secretary of Housing and Urban Development may waive, or specify alternative requirements for (in consultation with the Secretary of the Department of Veterans Affairs), any provision of any statute or regulation that the Secretary of Housing and Urban Development administers in connection with the use of funds made available under this paragraph (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective delivery and administration of such voucher assistance: Provided further, That assistance made available under this paragraph shall continue to remain available for homeless veterans upon turn-over; and*

**Tracking of Special Purpose Vouchers:**

*(6) the Secretary shall separately track all special purpose vouchers funded under this heading.*

**Moving To Work (expansion): General Provisions, Section 239:**

*SEC. 239. The Secretary of Housing and Urban Development shall increase, pursuant to this section, the number of Moving to Work agencies authorized under section 204, title II, of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104-134; 110 Stat. 1321) by adding to the program 100 public housing agencies that are designated as high performing agencies under the Public Housing Assessment System (PHAS) or the Section Eight Management Assessment Program (SEMAP). No public housing agency shall be granted this designation through this section that administers in excess of 27,000 aggregate housing vouchers and public housing units. Of the agencies selected under this section, no less than 50 shall administer 1,000 or fewer aggregate housing voucher and public housing units, no less than 47 shall administer 1,001-6,000 aggregate housing voucher and public housing units, and no more than 3 shall administer 6,001-27,000 aggregate housing voucher and public housing units. Of the 100 agencies selected under this section, five shall be agencies with portfolio awards under the Rental Assistance Demonstration that meet the other requirements of this section, including current designations as high performing agencies or such designations held immediately prior to such portfolio awards. Selection of agencies under this section shall be based on ensuring the geographic diversity of Moving to Work agencies. In addition to the*

*preceding selection criteria, agencies shall be designated by the Secretary over a 7-year period. The Secretary shall establish a research advisory committee which shall advise the Secretary with respect to specific policy proposals and methods of research and evaluation for the demonstration. The advisory committee shall include program and research experts from the Department, a fair representation of agencies with a Moving to Work designation, and independent subject matter experts in housing policy research. For each cohort of agencies receiving a designation under this heading, the Secretary shall direct one specific policy change to be implemented by the agencies, and with the approval of the Secretary, such agencies may implement additional policy changes. All agencies designated under this section shall be evaluated through rigorous research as determined by the Secretary, and shall provide information requested by the Secretary to support such oversight and evaluation, including the targeted policy changes. Research and evaluation shall be coordinated under the direction of the Secretary, and in consultation with the advisory committee, and findings shall be shared broadly. The Secretary shall consult the advisory committee with respect to policy changes that have proven successful and can be applied more broadly to all public housing agencies, and propose any necessary statutory changes. The Secretary may, at the request of a Moving to Work agency and one or more adjacent public housing agencies in the same area, designate that Moving to Work agency as a regional agency. A regional Moving to Work agency may administer the assistance under sections 8 and 9 of the United States Housing Act of 1937 (42 U.S.C. 1437f and g) for the participating agencies within its region pursuant to the terms of its Moving to Work agreement with the Secretary. The Secretary may agree to extend the term of the agreement and to make any necessary changes to accommodate regionalization. A Moving to Work agency may be selected as a regional agency if the Secretary determines that unified administration of assistance under sections 8 and 9 by that agency across multiple jurisdictions will lead to efficiencies and to greater housing choice for low-income persons in the region. For purposes of this expansion, in addition to the provisions of the Act retained in section 204, section 8(r) (1) of the Act shall continue to apply unless the Secretary determines that waiver of this section is necessary to implement comprehensive rent reform and occupancy policies subject to evaluation by the Secretary, and the waiver contains, at a minimum, exceptions for requests to port due to employment, education, health and safety. No public housing agency granted this designation through this section shall receive more funding under sections 8 or 9 of the United States Housing Act of 1937 than it otherwise would have received absent this designation. The Secretary shall extend the current Moving to Work agreements of previously designated participating agencies until the end of each such agency's fiscal year 2028 under the same terms and conditions of such current agreements, except for any changes to such terms or conditions otherwise mutually agreed upon by the Secretary and any such agency and such extension agreements shall prohibit any statutory offset of any reserve balances equal to 4 months of operating expenses. Any such reserve balances that exceed such amount shall remain available to any such agency for all permissible purposes under such agreement unless subject to a statutory offset. In addition to other reporting requirements, all Moving to Work agencies shall report financial data to the Department of Housing and Urban Development as specified by the Secretary, so that the effect of Moving to Work policy changes can be measured.*

## **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 and the instructions can be found at [Office of Housing Choice Vouchers](#).

The 2-year tool compares all resources available to support the PHA's HAP payments in calendar year 2016 with actual HAP expenses for 2016 projected through the end of the calendar year.

Resources are calculated using the PHA's RNP as of 12/31/2015, the HUD-held reserve as of 12/31/2015, the PHA's actual Renewal Annual Budget Authority (ABA) for 2016, and any new voucher incremental funding applicable to CY 2016 or set-aside amounts awarded or expected to be awarded in 2016.

HAP expenses are calculated based on current leasing and expense data, projected through the end of calendar year 2016; the PHA's suspension of general voucher issuance; 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 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 2015 or CY 2016. These special-purpose vouchers include VASH, Family Unification Program (FUP), Near Elderly Disabled (NED), and Tenant Protection vouchers initially awarded in 2015 and/or 2016.
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 **April 1, 2016**.

**Any vouchers issued on or after April 1, 2016, 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. PHAs cannot issue vouchers and/or execute HAP contracts for families that do not meet any of the exceptions through the end of Calendar Year 2016.

The application period for shortfall set-aside funding will remain open until November, 9, 2016; therefore, applications must be received by or before 5:00 p.m., EDST, November 9, 2016. 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 for additional set-aside funds. 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 2016 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 PHA will continue to work with the SPT throughout the year to monitor the PHA's financial position and to implement cost savings measures outlined in Notice PIH 2011-28 to decrease the possibility of an increased shortfall. PHA must adhere to the eligibility requirements detailed in Section 12 of this Notice. Factors considered by the SPT to determine the amount of a potential shortfall will be determined as follows:

- a. **Cash Supported Total Reserves as of 12/31/2015** : SPT will use the Cash Supported Total Reserves as of 12/31/2015, which consists of the HUD-Held Reserve and the lower of HUD-Estimated Excess Cash, PHA Reported RNP as of 12/31/2015, or the actual amount of cash on hand to support the RNP. If there is a discrepancy with any of these amounts the PHA will be required to provide documentation as requested before this adjustment will be made.
- b. **HUD-held reserve as of 12/31/ 2015**: SPT will use the balance reported to SPT by HUD's FMC.
- c. **2016 Renewal ABA**: Actual renewal ABA awards for CY 2016.
- d. **Special-purpose voucher and tenant protection funding and set-asides**: FMC will provide amounts to be made available to the PHA in CY 2016 for special-purpose voucher and tenant protection funding increments applicable to any portion of CY 2016, and for any set-aside funding previously awarded in CY 2016.
- e. **Unit months leased**: The unit months leased (UML) for CY 2016 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 **April 1, 2016** 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 2016 will be based on a projection of the unit months leased for 2016 (described in e 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 **April 1, 2016** taken from the PHA's VMS report will be used to determine future leasing, if any, from vouchers issued prior to the **April 1, 2016** cutoff. For most PHAs, there will be no units on the street starting on **April 1, 2016**. 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. **2016 Year-End Total HAP Reserve Balance:** Any PHA with a negative projected 2016 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 2016 Housing Choice Voucher Program - \$75 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.

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

\_\_\_\_\_ **Shortfall Scenario 1:** For PHAs already in an-SPT confirmed shortfall- the certification is as follows:

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

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

(2) The PHA has ceased issuing vouchers to applicants as of **April 1, 2016**. (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 to homeless veterans 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.)

(3) 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 **April 1, 2016**. Note this does not apply to vouchers issued under the two exceptions noted in (2) above. In addition, PHAs may enter into PBV HAP contracts for units that were under AHAP as of the application date and still meet this condition.

(4) The PHA has ceased absorbing portable vouchers as of **April 1, 2016**.

(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.)

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

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

Certification: I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: 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 2016 Housing Choice Voucher Program**

**ATTACHMENT B**

**Application for \$75 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 (Please also check a. and/or b. below, as applicable):**

\_\_\_\_\_ **a. PHAs whose program-wide funded CY 2016 HAP PUC is less than their current VASH HAP PUC based on their latest VASH HAP expenses in CY 2015, and/or**

\_\_\_\_\_ **b. Leasing Increase: PHAs whose total VASH leasing for CY 2016 will exceed the leasing level included in their renewal funding plus the leasing that will be supported by the RNP and HUD-held program reserves .**

**Documentation requirements and Deadlines for each of the above categories are contained in Paragraph 12 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



**CY 2016 Housing Choice Voucher Program - \$75 Million Set-Aside**

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**Attachment C**

**Project-Based Commitment Data - Calendar Year 2015**

<b>HA Number</b>	
<b>HA Name</b>	

**PROJECT-BASED  
COMMITMENTS**

If the PHA had project-based (PB) commitments during CY 2015 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 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	June 2015	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015

**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

CY 2016 - \$75 MILLION SET-ASIDE - PBV DATA - (Page 1 of 2)

**ATTACHMENT D**

**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-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
# OF UNITS:												

UNIT SIZE	CONTRACT RENT	GROSS RENT	UTILITIES INCLUDED IN GROSS RENT Y/N	# OF UNITS
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(Page 2 of 2)

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COMMENTS:
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**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 #:**

--

## Attachment E

### HUD-VASH Extraordinary Administrative Fees

#### Purpose of the HUD-VASH Program

The HUD-VASH Program combines the Department of Housing and Urban Development (HUD) Housing Choice Voucher (HCV) rental assistance to eligible homeless veterans and their families with case management and clinical services provided by the Department of Veterans Affairs (VA) at its medical centers and in the community. HUD-VASH assists homeless veterans and their families afford decent, safe, and sanitary housing through the distribution of housing vouchers. Beneficiaries are selected based on certain requirements including health care eligibility, homelessness status, and income.

**A. Award Information.** HUD will reserve up to \$5,000,000 for **HUD-VASH Extraordinary Administrative Fees (HUD-VASH EAF)**. Additional funds may become available for HUD-VASH Special Fees at the discretion of the Secretary.

**B. Eligible Activities/Expenses.** Under this Notice, PHAs may apply for HUD-VASH Extraordinary Administrative Fees (EAF) to support necessary additional or extraordinary related administrative expenses incurred to increase lease-up success rates, or decrease the time it takes for a Veteran to locate and move-in to a unit. In order to apply for these funds, applicants must justify or document actions specifically for administering the HUD-VASH program. Under this Notice, eligible activities/expenses could include, **but are not limited to,**

- Hiring temporary staff to process Request for Tenancy Approvals (RFTA) forms,
- Hiring temporary staff to conduct HQS inspections, or pre-inspect units that HUD-VASH clients are likely to rent;
- Hiring temporary staff to providing HUD-VASH clients with housing search assistance;
- Hiring temporary staff to serve as a Portability Coordinator for HUD-VASH clients;
- Hosting a “VASH Day”, a one-stop for intake, issuing provisional vouchers, etc.;
- Hosting Landlord Recruitment Fairs and other activities to engage landlords to participate in the HUD-VASH program;
- Holding extra briefings for HUD-VASH clients;
- Other services to ensure that HUD-VASH clients can move into their new homes with a voucher in the shortest time-period possible.

**Due to the limited nature of the funds available, payments made directly to Veterans, such as transportation reimbursement, security deposit assistance, etc., are not considered eligible expenses.**

**C. Application Requirements:** To apply for EAF funding, ALL applicants must submit the following:

- A letter signed by the appropriate PHA official, clearly indicating the amount being requested, and the estimated Unrestricted Net Assets (Administrative fee reserve) balance as of the day of the request;
- a statement describing an activity that is being proposed, underway or has been completed;
- A description of the local need that the activity will serve;
- Data on the number of veterans that the activity will help;
- How the activity will lead to an increase in leasing success rates and/or reduce processing time;
- Budget justification to support request. The budget justification must support the need for additional administrative expenses. The expenses must be above what can be supported by your PHA's earned or anticipated ongoing administrative fees for the year. In order to streamline the process, a sample request form is also attached as **Appendix F**.

**D. Funding Priority Categories.**

- Funding Category 1: Requests Not Funded under FY 2015 Notice, *due to insufficient funding*. HUD will give priority to PHAs that submitted a request for EAF in FY 2015, but were not funded due to insufficient funding. **PHA's that are requesting funding consideration under this Funding Category cannot exceed the previous request; however, the request may be reduced.** Below is a listing of applicants that are eligible for this Category. If HUD receives applications eligible for funding under Funding Category 1 that are greater than the amount made available under this Notice, HUD will equally prorate each award.
- Funding Category 2 (New Submissions): If funding remains after all Funding Category 1 applicants are funded, HUD will make awards to PHAs that did not submit a request for EAF in FY 2015. If HUD receives applications eligible for funding under Funding Category 2 that are greater than the amount available, HUD will make awards based on the PHA's HUD-VASH utilization rate (i.e., number of vouchers that have not been issued compared to the number of VASH vouchers allocated, as a percentage), in ascending order, starting with PHAs with the lowest utilization rate first (as of the day of the request). For applicants with the same utilization rate, HUD will fund the applicants based on VASH program size, in descending order, starting with the largest VASH allocation first. The utilization rate will be based on available leasing data (as of the day of the request).
- Funding Category 3 (PHAs funded under FY 2015 Notice, making new requests). If funding remains after all Funding Category 2 applicants are funded, HUD will make awards to PHAs that received an EAF award in FY 2015, and are seeking additional

funds to continue activities, or are proposing new activities. If HUD receives applications eligible for funding under Funding Category 3 that are greater than the amount available, HUD will make awards based on the PHA's HUD-VASH utilization rate (i.e., number of vouchers that have not been issued compared to the number of VASH vouchers allocated, as a percentage), in ascending order, starting with PHAs with the lowest utilization rate first (as of the day of the request). For applicants with the same utilization rate, HUD will fund the applicants based on VASH program size, in descending order, starting with the largest VASH allocation first. The utilization rate will be based on available leasing data (as of the day of the request).

**E. Order of Funding:** Applications will be funded in order starting with Funding Category 1, then Funding Category 2, then Funding Category 3.

**F. Funding Adjustments.** Please note that HUD will not fund an ineligible activity, and will reduce an award to exclude such costs. Additionally, HUD reserves the right to adjust awards in order to ensure fair and reasonable distribution of funds.

**G. Requests for Clarification.** HUD may contact your agency to clarify items in its application via email. HUD will send an email to the person listed as the authorized representative(s) in the application. Email notifications will be sent from HUD with confirmation of delivery receipt requested. The email notifications will be the official notification of the need provide additional information. It is the responsibility of applicants to provide accurate email addresses for receipt of these notifications and to monitor their email accounts to determine whether a request for clarification has been received. The applicant must carefully review the request for clarification and must provide the response in accordance with the instructions contained in the notification. Clarifications or corrections must be received by HUD within the time limits specified in the notification.

If the deadline date falls on a Saturday, Sunday, federal holiday, or other day when HUD's Headquarters offices in Washington, D.C. are closed, then the applicant's correction must be received on the next day that is not a Saturday, Sunday, or federal holiday, or other day when the HUD's Headquarters offices in Washington, D.C. are closed.

**H. Deadline Date:** All applications must be received no later than 4:00 p.m. (EST) on Friday, May 6, 2016. All applications must be sent to [VASH@hud.gov](mailto:VASH@hud.gov). The subject line of the email should include the PHA Number, the agency name – "VASH EAF Application).

**I. Selection of Applications:** HUD is anticipating awards to be made within 90 days of due date.

**J. Information Contact.** Inquiries about HUD-VASH EAF/Special Fees should be directed to [VASH@hud.gov](mailto:VASH@hud.gov)

Sample Request Form

		Actual Expenses			
		May-15	Jun-15	Jul-15	Total
<b>Revenue</b>					
	HUD Extra Ordinary Administrative Fees	\$37,708	\$37,708	\$37,709	\$113,125
	Other:				\$0
	<b>Total Income:</b>	<b>\$37,708</b>	<b>\$37,708</b>	<b>\$37,709</b>	<b>\$113,125</b>
<b>Expenditures</b>					
Salaries					
	Project Oversight & Coordination	\$2,583	\$2,583	\$2,583	\$7,749
	Project Manager				\$0
	Administrative Assistant	\$333	\$333	\$333	\$999
	VASH Landlord/Education Liaison	\$3,000	\$5,000	\$2,000	\$10,000
	VASH Real Estate Specialist	\$0	\$2,518	\$5,168	\$7,686
	Project Director				\$0
	Family Advisor/Mobility Counselor	\$2,389	\$2,389	\$2,389	\$7,167
	Workshop Waitlist Education Coordinator				\$0
	Other:	\$626	\$626	\$626	\$1,878
	Other:				\$0
	<b>Total Salary Expenditures:</b>	<b>\$8,931</b>	<b>\$13,449</b>	<b>\$13,099</b>	<b>\$35,479</b>
Overhead & Supplies					
	Printing/Copying				\$0
	Accounting			\$256	\$256
	Supplies			\$444	\$444
	Credit Checks				\$0
	Postage			\$67	\$67
	Telephone			\$202	\$202
	Rent/Utilities/Furniture			\$1,287	\$1,287
	Equipment/Maintenance			\$187	\$187
	Insurance			\$113	\$113
	IT Services			\$4,874	\$4,874
	Other:				\$0
	<b>Total Operating Expenditures:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,430</b>	<b>\$7,430</b>
PHA Support					
	HA002 Blue HA				\$0
	HA043 Purple HA				\$0
	<b>Total PHA Support Expenditures:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Total Expenditures:</b>	<b>\$8,931</b>	<b>\$13,449</b>	<b>\$20,529</b>	<b>\$42,909</b>
	<b>Net Income Surplus/Deficit:</b>	<b>\$28,777</b>	<b>\$24,259</b>	<b>\$17,180</b>	<b>\$70,216</b>

<b>Applicants eligible for consideration under Funding Category 1</b>	
<b>PHA Number</b>	<b>PHA Name</b>
AL001	Housing Authority of Birmingham District
AZ001	City of Phoenix
AZ004	City of Tucson
AZ005	Housing Authority of the City of Mesa
CA002	Housing Authority of the County of Los Angeles
CA004	Housing Authority of the City of Los Angeles
CA006	Housing Authority of the City of Fresno
CA024	Housing Authority of the County of San Joaquin's
CA088	HA of the City of Santa Rosa
CA108	Housing Authority of the County of San Diego
DC001	District of Columbia Housing Authority
DE001	Wilmington Housing Authority
FL001	Housing Authority of Jacksonville
FL079	Broward County Housing Authority
IN071	Lafayette Housing Authority
KY107	Housing Authority of Pikeville
KY901	Kentucky Housing Corporation
MD002	Housing Authority of Baltimore City
MD015	Housing Authority of Prince George's County
MI064	Ann Arbor Housing Commission
MO198	Boone County Public Housing Agency
MO212	Ripley County Public Housing Agency
NC013	Housing Authority of the City of Durham
NC022	HA of City of Greenville (NC)
OH004	Cincinnati Metropolitan Housing
OR028	Northwest Oregon Housing Agency
PA010	Housing Authority of the County of Butler
SC002	Columbia Housing Authority
SC004	Housing Authority of the City of Greenville
TX004	Fort Worth Housing Authority
TX009	Dallas Housing Authority
TX065	Harlingen Housing Authority
TX456	HA of the City Tyler
TX512	DETCOG Regional Housing Authority
VA017	Hampton Redevelopment and Housing Authority
VA019	Fairfax Co. Redev. & Housing Authority
WA054	Pierce County Housing Authority
WI901	Wisconsin Housing & Economic Development Authority