

# Housing Choice Voucher Program CY 2018 Implementation

Public Housing Agency Briefing

May 2018

# Today's Topics

- ▶ CY 2018 Voucher Renewal Funding
- ▶ CY 2018 HAP Set-Aside
- ▶ CY 2018 Administrative Fees
- ▶ Other Voucher Funding
- ▶ HCVP Financial Management

# FY 2018 Appropriations

- ▶ HUD operated under a continuing resolution prior to enactment of FY 2018 Appropriations
- ▶ Funding allotments were received based on FFY 2017 Appropriations during that time
- ▶ January through July 2018 obligations to PHAs have been made based on that level of funding and individual PHA CY 2018 estimated renewal eligibility amount; disbursements based on projected need
- ▶ Public Law 115-141 was enacted March 23, 2018, providing full year appropriations
- ▶ HCVP portion included in 2018 implementation notice

# FY 2018 Appropriations

HAP Renewal Funding	\$19,600,000,000
Tenant Protection Vouchers	\$85,000,000
Administrative Fees	\$1,760,000,000
Mainstream Program	\$505,000,000
Tribal HUD-VASH Renewals	\$5,000,000
Veterans Affairs Supportive Housing	\$40,000,000
Family Unification Program	\$20,000,000
<b>Total</b>	<b>\$22,015,000,000</b>

# Voucher Renewal Funding

- ▶ Increase of \$1,245,000,000 from the 2017 Renewal appropriations
- ▶ No sequestration in FFY 2018
- ▶ HUD may use up to \$75,000,000 of FFY 2018 Renewal Funding as a HAP Set-Aside

# Voucher Renewal Funding

- ▶ PHA renewal allocations are calculated per the Appropriations Act, summarized as follows:
  - ▶ (1) Re-benchmarking conducted, based on actual HAP costs for CY 2017, per VMS reporting and HUD review, not to exceed costs for baseline units
  - ▶ (2) Renewal Inflation Factor applied
  - ▶ (3) Initial funding is inflated per renewal inflation factors for new increments that span 2017 and 2018

# Voucher Renewal Funding

PHA renewal allocations are calculated per Appropriations Act:

- ▶ (4) The National Pro-ration Factor is set at 99.745%
- ▶ (5) A small offset was necessary to increase the pro-ration to 99.745% and to prevent the termination of renewal assistance for families
- ▶ Result is CY 2018 Prorated Renewal Funding
  - ▶ Remember: PHAs may also have non-renewal funding and RNP/Program Reserves available to support CY 2018 HAP needs

# Voucher Renewal Funding

- ▶ PHA's pro-rated eligibility is compared to renewal funds obligated January through July 2018
  - ▶ If HAP obligations through July 2018 are less than pro-rated eligibility after offset (if there is any offset), the difference will be obligated
  - ▶ Otherwise, if obligations exceed pro-rated eligibility after offset (if there is any offset), the excess will be reduced from the August obligation



# Voucher Renewal Funding

## (1) Re-benchmarking

- ▶ Based on submitted and validated CY 2017 HAP costs per VMS, as of February 9 deadline
- ▶ HAP costs capped at 100% of baseline vouchers to ensure over-leasing is not funded:
  - ▶ UMAs divided by UMLs, not to exceed 100%
  - ▶ Example:  $1000 \text{ UMAs} / 1050 \text{ UMLs} = .95238$
  - ▶ HAP costs = \$1,000,000; multiplied by .95238 to yield baseline eligibility of \$952,380 = amount to renew 1000 UMAs

# Voucher Renewal Funding

- ▶ PHAs located in a Presidentially Declared Major Disaster Area (most impacted and distressed) will also receive adjustments to HAP renewal funding within the 60 day renewal allocation time frame
- ▶ A second HAP renewal adjustment and information on applying for this adjustment, also due to a disaster, will be provided at a later date

# Voucher Renewal Funding

## (2) Adjustment for first time renewals

- ▶ Applies to new (not renewal) increments effective after January 1, 2017
- ▶ An inflation adjustment per the renewal inflation factor is applied for the months in CY 2018

(3) Renewal Funding Inflation Factor is applied to the PHAs calculated 12-month renewal requirement after adjustments for steps 1 and 2 have been applied

(4) Proration: HUD determines a total eligibility for all PHAs and compares that amount to the total available HAP renewal funding per the 2018 Act in order to determine a proration factor (proration is 99.745%)

# Voucher Renewal Funding

(5) Appropriations Act again authorizes HUD to offset excess funds (RNP and program reserves) in order to:

- ▶ Avoid or reduce the need for proration of renewal funding; and
- ▶ Prevent termination of assistance as the result of insufficient funding
- ▶ The Department is exercising offset authority in CY 2018 to increase pro-ration level to 99.745% and to prevent the termination of assistance of families due to insufficient funding

# Offset for Reallocation

- ▶ The December 31, 2017 reconciled HAP program reserves
- ▶ Protect from offset the following amounts to the extent reserves are available to protect:
  - ▶ Difference between PHA's eligibility and prorated eligibility
  - ▶ CY 2018 amounts needs to fully fund VASH units
  - ▶ Difference between the higher of December 2017 UMLs x 12 or CY 2017 UMLs up to baseline units under ACC
  - ▶ CY 2017 new incremental BA (1/2 of eligibility)
  - ▶ CY 2017 Set-aside protection (1/2 of eligibility)
  - ▶ Portion of 2018 renewal eligibility (based on units under ACC):
    - ▶ 4% - 501 and above units
    - ▶ 6% - 251-500 units
    - ▶ 12% - less than 250 units

# Offset for Reallocation

- ▶ Result is total available for offset
- ▶ Offset amount (total available for offset x 16.274%)
- ▶ Note: PHAs that were determined to be a shortfall PHA in CY 2017 are exempt from offset

# Renewal Disbursements

- ▶ For CY 2018:
  - ▶ Disbursements are based on cash management requirements per Notice PIH 2017-06
    - ▶ Margin will vary based on national leasing and cost fluctuations
    - ▶ Margin does not change funding eligibility
  - ▶ PHAs must still assess level of program they can support across the CY based on total HAP funding and RNP/HUD-held reserves available, actual expenses to date, and projected expenses

# Renewal Disbursements

- ▶ For CY 2018:
  - ▶ Frontloads will continue to be available, up to the total budget authority obligated for the PHA and available HAP reserves
  - ▶ Non-renewal disbursements will continue to be made based on contract terms of incremental awards and/or Notice of Funding Availability (NOFA) (tenant protection, VASH, Mainstream, FUP and RAD)
  - ▶ Total HAP disbursements will be reconciled against total HAP expenses twice annually



# Voucher Set-Aside Funding

- ▶ Up to \$75,000,000 of renewal appropriations may be used to augment renewal allocations for the following purposes:
  - ▶ Prevention of terminations due to insufficient funding
  - ▶ Unforeseen circumstances
  - ▶ Portability cost increases
  - ▶ Project-Based Vouchers
  - ▶ HUD-VASH
- ▶ If there are any funds remaining after all categories are funded, these funds will be distributed to all PHAs on a prorated basis

# Voucher Set-Aside Funding

- ▶ Prevention of terminations due to insufficient funding
- ▶ Scenario 1 - PHAs already in shortfall
  - ▶ At the time of set-aside application, PHA is working with HUD's Shortfall Prevention Team and SPT has confirmed the PHA is in shortfall
  - ▶ PHA has ceased issuing vouchers as of the date of notification by the SPT of a potential shortfall
  - ▶ Exceptions: participants issued vouchers to move; tenant protection vouchers for targeted families residing in covered property on the date of the eligibility event; VASH vouchers for homeless veterans, up to VASH baseline

# Voucher Set-Aside Funding

- ▶ **Scenario 1 - PHAs already in shortfall**
  - ▶ PHAs may enter into project-based HAP contracts for units already under AHAP and may fill vacant PB units
  - ▶ PHA has ceased absorbing portable vouchers as of the date of notification by the SPT of a potential shortfall
- ▶ **Scenario 2 - PHAs who managed their program budgets in a responsible manner but later in the year SPT determined to be in shortfall**
- ▶ PHA must submit signed CY 2018 Set-Aside Attachment A for either scenario

# Voucher Set-Aside Funding

- ▶ Shortfalls: Determination of Funding Required
  - ▶ Calculated by HUD using Two Year Projection Tool
  - ▶ Compares all resources available to PHA to HAP expenses projected for the year
    - ▶ Resources: RNP; HUD-held reserves; CY 2017 renewal BA; CY 2017 portion of incremental BA; set-aside funds
    - ▶ Expenses: Current leasing and expense data, projected through the year; suspension of vouchers; projected attrition based on prior actual attrition

# Voucher Set-Aside Funding

- ▶ Shortfalls:
  - ▶ PHA anticipating a shortfall should immediately contact the field office
  - ▶ Application period remains open throughout CY 2018; however, PHAs facing shortfalls in October and November 2018, must submit applications no later than 5 p.m. EST, Thursday, August 9, 2018, so HUD can provide the funds prior to FFY 2018 close-out
  - ▶ For SPT confirmed shortfalls for the month of December 2018, PHAs must submit applications no later than 5 p.m. EST, Friday, November 9, 2018 (HUD reserves the right to accept additional applications on a case-by-case basis after this date)
  - ▶ Shortfall funds will be awarded in the amount needed for the PHA to end CY 2018 with \$0 RNP and reserves

# Voucher Set-Aside Funding

- ▶ Unforeseen Circumstances - Eligibility:
  - ▶ 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

## Submission Requirements:

- ▶ Signed 2018 Attachment B;
- ▶ Detail Narrative of the unforeseen circumstances occurred during or after the CY 2017 re-benchmarking period that have significantly increased renewal costs;
- ▶ Evidence to support the narrative; and
- ▶ PHA's calculation of the increased costs for CY 2018

# Voucher Set-Aside Funding

- ▶ Portability - Eligibility:
  - ▶ PHA must have experienced a significant increase in renewal costs due to portability (HUD will calculate)
    - ▶ Portability average HAP PUC for re-benchmarking period must exceed program-wide PUC by 10%
    - ▶ Eligibility will be HAP difference multiplied by the unit months leased for “Port Vouchers Paid”

## Submission Requirements:

- ▶ Signed Set-Aside Attachment B for CY 2018

# Voucher Set-Aside Funding

- ▶ Project-Based Vouchers - Eligibility:
  - ▶ Vouchers were not in use during the re-benchmarking period, in order to be available to meet a commitment for PB vouchers assistance
  - ▶ Adjustment will not exceed the number of unleased unit months
  - ▶ Only new construction and rehabilitated housing are eligible



# Voucher Set-Aside Funding

## ▶ Project-Based Vouchers - Eligibility:

### Submission requirements:

- ▶ Specific sections of the executed AHAP agreement (see the Notice)
- ▶ If executed, specific sections of the HAP agreement (see the Notice)
- ▶ Signed Set-Aside Attachment B for CY 2018
- ▶ Signed Set-Aside Attachment C and D for each project requested

# Voucher Set-Aside Funding

- ▶ HUD-VASH - Eligibility:
  - ▶ Per Unit Cost Increase: Program-wide funded CY 2018 HAP PUC is less than current VASH HAP PUC
    - ▶ HUD will calculate eligibility; no documentation required
  - ▶ Leasing Increase: Total VASH leasing for CY 2018 will exceed the level included in renewal funding plus leasing that will be supported by RNP and reserves
    - ▶ HUD will calculate eligibility; no documentation required
  - ▶ Submit signed CY 2018 Set-Aside Attachment B

# Voucher Set-Aside Funding

- ▶ Mailing Address for Shortfall Set-Aside Requests:  
U.S. Dept. of Housing & Urban Development  
Office of Housing Voucher Programs  
Attn: Miguel Fontanez, Director FMD  
451 7<sup>th</sup> St. SW., Room 4222  
Washington, DC 20410
- ▶ Electronic Address for Set-Aside Requests:
  - ▶ [2018Set-AsideApplications@hud.gov](mailto:2018Set-AsideApplications@hud.gov)
  - ▶ Subject Line: PHA Number, 2018 Set-Aside Application
- ▶ Applications must be received by 5 p.m. EDST, on June 29, 2018

# Administrative Fees

- ▶ FY 2018 Admin Fee Funding: \$1,760,000,000
- ▶ HUD MAY use up to \$30,000,000 of CY 2018 Admin Fee funding as a set-aside for housing conversion special fees, fees for portability and homeownership, etc.

# Administrative Fees

- ▶ Admin fee funds are advanced monthly, based on latest reconciled eligibility
- ▶ Admin fees are reconciled quarterly; for CY 2018 earnings are anticipated to equal approximately 76% of eligibility
- ▶ PHAs must take actions to reduce costs if fees and UNP (formerly know as UNA) are insufficient
  - ▶ Notice PIH 2012-15 discusses streamlining administrative practices to reduce costs
  - ▶ HAP funds may not be used for admin costs

# Administrative Fees

- ▶ CY 2018 AF schedules is posted on the HCV website
- ▶ [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv)
- ▶ Rates are retroactively effective January 1, 2018
- ▶ PHA requests for higher admin fees or blended fee rates must be received by HUD by May 22, 2018. Requests are submitted to Financial Management Center, supported by data stipulated in PIH Notice 2018-05
- ▶ Blended fee requests are submitted to Financial Management Division; no supporting data needed. The application deadline was April 16, 2018
- ▶ Approvals are for CY 2018 only

# Administrative Fees

- ▶ Special Fees/Set-Aside:
  - ▶ **Sec 21103 of the Bipartisan Budget Act of 2018:** provides an administrative fee adjustment for PHAs that were affected by a disaster in an area for which the President declared a major disaster during FFY 2017 under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.). For details on how to apply for this adjustment, please see Attachment E of the Notice (to be provided in a later date)
  - ▶ **One-Time Costs Associated with Small Area Fair Market Rent Adoption:** A portion of the set-aside may be used for one-time costs associated with the adoption of Small Area Fair Market Rents (SAFMRs)
  - ▶ Homeownership (HO):
    - ▶ \$200 for every HO closing for families in Voucher HO, Section 8 Family Self-Sufficiency or Section 8 MTW HO programs
    - ▶ HUD will also fund a one-time \$500 special fee for each newly created Homeownership Program at any PHA in CY 2018
    - ▶ HUD will calculate and disburse, based on PIC reporting - no PHA application required

# Administrative Fees

- ▶ Special Fees/Set-Aside:
  - ▶ MF Housing Conversions:
    - ▶ \$200 for each unit occupied on the date of the eligibility event
    - ▶ HUD will calculate - no separate PHA application required for fees
  - ▶ Special Portability Fees:
    - ▶ PHAs administering port-in vouchers which equal 20% or more of the PHA's total leased vouchers as of December 31, 2017
    - ▶ Funding: 15% of PHA's Column A fee rate for each eligible port-in voucher for 12 months
    - ▶ HUD will calculate and disburse, based on portability data in PIC and leased data from VMS; no PHA application required



# Administrative Fees

- ▶ Special Fees/Set-Aside:
- ▶ Special Fees for audit costs for declaring major HCV programs per PIH Notice 2015-16 and for HCV voluntary transfers per PIH Notice 2015-22
- ▶ All special fees subject to availability of funds

# Tenant Protection Vouchers

- ▶ \$85,000,000 appropriated
- ▶ Replacement vouchers are provided when an eligibility event permanently reduces the number of HUD-assisted housing units
- ▶ Relocation vouchers are provided when HUD-assisted units are not permanently reduced
- ▶ Any TP voucher not defined by HUD as a “replacement voucher” may not be reissued after the initial family is no longer receiving assistance
  - ▶ This provision applies only to TP vouchers funded from FY 2016, 2017 and FY 2018 Appropriations
  - ▶ PHAs are informed in their award letter if vouchers are relocation vouchers only; these are not renewed once the eligible participant leaves the program

# Tenant Protection Vouchers

- ▶ Multifamily Housing:
  - ▶ Vouchers are available to assist participants affected by Mod Rehab and SRO replacements and MF conversions such as terminations, opt-outs, prepayments property disposition relocations and certain RAD conversions
  - ▶ Initial term typically 12 months
  - ▶ These are typically replacement vouchers

# Tenant Protection Vouchers

- ▶ Public Housing:
  - ▶ Vouchers may be available to PHAs based on certain actions that temporarily or permanently remove units from the PH inventory, including demolitions and dispositions
  - ▶ HUD will determine a PHA's eligibility for TP vouchers as part of its approval of the removal actions and PHA may then apply for the vouchers
  - ▶ The type of TP voucher awarded (replacement or relocation) will be identified in the funding allocation letter
  - ▶ Initial term typically will be 12 months

# Tenant Protection Vouchers

- ▶ Replacement Vouchers for Vacant Units:
  - ▶ 2018 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
  - ▶ Due to anticipated demand, tenant protection vouchers are only initially being provided for occupied units
  - ▶ Subject to the availability of funding, HUD may later be able to provide vouchers for vacant units in the impacted properties

# VASH Funding

- ▶ Veterans Affairs Supportive Housing
  - ▶ \$40,000,000
  - ▶ Awarded based on geographic need
  - ▶ HUD issued comprehensive guidance for this competition in Notice PIH 2018-07

# Tribal HUD-VASH Renewals

- ▶ The 2018 Act provides \$5,000,000 for rental assistance and associated admin fees for Tribal HUD-VA Supportive Housing to serve Native American Veterans that are homeless or at-risk of homelessness living on or near a reservation or other Indian areas
- ▶ Any amounts remaining after renewals may be used for new grants under this program
- ▶ For further guidance from the Office of Native American Programs will be provided at a later date

# Mainstream Program

- ▶ The 2018 Act provides \$505,000,000 for Mainstream
- ▶ Mainstream voucher renewals will be based on actual HAP expenses as reported in VMS for CY 2017, in the same manner as other vouchers, but in a separate renewal action
- ▶ Administrative fees will be based on leasing as of the first of each month and will be prorated at the same level as fees for other vouchers
- ▶ The 2018 Act also provides that any funds remaining available after funding renewals and administrative expenses shall be available for incremental tenant-based assistance (further comprehensive guidance regarding Mainstream incremental vouchers are provided in the April 18, 2018 NOFA)



# Family Unification Program (FUP)

- ▶ The 2018 Act provides \$20,000,000 for new incremental FUP
- ▶ The 2018 Act also provides that any PHA administering voucher assistance appropriated in a prior Act under FUP that determine that it no longer has an identified need for such assistance upon turn-over, shall notify the Secretary, and the Secretary shall recapture such assistance from the agency and reallocate it to any other PHA(s) based on need for FUP voucher assistance
- ▶ HUD will implement this provision through guidance in the April 25, 2018 NOFA

# HCVP Financial Management

- ▶ PHAs must manage their programs in a responsible manner to enable them to serve families within their CY 2018 allocations, RNP and reserves, and within voucher baselines
- ▶ PIH Notice 2011-28 provides guidance on cost-savings measures PHAs may take to reduce financial shortfalls in the HCV program
- ▶ PIH Notice 2013-28 stipulates that PHAs may not use outside funding sources to maintain or increase leasing, but only to prevent terminations; prior HUD approval required to use outside funding and to report in VMS the expenses it supports

# HCVP Financial Management

- ▶ PHAs are encouraged to lease as close as possible to their capacity, without incurring a shortfall or exceeding the PHA's baseline
- ▶ PHAs should use the 2-year tool and update it regularly to see the vouchers that can be supported in the current year and the next year

# Questions?

- ▶ Any questions may be submitted to [PIHFinancialManagementDivision@hud.gov](mailto:PIHFinancialManagementDivision@hud.gov)