



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

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

Notice PIH 2009-26 (HA)

Issued: August 4, 2009

Expires: August 31, 2010

Cross References:

SUBJECT: Implementation of the Federal Fiscal Year 2009 Funding Provisions for the Housing Choice Voucher Program – Award of Remaining Set-Aside Funds

1. **Purpose.** This Notice announces the process that HUD will utilize to award funds from the FY 2009 Housing Assistance Payments (HAP) set-aside that have not been awarded under the procedures previously set forth in Notice PIH 2009-13. The set-aside funds are provided in the “Omnibus Appropriations Act, 2009” (Public Law 111-8), referred to hereinafter as “the 2009 Act,” enacted on March 11, 2009. The 2009 Act establishes a \$100 million dollar set-aside from the HAP renewal account for specific purposes.
2. **Background.** The 2009 Act provides that up to \$100 million of the appropriated renewal funding shall be available only: (1) to adjust the allocations for public housing agencies, after application for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in renewal costs of tenant-based rental assistance resulting from unforeseen circumstances or from portability under section 8(r) of the Act; (2) for adjustment for public housing agencies with voucher leasing rates at the end of the calendar year that exceed the average leasing for the 12-month period used to establish the allocation; (3) for adjustments for the costs associated with Veteran’s Administration Supportive Housing (VASH) vouchers; and (4) for vouchers that were not in use during the 12-month period in order to be available to meet a commitment pursuant to section 8(o)13 (project-based voucher assistance) of the Act.

The Department has reviewed all applications in all categories that were received by the extended deadline date and has determined the eligibility and funding in each case. Eligible applications did not exceed available funding, therefore, no pro-ratio was applied. Eligible PHAs received funding allocations on or before July 27, 2009. Upon completion of this process, there remained an available balance of approximately \$11 million of the original \$100 million. HUD will award these funds as set forth in this Notice, and in accordance with the requirements of the 2009 Act.

3. **Re-Evaluation of Requests for Funding for Unforeseen Circumstances:** Given that there is a balance of funds remaining from the set-aside, HUD will re-evaluate those previously submitted applications under Category (1) of the set-aside. This Category provided for adjustments for PHAs that experienced a significant increase in renewal costs from unforeseen circumstances. To be eligible for funding under this category, the Notice specified that the unforeseen circumstances must be substantiated with sufficient evidence for a HUD analyst to justify approval and determine a funding amount under this category.

Since the issuance of Notice PIH 2009-13, HUD has identified significant changes in the costs of the Housing Choice Voucher Program, as reflected in per unit HAP costs that for some agencies are accelerating at a rate beyond that provided for via the Annual Adjustment Factors (AAF). To the extent that these changes resulted from changes in tenant incomes (likely recession-related) or changes in rent and utility costs exceeding the AAF, the magnitude of these changes could not be foreseen by agencies. As a result, HUD will re-evaluate requests received under the unforeseen circumstances provision, both those that have been previously approved and those that have not been approved. The purpose of this re-evaluation is to identify those situations where:

- a. The PHA's monthly per unit HAP cost for the latest validated month or an average of the HAP costs for calendar year 2009 through the latest validated month exceeds the calendar year 2009 average per unit month cost funded. The calendar year 2009 average per unit month cost funded is defined as the federal fiscal year 2008 average cost per Voucher Management System reporting, adjusted by the 2009 AAF for one and a quarter periods and pro-rated to 99.1 percent; and
- b. The PHA is experiencing a shortfall in CY 2009, after taking into consideration budget authority, Net Restricted Assets, and funds already awarded from the 2009 set-aside. HUD may also consider the amount of Net Unrestricted Assets (administrative fee reserves) in this analysis. For the purpose of determining eligibility for receipt of the remaining set-aside funds, a shortfall is deemed to occur if the PHA is unable to support the vouchers under lease within baseline, as of December, 2008, or a later point in CY 2009, and will otherwise find it necessary to terminate voucher participants from the program.

HUD will review the situation of each PHA that submitted a request under the unforeseen circumstances category, and, based on the criteria above, will award the remaining set-aside funds based on need, as determined by HUD. If determined necessary by HUD, the awards may be pro-rated. In completing this process, HUD reserves the right to request additional information from any PHA that HUD is considering under this Notice. In order to expedite completion of this process and disbursement of the funds, any requests must be responded to by a PHA within 3 days.

Once the re-evaluation is completed, all PHAs who submitted requests under the unforeseen circumstances category will be notified with their results.

This Notice does not provide the opportunity for PHAs who did not submit set-aside requests for unforeseen circumstances by the June 4, 2009, deadline to make a submission now. Only those requests received by the stated deadline will be considered. PHAs should also not submit additional information at this time unless it is requested.

4. **Quality Assurance.** The Department will continue to deploy Quality Assurance (QA) teams to conduct on-site reviews of PHAs to ensure the integrity of PHA-reported data for the HCV program. It is each PHA's responsibility to retain the appropriate records to support their VMS submissions. VMS data is subject to review by the QAD and subsequent recalculation of funding will occur if a QAD review demonstrates that costs were incorrectly reported, resulting in excess funding.

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

/s/

Sandra B. Henriquez, Assistant Secretary for
Public and Indian Housing

