



# EMERGENCY HOUSING VOUCHERS: FINANCIAL REQUIREMENTS

CCHRCO Summer 2021

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# Background of EHV's

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## Background

PIH Notice 2021-15 was published to explain the implementation of the Emergency Housing Vouchers (EHVs). Brief updates were made in PIH Notice 2021-20. These EHV's are to assist individuals and families who are:

- ▶ Homeless;
- ▶ At risk of experiencing homelessness;
- ▶ Fleeing, or attempting to flee: domestic violence, dating violence, sexual assault, stalking, or human trafficking;
- ▶ Recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.



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## Background

- ▶ Section 3202 of the American Rescue Plan (ARP) appropriated \$5 billion for new incremental EHV, the renewal of those EHV, and fees for the cost of administering the EHV and other eligible expenses
- ▶ 70,000 Vouchers were issued (only tenant based)
  - Cannot project base these vouchers



## Background



**This PIH Notice also sets forth the operating requirements for the EHV for:**

- ▶ Administrative fees and fees for other eligible expenses
- ▶ HAP funding renewal process
- ▶ Family eligibility requirements
- ▶ EHV waivers, alternative requirements, and special rules, including a requirement that families are offered housing search assistance and that PHAs partner with the Continuum of Care (CoC) or other homeless or victim services providers to assist qualifying families through a direct referral process
- ▶ EHV recapture and redistribution procedures, and the prohibition on the reissuance of turnover EHV after September 30, 2023

## Background

To facilitate and expedite leasing, PHAs that accept an allocation of EHV will receive an allocation of administrative fee funding for other eligible expenses, defined by PIH Notice 2021-15, that are **not** normally eligible administrative expenses under the Housing Choice Voucher (HCV) program, as well as administrative fees for the cost of administering EHV.



## Background

- ▶ EHV HAP funding (initial and renewal funding) and both forms of administrative fee funding have been appropriated separate and apart from the regular HCV program appropriations provided through HUD's annual appropriations acts
- ▶ The law limits the use of all EHV funding by time and purpose
  - EHV funding of HAP and administrative fee funding (including services fees) may only be used for the EHV and may not be for the PHA's regular HCVs or other special purpose vouchers including Mainstream vouchers



# Eligibility & Award

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## Eligibility

- ▶ To be eligible to receive an EHV funding allocation, a PHA must currently administer the HCV program through an existing Consolidated Annual Contributions Contract (CACC) with HUD
- ▶ Non-profit agencies that only administer HCV Mainstream vouchers are not eligible to receive an EHV allocation



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## EHV Allocation

HUD's allocation formula is designed to direct emergency vouchers to the PHAs operating in areas where the EHV's eligible populations have the greatest need while also taking into account PHA capacity and the requirement to ensure geographic diversity, including rural areas. **Details are located in Section 4 of the Notice:**

- ▶ Comparative homelessness & at-risk of homelessness need
- ▶ Ensuring geographic diversity including with respect to rural areas
- ▶ PHA capacity
- ▶ Base formula structure
- ▶ Minimum allocation size and rural area adjustments



## Sample Funding Letter

Dear Executive Director:

This is your public housing agency's (PHA) Emergency Housing Vouchers (EHV) Award notification, which is authorized by the American Rescue Plan (ARP) Act of 2021 (Public Law No: 117-2).

The ARP authorized the Department of Housing and Urban Development (HUD) to allocate additional vouchers to PHAs through an allocation formula designed to direct emergency housing vouchers to the PHAs operating in areas where the EHV's eligible populations have the greatest need while also considering PHA capacity and the requirement to ensure geographic diversity, including rural areas. The EHV's are provided to help assist individuals and families who are (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless.

The following table provides the details for your agency's EHV award:

Emergency Housing Vouchers Awarded: <sup>28</sup>			
Housing Assistance Payments	Preliminary Fees	Service Fees	Administrative Fees
\$203,220	\$11,200	\$98,000	\$25,272
Effective: July 1, 2021	Effective: June 1, 2021	Effective: June 1, 2021	Effective: July 1, 2021

Please notice the effective date of your EHV awards based on the category of funding. HUD will obligate 12 months of Housing Assistance Payments (HAP) and Administrative (Admin) Fee funding to all eligible PHAs. HAP and Admin Fees are effective on July 1st, and 1/12 of the total HAP and Admin Fees will be disbursed automatically for July, August, and September 2021. After that, monthly HAP disbursements will be based on actual EHV HAP expenses and units leased reported in VMS. HUD will automatically adjust the HAP funding based on actual costs associated with the EHV Awards. If your PHA needs HAP funds beyond the automatic adjustments, please contact your Financial Analyst at the Financial Management Center.

# Administrative Fees & Funding Other Expenses

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## Administrative Fees & Other Eligible Costs



The ARP provides fees for the costs of administering the EHVs and other eligible expenses to prevent, prepare for and respond to coronavirus and to facilitate the leasing of the emergency housing vouchers, such as security deposit assistance and other costs related to retention and support of participating owners

- ▶ These fees may **only** be used for EHV administration and other eligible expenses as defined in the Notice
- ▶ Must not be used for or applied to other PHA programs
- ▶ The PHA must maintain separate financial records from its regular HCV funding for all EHV funding, both HAP and administrative fee amounts

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# Administrative Fees & Other Eligible Costs

THERE ARE FOUR FEES THE PHA CAN EARN WITH EHVS



Preliminary  
Fee



Placement Fee /  
Expedited Issuance  
Reporting Fee



Ongoing  
Administrative  
Fee



Services  
Fees

## Preliminary Fee



## Preliminary Fee

- ▶ PHAs will receive a single, one-time preliminary fee of \$400 per EHV allocated to the PHA once the PHA's CACC is amended to reflect the EHV funding obligation
  - These funds will support the anticipated immediate start-up costs that the PHA will incur in implementing the EHV alternative requirements, such as the outreach to and coordination with a CoC and other potential partnering agencies and planning and development
  - This fee may be used for any eligible administrative expenses related to the EHV. This fee may also be used to pay for any of the eligible activities under the EHV Services Fee



## Preliminary Fee

- ▶ PHAs will receive a single, one-time preliminary fee of \$400 per EHV allocated to the PHA once the PHA's CACC is amended to reflect the EHV funding obligation
  - For example, if a PHA received an allocation of 100 EHV the preliminary fee would be:

$$\text{\$400} \times 100 = \text{\$40,000}$$



# Placement Fee /Expedited Issuance Reporting Fee

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## Placement Fee / Expedited Issuance Reporting Fee

**This fee amount will support initial lease-up costs as well as the added cost and effort required to expedite the leasing of the EHV.**

- ▶ Initial lease-up costs are expected to include the PHA's costs to establish and refine the direct referral process with its partners and to expedite income determinations, family briefings, and voucher issuance
- ▶ It also supports the PHA's costs to report the issuance of the EHV to HUD ahead of the normally applicable reporting deadlines, which will allow HUD access to EHV issuance data in as timely a manner as possible



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## Placement Fee / Expedited Issuance Reporting Fee

- ▶ PHAs will receive \$100 for each EHV that is initially leased upon the effective leasing date of that voucher if the PHA reported the voucher issuance date in the IMS/PIC or PIC-NG system within 14 days of the later of the voucher issuance date or the date when the system becomes available for reporting.
- ▶ PHAs will receive an additional placement fee of \$500 for each EHV family placed under a HAP contract that is effective no later than four months after the effective date of the ACC funding increment for that EHV **or**
- ▶ PHAs will receive an additional placement fee of \$250 for each EHV family placed under a HAP contract that is effective after four months after the effective date of the ACC funding increment for that EHV



## Placement Fee / Expedited Issuance Reporting Fee

### CASE STUDY

- ▶ If a PHA reported the voucher issuance within 14 days and leased the voucher within the four-month window, the PHA would receive \$600 as the total placement and expedited issuance fee
- ▶ If the PHA reported the voucher issuance within 14 days and leased the voucher within the six-month window, the PHA would receive \$350
- ▶ If the PHA reported the voucher issuance within 14 days but did not lease the voucher until after the six-month window had passed, the PHA would receive \$100.
- ▶ The PHA does not receive the fee if the issued voucher is never leased



## Placement Fee / Expedited Issuance Reporting Fee

- ▶ In cases where the PHA received more than one EHV allocation and the funding increments have different dates, HUD will determine the PHA's eligibility for the placement fee based on the effective date of the PHA's initial increment
- ▶ EHV's from the initial increment are expected to be issued and leased first for purposes of calculating the placement fee
- ▶ Once the number of EHV's under lease equals the total number of vouchers allocated under the initial increment, HUD will use the effective date of the PHA's subsequent allocation to determine the PHA's eligibility for the \$500 or \$250 placement fee



## Placement Fee / Expedited Issuance Reporting Fee

- ▶ The placement/expedited issuance reporting fee is only applicable to the initial time the voucher is leased by the PHA. The placement/expedited issuance reporting fee is not paid for subsequent lease-ups
- ▶ This placement fee may be used for any eligible administrative expenses related to the EHV's
  - This fee may also be used to pay for any of the eligible activities under the EHV services fee



# Ongoing Administrative Fee

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## On-going Administrative Fee

- ▶ The on-going administrative fee for EHV is calculated in the same as the HCV program
- ▶ PHAs will be allocated the full Column A administrative fee amount for each EHV that is under HAP contract as of the first day of each month
- ▶ Similar to the HCV administrative fee process, HUD will make the EHV ongoing administrative fees available to PHAs each month based on actual leasing reported by the PHA for prior months
- ▶ HUD will reconcile the PHA's EHV's administrative fees on a periodic basis and at the end of each calendar year
  - Subject to proration ☹



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## On-going Administrative Fee

- ▶ HUD recognizes that prior month EHV leasing data will not be available during the early stages of the PHA's EHV program
- ▶ For each of the first three months following the ACC funding increment effective date, HUD will advance the PHA ongoing administrative fees equal to the amount of ongoing administrative fees the PHA would receive for that month if all EHV's allocated to the PHA were fully leased so that the PHA also has ongoing administrative fees available to meet the initial costs of EHV administration
- ▶ The advanced ongoing administrative fees will be taken into account when HUD first reconciles the PHA's EHV administrative fees
- ▶ EHV ongoing administrative fees may be used for any eligible administrative expenses related to the EHV's. These fees may also be used to pay for any of the eligible activities under the EHV Services Fee

## Services Fee



## Services Fees

A PHA will be allocated a one-time services fee to support its efforts in implementing and operating an effective EHV services program that will best address the needs of EHV eligible individuals and families in its jurisdiction.

- ▶ This fee will be allocated to the PHA once the PHA's CACC is amended to reflect the EHV funding obligation
- ▶ The amount allocated to each PHA will be equal to \$3,500 for each EHV allocated to the PHA



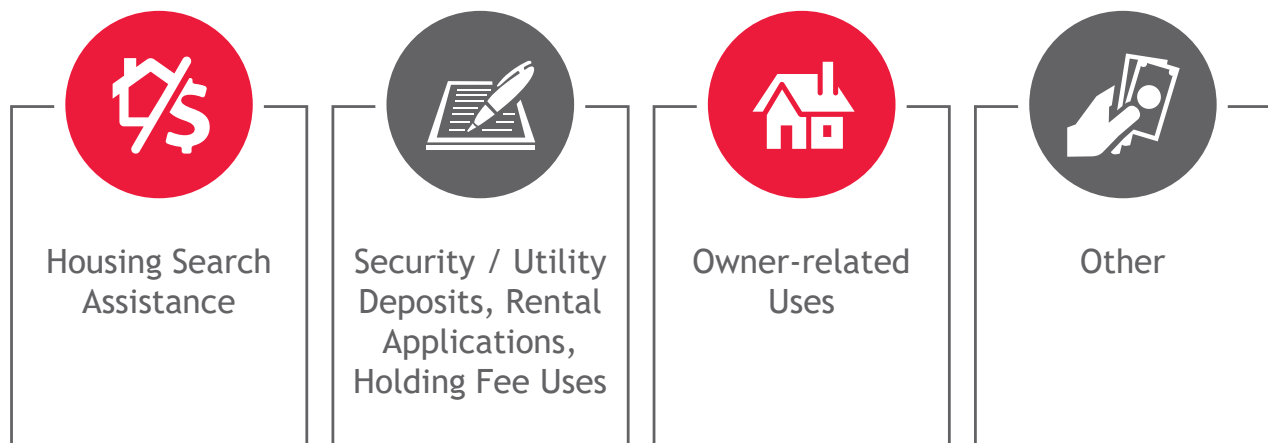
Services fee amount is not tied to each voucher, but instead is the combined total of the services fees are available to the PHA to design a menu of services that will best address the leasing challenges faced by the EHV eligible families in the PHA's community.

## Services Fees

- ▶ The eligible uses implemented by the PHA and the parameters/requirements established must be described in the PHA's administrative plan
- ▶ Any services fee assistance that is returned to the PHA after its initial or subsequent use (such as security deposits/utility deposits/other assistance that may be wholly or partly returned to the PHA by the owner/utility supplier/family) may only be applied to the eligible services fee uses as defined in the Notice (or subsequent Notice) or other EHV administrative costs
- ▶ Any amounts not expended for these eligible uses when the PHA's EHV program ends must be remitted to HUD



## Services Fee Categories



## Services Fee

### HOUSING SEARCH ASSISTANCE

- ▶ The PHA is required to ensure housing search assistance is made available to EHV families during their initial housing search
- ▶ The PHA may use the services fee funding to provide this required housing search assistance to EHV families during their initial housing search
- ▶ Housing search assistance is a broad term which may include many activities such as
  - helping a family identify and visit potentially available units during their housing search, helping to find a unit that meets the household's disability-related needs,
  - providing transportation and directions,
  - assisting with the completion of rental applications and PHA forms, and helping to expedite the EHV leasing process for the family

## Services Fee

SECURITY/UTILITY DEPOSITS, RENTAL APPLICATIONS, HOLDING FEE USES

- ▶ Application Fees / non-refundable admin or processing fees / refundable application deposit assistance
- ▶ PHA may choose to assist the family with some or all these expenses



## Services Fee

SECURITY/UTILITY DEPOSITS, RENTAL APPLICATIONS, HOLDING FEE USES

### Holding Fees

- ▶ In some markets, it is not uncommon for an owner to request a holding fee that is rolled into the security deposit after an application is accepted but before a lease is signed
- ▶ The PHA may cover part or all of the holding fee for units where the fee is required by the owner after a tenant's application has been accepted but before the lease signing
- ▶ The PHA and owner must agree how the holding fee gets rolled into the deposit, and under what conditions the fee will be returned. Typically, the owners need to accept responsibility for making needed repairs to a unit required by the initial housing quality standards (HQS) inspections and can only keep the holding fee if the client is at fault for not entering into a lease

## Services Fee

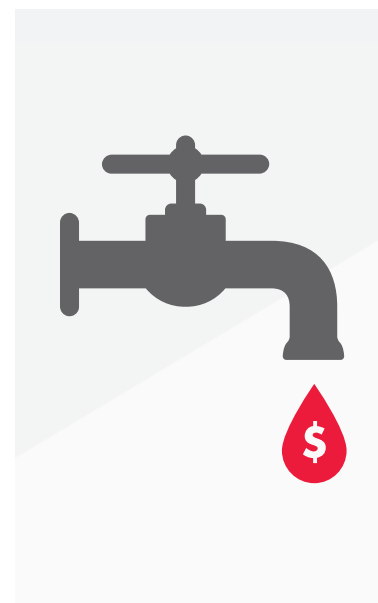
### SECURITY DEPOSIT ASSISTANCE

- ▶ The amount of the security deposit assistance may not exceed the lesser of two months' rent to owner, the maximum-security deposit allowed under applicable state and/or local law, or the actual security deposit required by the owner
- ▶ The PHA may choose to pay the security deposit assistance directly to the owner or may pay the assistance to the family
  - PHA must verify the family paid the security deposit
- ▶ The PHA may place conditions on the security deposit assistance, such as requiring the owner or family to return the security deposit assistance to the PHA at the end of the family's tenancy (less any amounts retained by the owner in accordance with the lease)
- ▶ Security deposit assistance returned to the PHA must be used for either services fee eligible uses or other EHV administrative costs

## Services Fee

### UTILITY DEPOSIT ASSISTANCE/UTILITY ARREARS

- ▶ Assistance can be provided for deposits (including connection fees) required for the utilities to be supplied by the tenant under the lease
- ▶ The PHA may choose to pay the utility deposit assistance directly to the utility company or may pay the assistance to the family
  - PHA must verify the family paid the utility deposit
- ▶ The PHA may place conditions on the utility deposit assistance, such as requiring the utility supplier or family to return the utility deposit assistance to the PHA at such time the deposit is returned by the utility supplier



## Services Fee

### UTILITY DEPOSIT ASSISTANCE/UTILITY ARREARS

- ▶ In cases where families may have large balances with gas, electric, water, sewer, or trash companies that will make it difficult if not impossible to establish services for tenant-supplied utilities
- ▶ The PHA may also provide the family with assistance to help address these utility arrears to facilitate leasing
- ▶ Utility deposit assistance that is returned to the PHA must be used for either services fee eligible uses or other EHV administrative costs



## Owner Related Uses

### OWNER RECRUITMENT & OUTREACH

- ▶ The PHA may use the service fee funding to conduct owner recruitment and outreach specifically for EHV
- ▶ In addition to traditional owner recruitment and outreach, activities may include conducting pre-inspections or otherwise expediting the inspection process, providing enhanced customer service, and offering owner incentive and/or retention payments
- ▶ More details in Section 9.1 of the Notice



## Owner Related Uses

### OWNER INCENTIVE & RETENTION PAYMENTS

- ▶ The PHA may make incentive or retention payments to owners that agree to initially lease their unit to an EHV family and/or renew the lease of an EHV family
- ▶ The PHA may design the owner incentive payment to meet its specific needs
  - limiting the incentive payments to new owners or owners in high opportunity neighborhoods
  - structuring all or part of the payment as a damages or unpaid rent mitigation fund, where the owner receives the mitigation payment only if the security deposit is insufficient to cover damages and other amounts owed under the lease



## Owner Related Uses

### OWNER INCENTIVE & RETENTION PAYMENTS

- ▶ The PHA may condition the offer of the owner incentive payment on the owner's agreement to abide by certain terms and conditions
- ▶ The PHA could require the owner to agree to contact and work with the family's CoC case manager or other intervention services (assuming such services are available) should lease violations or other tenant related issues arise during the assisted tenancy before taking action to evict the tenant





## Owner Related Uses

### OWNER INCENTIVE & RETENTION PAYMENTS

- ▶ HUD anticipates that owner incentive/retention payments would typically be made as a single payment at the beginning of the assisted lease term (or lease renewal if a retention payment)
- ▶ Regardless of the frequency that the PHA chooses to make such payments, owner incentive/retentions payments are not housing assistance payments and are not part of the rent to owner
- ▶ Owner incentive/retention payments are not taken into consideration when determining whether the rent for the unit is reasonable



## Other Eligible Uses

### MOVING EXPENSES (INCLUDING MOVE-IN FEES AND DEPOSITS)

- ▶ The PHA may provide assistance for some or all of the family's reasonable moving expenses when they initially lease a unit with the EHV
- ▶ The family has to move due to domestic violence, dating violence, sexual assault, or stalking
- ▶ The PHA may not provide moving expenses assistance for subsequent moves unless the family is required to move for reasons other than something the family did or failed to do



## Other Eligible Uses

### TENANT RELATED SERVICES

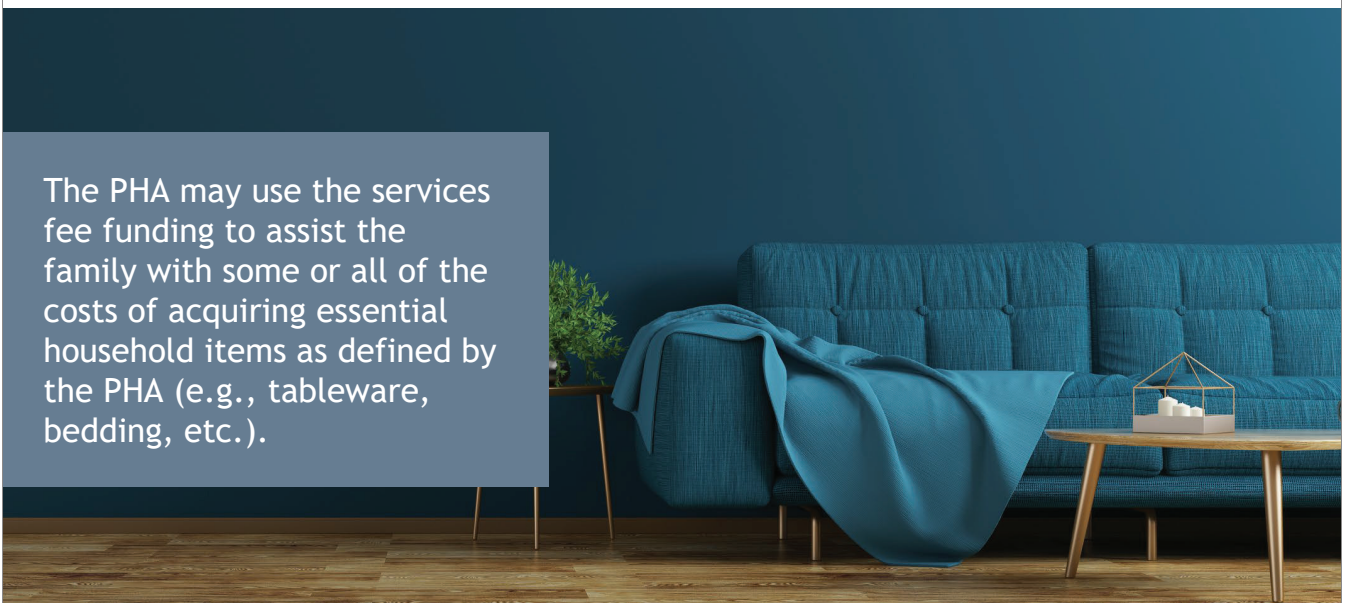
The PHA may use the services fee funding to help create customized plans to address or mitigate barriers that individual families may face in renting a unit with an EHV, such as negative credit, lack of credit, negative rental or utility history, or to connect the family to other community resources (including COVID-related resources) that can assist with rental arrears.



## Other Eligible Uses

### ESSENTIAL HOUSEHOLD ITEMS

The PHA may use the services fee funding to assist the family with some or all of the costs of acquiring essential household items as defined by the PHA (e.g., tableware, bedding, etc.).



## Other Eligible Uses

### RENTERS INSURANCE IF REQUIRED BY LEASE

The PHA may use the services fee funding to assist the family with some or all of the cost of renter's insurance, but only in cases where the purchase of renter's insurance is a condition of the lease.



## HAP Funding

### Initial Allocation and Renewal Funding

## Housing Assistance Payments (HAP)

### INITIAL FUNDING ALLOCATION

- ▶ Upon the PHA's acceptance of the EHV allocation in accordance with the requirements of the allocation notification, HUD will amend the PHA's CACC to reflect the obligation of the EHV funding and the associated units for the initial funding term of those vouchers
  - Section 5 of the Notice
- ▶ The initial funding increment for the EHV allocation will be based on the PHA's per unit cost (PUC) for the PHA's HCV program, adjusted for inflation and taking into consideration that the initial term is longer than 12 months



## Housing Assistance Payments (HAP)

### INITIAL FUNDING ALLOCATION

- ▶ During the initial term, if a PHA can demonstrate based on actual leasing and costs that the HAP funding will be insufficient to cover its actual HAP costs for the EHV for the initial term, the PHA may request that HUD adjust the initial funding increment amount for the EHV during the initial funding term
- ▶ If the PHA has demonstrated the need to do so, HUD will adjust the initial funding amount based on the actual costs incurred upon request by the PHA to ensure the PHA has sufficient funding during the initial funding term to lease all of its EHV and pay its EHV HAP costs through December 31, 2022
  - If the PHA believes that it needs an adjustment, the PHA should contact the FMC



## Housing Assistance Payments (HAP)

### RENEWAL FUNDING ALLOCATION

- ▶ Renewal Funding will be provided on calendar year basis starting in 2023
- ▶ The process will be very similar to the HCV program
- ▶ The renewal funding will not be part of the HCV program, it will remain separate
  - Similar to Mainstream 5
- ▶ All renewal funding for the duration of the EHV program has already been appropriated as part of the \$5 billion provided by the ARP
  - No additional EHV HAP renewal appropriations are anticipated at this time



## Housing Assistance Payments (HAP)

### RENEWAL FUNDING ALLOCATION

#### **The process for determining the PHA's EHV renewal funding for CY 2023**

- ▶ HAP funding baseline is established based on the PHA's actual EHV leasing and cost data for the previous calendar year
- ▶ Renewal Funding Inflation Factor (RFIF) used in the HCV program, adjusted for localities
- ▶ HUD will review the PHA's EHV Restricted Net Position (RNP), including amounts held by HUD, for the PHA's EHV
  - HUD may adjust the CY renewal allocation based on the calculated year end EHV RNP and HUD Held Reserves
  - Starting with the CY 2024 renewal allocations, HUD will also take into consideration the number of EHV's that have turned over and cannot be reissued because of the statutory prohibition on reissuance of turnover vouchers after September 30, 2023



## Housing Assistance Payments (HAP)

### RENEWAL FUNDING ALLOCATION

#### The process for determining the PHA's EHV renewal funding for CY 2023

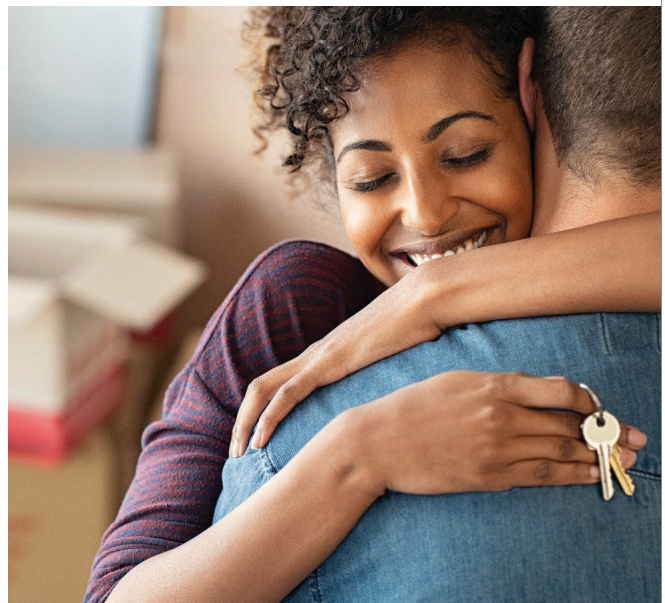
- ▶ HUD will further adjust the renewal allocation based on the number of vouchers that are being reallocated to other PHAs due to the PHA's failure to lease its authorized vouchers.
  - Section 14 of the Notice
- ▶ HUD will consider the number of vouchers that have not yet been leased and if the number of EHV's leased increased throughout the baseline CY. If the renewal allocation and the PHA's EHV RNP and HUD Held Reserves are insufficient to account for the increased leasing or expected increased leasing, HUD will adjust the renewal funding allocation accordingly

## Housing Assistance Payments (HAP)

### RENEWAL FUNDING ALLOCATION

#### HUD will adjust renewal allocations upon request by the PHA for:

- ▶ EHV per-unit cost increases for unforeseen circumstances that occurred within or after the benchmarking period which the PHA could not reasonably have anticipated and were out of the PHA's control; and
- ▶ PHAs required to terminate families from the program due to insufficient funds, despite taking reasonable cost savings measures as determined by HUD



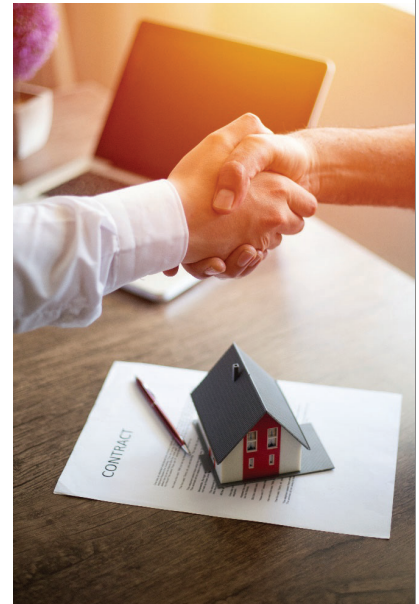


# Housing Assistance Payments (HAP)

## RENEWAL FUNDING ALLOCATION

### The process for determining the PHA's EHV renewal funding for CY 2023

- ▶ When the remaining EHV HAP renewal funding is no longer sufficient to fully fund all PHAs' EHV renewal funding eligibility, HUD will prorate EHV renewal funding allocations.
- ▶ The ARP provides that after September 30, 2023, a PHA may not reissue the EHV when assistance for an assisted family ends. This means that when an EHV participant (a family that is receiving rental assistance under a HAP contract) leaves the program for any reason, the PHA may not reissue that EHV to another family unless it does so no later than September 30, 2023



# Portability

# Portability

- ▶ Normal HCV portability procedures and requirements generally apply to EHV with exception categories:
  1. No prohibition for non-resident applicants
  2. Portability billing and absorption
  3. Family briefing/initial PHA and receiving PHA coordination on services
  4. EHV portability - HAP and EHV administrative fees



## Portability - Non-resident Applicants

- ▶ HUD is removing this restriction for EHV nonresident applicants to allow all EHV families to immediately move under portability
  - No 12-month requirement legal residency required.
  - Participant can move immediately
  - HUD is waiving section 8(r)(1)(B)(i) of the United States Housing Act of 1937 and § 982.353(c)
    - The PHA may not restrict an EHV family from exercising portability because they are a nonresident applicant



## Portability - Billing & Absorption

- ▶ A receiving PHA cannot refuse to assist an incoming EHV family, regardless of whether the PHA does or does not currently administer EHV's under its own ACC
  - The receiving PHA may absorb the family into its regular HCV program or may bill the initial PHA



## Portability - Billing & Absorption

- ▶ If the EHV family moves under portability to another PHA that administers EHV's under its own ACC
- ▶ The receiving PHA may only absorb the incoming EHV family with an EHV assuming the receiving PHA has an EHV to do so
- ▶ If the PHA does not have an EHV available to absorb the family, it must bill the initial PHA
  - The receiving PHA must allow the family to lease the unit with EHV assistance and may not absorb the family with a regular HCV when the family leases the unit
  - the EHV administration of the voucher is in accordance with the receiving PHA's EHV policies



## Portability - Family briefing/initial PHA & Receiving PHA Coordination on Services

- ▶ The initial PHA must inform the family how portability may impact the special EHV services and assistance that may be available to the family
- ▶ If the portability move is the EHV family's initial lease-up, the receiving PHA and the initial PHA must consult and coordinate on the EHV services and assistance that will be made available to the family
  - This will help prevent duplication of efforts between both PHAs and the receiving PHA is aware of the maximum amount of services fee funding the initial PHA may provide to the receiving PHA



## Portability - HAP and EHV Administrative Fees

### HAP & Ongoing Fees

- ▶ The initial PHA must promptly reimburse the receiving PHA for the full amount of the housing assistance payments made by the receiving PHA for the family
- ▶ The initial PHA must promptly reimburse the receiving PHA for the lesser of 80% of the initial PHA's EHV ongoing administrative fee or 100% of the receiving PHA's ongoing administrative fee (or the receiving PHA's EHV ongoing administrative fee if the receiving PHA administers the EHV program).
  - If both PHAs agree, the PHAs may negotiate a different amount of reimbursement



## Portability - HAP and EHV Administrative Fees

### Services Fee Funding

- ▶ If the receiving PHA, in consultation and coordination with the initial PHA, will provide eligible services or assistance to the incoming EHV family, the receiving PHA may be compensated for those costs by the initial PHA
  - This is the case regardless of whether the receiving PHA bills the initial PHA or absorbs the family into its own program at initial lease-up
  - If the receiving PHA administers EHV's under its CACC, the receiving PHA may use its own services fee and may be reimbursed by the initial PHA, or the initial PHA may provide the services funding upfront to the receiving PHA for those fees and assistance



## Portability - HAP and EHV Administrative Fees

### Services Fee Funding (continued)

- If the receiving PHA does not administer EHV's under its CACC, the initial PHA must provide the services funding upfront to the receiving PHA
- Any amounts provided to the receiving the PHA that are not used for services or assistance on behalf of the EHV family must promptly be returned by the receiving PHA to the initial PHA
- ▶ The amount of the services fee provided by the initial PHA may not exceed the lesser of the actual cost of the services and assistance provided to the family by the receiving PHA or \$1,750, unless the initial PHA and receiving PHA mutually agree to change the \$1,750 cap



## Portability - HAP and EHV Administrative Fees

### Placement fee/issuance reporting fee

- ▶ If the portability lease-up qualifies for the placement fee/issuance reporting fee, the receiving PHA receives the full amount of the placement component of the placement/issuing reporting fee
- ▶ The receiving PHA is eligible for the placement fee regardless of whether the receiving PHA bills the initial PHA or absorbs the family into its own program at initial lease-up
- ▶ The initial PHA qualifies for the issuance reporting component of the placement fee, as applicable

*Preliminary fee is always paid to and retained by the initial PHA, regardless of portability.*



## Revoking Unused Vouchers



## Revoking Vouchers & Reallocation of Vouchers

- ▶ The ARP provides that if a PHA fails to lease its authorized EHV within a reasonable period of time, HUD may revoke and redistribute any unleased vouchers and associated funds to other public housing agencies
  - This would include recapturing any funds previously obligated to the PHA that are associated with those revoked vouchers
- ▶ HUD will evaluate the leasing sooner than the one-year anniversary of the effective date of the PHA's EHV funding increment
  - A PHA that has a substandard EHV leasing performance may be subject to having some or all their unissued vouchers revoked and reallocated
  - Under no circumstances will PHAs that have leased at least 95% of their EHV have any of their unissued vouchers recaptured and reallocated

## Use of Funds, Reporting & Financial Records

## Use of Funds, Reporting & Financial Records



EHV funds allocated to the PHA for HAP (both funding for the initial allocation and HAP renewal funding) may only be used for eligible EHV HAP purposes

EHV HAP funding obligated to the PHA may not be used for EHV administrative expenses or the other EHV eligible expenses

EHV administrative fees and funding obligated to the PHA are to be used for those purposes and must not be used for HAP

EHV HAP funds may not roll into the regular HCV restricted net position (RNP) and must be tracked and accounted for separately as EHV RNP

EHV administrative fees and funding for other eligible expenses permitted by this notice may only be used in support of the EHV and cannot be used for regular HCVs

## Use of Funds, Reporting & Financial Records

- ▶ EHV funding may not be used for the repayment of debts or any amounts owed to HUD-by-HUD program participants including, but not limited to, those resulting from Office of Inspector General (OIG), Quality Assurance Division (QAD) or other monitoring review findings
- ▶ HUD will update the Voucher Management System (VMS) to collect aggregate data from participating PHAs on a monthly basis



## Use of Funds, Reporting & Financial Records

- ▶ HUD plans to leverage PIC-NG, the new information technology platform developed for the MTW Demonstration program's expansion, to collect EHV tenant information as opposed to using the existing legacy IMS/PIC system
- ▶ HUD expects to issue a streamlined Form 50058 in the near future that will allow HUD to pay monthly HAP and administrative fee disbursements based on that information
- ▶ Once the new application and processes are implemented, HUD plans to reduce or eliminate VMS reporting requirements for the program
  - Additional information is forthcoming



## Voucher Management System (VMS)

- ▶ EHV-Leasing
- ▶ EHV-HAP Expenses
- ▶ EHV-Preliminary Fee
- ▶ EHV-Placement/Issuance Fee
- ▶ EHV- Ongoing Admin. Fee
- ▶ EHV-Services Fee- Housing Search
- ▶ EHV-Services Fee-Sec/Utility Deposit/Rental Application
- ▶ EHV-Services Fee-Owner Incentive
- ▶ EHV-Services Fee-Other Expenses
- ▶ EHV-# of New Vouchers Issued, but not under HAP contact on last day of month
- ▶ EHV-HAP Expense After 1st of month
- ▶ EHV-FSS Escrow Forfeitures this month
- ▶ EHV-FSS Escrow Deposits
- ▶ EHV-Fraud Recovery Collected This Month
- ▶ EHV-UNP as of Last Day of Month
- ▶ EHV-RNP as of Last Day of Month
- ▶ EHV-Cash/Investments as of Last Day of Month



## Financial Data Schedule (FDS) & Accounting Requirements

- ▶ HUD's Uniform Financial Reporting Standards (UFRS) Rule (24 CFR § 5.801) requires PHAs that administer the Section 8 programs to submit annual financial data, this will be done using the FDS following GAAP principles
- ▶ As a separate funding source, the ARP supplemental funding for the EHV's must be reported separately on the FDS. The default reporting level is at the Catalog of Federal Domestic Assistance (CFDA) level
  - However, when a CFDA number does not exist or is not applicable, HUD will provide a program number under which the PHA should report its financial information



## Financial Data Schedule (FDS) & Accounting Requirements

- ▶ Due to the likely one-time appropriation of the supplemental funds provided under ARP, CFDA numbers for these EHV funds will not be issued.
- ▶ HUD must still meet its monitoring responsibilities and provide transparency in the PHAs' receipts and uses of EHV supplemental funding.
  - HUD recommends that PHAs establish a separate general ledger for the program or at the very least provide subsidiary details under the existing HCV program sufficient to provide the necessary information in the FDS



## Financial Data Schedule (FDS) & Accounting Requirements

- ▶ Currently, the EHV program end date for each individual PHA is unknown and additional guidance regarding program wrap-up and closeout will be issued in the future
- ▶ However, outer boundaries are known
  - For example, when a PHA no longer has any EHV families under lease and is not permitted to reissue any of its remaining EHV's due to the statutory September 30, 2023 reissuance prohibition



## American Rescue Plan Adjustment Funding

PIH Notice 2021-23

## ARP Background - Adjustment Funding

- ▶ PIH Notice 2021-23 covers requirements related to the CY 2021 HAP renewal funding allocation adjustments totaling \$200 million for the HCV Program and Mainstream Vouchers
- ▶ The adjustment funding is available for PHAs that either
  - experience a significant increase in voucher PUC due to extraordinary circumstances
  - that despite taking reasonable cost saving measures, would otherwise be required to terminate rental assistance for families as a result of insufficient funding (short fall funding)

## VMS Reporting For ARP Funding

- ▶ Expenditures of ARP adjustment funding awards for the HCV program and Mainstream Vouchers must be reported monthly within the appropriate VMS HAP expense fields, and within the monthly submission periods
- ▶ Additionally, the total combined expense under each program must be reported in the appropriate memo field for reconciliation purposes
  - The FMC will provide VMS reporting guidance on the informational fields at a later date
- ▶ Unspent funds from the Extraordinary Circumstances and/or Shortfall Funds awards will not roll into the PHA's restricted net position (RNP) equity accounts, rather, they will be reported as an account payable to HUD
- ▶ PHAs will receive separate guidance on the return of these funds



## FDS Reporting For ARP Funds

- ▶ For FDS reporting, HUD is creating a new FDS reporting column - 14.EHV (Emergency Housing Vouchers) for HAP adjustment funds
- ▶ For PHAs that are awarded these funds, the PHA must add FDS column 14.EHV and report these HAP funds as revenue in FDS line 70600-010 (HUD Operating Grants - HAP Subsidy) in 14.EHV and then transfer the funds to the HCV (14.871) column and/or Mainstream Voucher (14.879) column for which the award was made
- ▶ The transfer should be made immediately and is not dependent on when the PHA has incurred a HAP expense using these funds
- ▶ PHAs should report the transfer using FDS lines 10010 (Operating Transfer In) and 10020 (Operating Transfer Out)

## FDS Reporting For ARP Funds

- ▶ The PHA will report the associated HAP expense in FDS line 97300 (Housing Assistance Payments) in FDS column 14.871 and/or 14.879
- ▶ Unspent funds will be reported in FDS line 1130-010 (Cash - Other Restricted - HAP Funds) and will flow into FDS line 511.4 (Restricted Net Position) of columns 14.871 and/or 14.879
- ▶ For FDS reporting and with the exception that these HAP funds are first reported in 14.EHV and then transferred into the HCV / Mainstream column, the reporting of these HAPs funds are the same as any other HAP funds received by the PHA for these two programs
- ▶ These funds will be reported in the PHA's Schedule of Expenditures of Federal Awards (SEFA) under the Assistance Listing number: 14.871 "Housing Choice Voucher Program" and/or 14.879 "Mainstream Voucher" based on the award



# Questions?

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