



April 29, 2020

CORRECTION

Yesterday in our item on Notice [PIH 2020-07](#) we reported that HUD is waiving 24 CFR [990.280](#)(b) "to permit PHAs to transfer up to the entire amount of the supplemental funds between projects without having **access cash**..." The sentence should read "...without having **excess cash**..." Thanks to NMA's own eagle-eyed Mike Petro for bringing this to our attention.

HCV PROGRAM NEWS

PIH Issues Notice on CARES Act Admin Fee Funding Provisions

Late yesterday HUD's Office of Public and Indian Housing ([PIH](#)) issued Notice [PIH 2020-08](#) to implement funding provisions for the Housing Choice Voucher ([HCV](#)) and [Mainstream](#) programs provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. As you know, the CARES Act provided \$1.25 billion in supplemental HCV program appropriations to enable PHAs to prevent, prepare for, and respond to COVID-19. Yesterday's notice covers the administrative fee portion of those appropriations totaling \$850 million. Below are some highlights:

- HUD will obligate the supplemental admin fee amounts in several actions. The notice states that the initial funding action of approximately \$380 million (the equivalent of two months of admin fee eligibility) will be allocated as a single disbursement at the beginning of May 2020. The amount of funding PHAs receive in this disbursement equals the average of the PHA's calendar year (CY) 2018 and CY 2019 monthly administrative fee eligibility (100 percent proration) multiplied by two. HUD will describe the allocation methodology of the remaining \$470 million in later guidance and will be issuing separate guidance for the \$400 million in HAP supplemental funding as well.
- The supplemental admin fee funding may only be used for two purposes: 1) any currently eligible HCV (including Mainstream voucher) administrative costs during the period that the program is impacted by coronavirus, and 2) new coronavirus-related activities, including activities to support or maintain the health and safety of assisted individuals and families, and costs related to the retention and support of participating owners. Section 4 of the notice lists and describes the new eligible coronavirus-related activities in detail.
- The CARES Act also provides that admin fees appropriated under the FY 2020 Appropriations Act for the regular HCV program may also be used for new coronavirus-related activities.

Mainstream program admin fees appropriated under the FY 2020 Appropriations Act are not eligible for these new activities, although PHAs may use the supplemental fees to cover coronavirus-related activities in support of the Mainstream program.

- The notice defines the *period that the program is impacted by the coronavirus* as the duration of CY 2020, unless extended by HUD.
- Unlike regular administrative fees, the supplemental funding may not roll into the unrestricted net position (UNP) and must be tracked and accounted for separately throughout the period of availability. If any of the funds are not expended during the period of availability, the remaining funds must be remitted to HUD. HUD will be issuing guidance on accounting and remittance.
- To maximize program offerings during the pandemic, HUD recommends that PHAs apply their supplemental admin fee amounts to eligible expenses first, since regular HCV program FY 2020 admin fees may also be used for coronavirus-related activities within the period of availability and will continue to be available for regular admin fee purposes beyond that period.
- The supplemental funding may not be used to repay debts or any amounts owed to HUD.
- Because the coronavirus pandemic has been of sufficient severity and magnitude to warrant an emergency declaration, applicable PHAs with Federal Emergency Management Agency ([FEMA](#)) Disaster Housing Assistance Program ([DHAP](#)) funding for Hurricanes Katrina and Rita (DHAP-Katrina), and Ike and Gustav (DHAP-Ike), may use these funds toward coronavirus-related expenses as carry-over funds.
- HUD plans to develop a process by which PHAs will report CARES Act expenditures and articulate reporting and submission requirements at a later date. To ensure PHAs will be able to report to HUD on these expenses, PHAs must track coronavirus revenue and expenses by creating coronavirus Profit and Loss (P&L) accounts. Guidance for reporting coronavirus financial information to the Financial Assessment Subsystem (FASS) is also forthcoming.
- The notice does not apply to renewal funding for the Section 8 Moderate Rehabilitation ([Mod Rehab](#)) program or the Section 8 Moderate Rehabilitation Single Room Occupancy ([SRO](#)) program.

The notice applies to PHAs administering HCV programs and PHAs participating in the Moving to Work ([MTW](#)) Demonstration. Further details can be found in the [notice](#).



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