

# FLASH ALERT

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## HUD Issues PIH Notice Concerning Emergency Housing Vouchers

70,000 Emergency Housing Vouchers (EHVs) have been issued to PHAs pursuant to funding that was included in the American Rescue Plan of 2021. By now, you should have been notified as to how many vouchers were allocated to your PHA. These vouchers are targeted to individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

HUD allocated the vouchers under a somewhat complicated formula that is described in PIH 2021-15. The formula is intended to target the vouchers to the jurisdictions of greatest need. Therefore, the vouchers are not allocated on a prorated basis nor based upon the PHAs voucher count.

PIH 2021-15, the PIH notice implementing EHV operating requirements, is a 47-page notice. This article will focus primarily on the Finance and Accounting aspects.

## EHV FEES AVAILABLE FOR PHAS

The EHV's are going to have a big impact on the finance department. There are several different types of fees, eligibility rules, and tracking requirements. The following are the fees that are available (see PIH 2021-15, section 6, for more details):

**a. Preliminary Fee.** PHAs will receive a single, one-time preliminary fee of \$400 per EHV allocated to the PHA. This 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 (see paragraph d).

**b. 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's. 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 Public Housing Information Center-Next Generation (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 \$250 for each EHV family placed under a HAP contract with an effective date that is after 4 months but no later than six months after the effective date of the ACC funding increment for that EHV. 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 (e.g., the family moves to another unit or the EHV participant leaves the program and the voucher is reissued to another family prior to the prohibition on reissuance of turnover vouchers after September 30, 2023).

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 (see paragraph d).

**c. On-going Administrative Fee.** The on-going administrative fee for EHV's is calculated in the same manner as the on-going administrative fee that the PHA receives for its regular 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. 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 (see paragraph d).

**d. Services Fee.** 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. The amount allocated to each PHA will be equal to \$3,500 for each EHV allocated to the PHA. Note that the services fee amount is not tied to each voucher, but instead is the combined total of the services fees 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. The PHA may use the services fee to provide any or all of the defined eligible uses to assist families to successfully lease units with the EHV's.

The PHA is strongly encouraged to consult with its CoC and its other homeless services/victim services referral partners in establishing which activities it will undertake in support of EHV's and any parameters or requirements regarding the application of those activities.

The services fees fall into four main components comprised of specific activities:

- i. Housing Search Assistance.
- ii. Security Deposit/Utility Deposit/Rental Application/Holding Fee Uses.
- iii. Owner-related uses.
  - A. Owner recruitment and outreach.
  - B. Owner incentive and/or retention payments.
- iv. Other eligible uses.
  - A. Moving expenses (including move-in fees and deposits).
  - B. Tenant-readiness services.
  - C. Essential household items.
  - D. Renter's insurance if required by the lease.

## HAP FUNDING

EHV HAP funding will be provided, with an initial funding term expiring December 31, 2022. EHV HAP funding may only be used for EHV HAP.

## PORTABILITY

The EHV's are portable. Normal HCV portability provisions apply with some exceptions as outlined in the PIH notice.

## TRACKING AND REPORTING

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 under this notice. Likewise, EHV administrative fees and funding obligated to the PHA are to be used for those purposes and must not be used for HAP. The appropriated funds for EHV's are separate from the regular HCV program. These funds may not be used for the regular HCV program but may only be expended for EHV eligible purposes. 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's and cannot be used for regular HCV's.

HUD will update the Voucher Management System (VMS) to collect aggregate data from participating PHAs on a monthly basis. This data will initially be used to track leasing and cost data and to reconcile funds advanced to participating PHAs against actual expenditures reported.

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 will be forthcoming on PIC-NG rollout and implementation requirements including expedited timelines for tenant characteristics reporting. PHAs do not report into IMS/PIC for EHV families.

PHAs must comply with the following reporting and financing record requirements.

### a. **Voucher Management System reporting:**

Because EHV's are funded from a separate appropriation than the regular HCV's, HUD will modify VMS to track the following data points for EHV's from participating PHAs:

- ▶ Emergency Housing Vouchers – Leasing
- ▶ Emergency Housing Vouchers – HAP Expenses
- ▶ Emergency Housing Vouchers – Preliminary Fee Expenses
- ▶ Emergency Housing Vouchers – Placement/Issuance Reporting Fee Expenses
- ▶ Emergency Housing Vouchers – Ongoing Administrative Fee Expenses
- ▶ Emergency Housing Vouchers – Services Fee – Housing Search Assistance Expenses
- ▶ Emergency Housing Vouchers- Services Fee – Security/Utility Deposit/Rental Application/Holding Fee Expenses
- ▶ Emergency Housing Vouchers – Services Fee – Owner Incentive Expenses
- ▶ Emergency Housing Vouchers – Services Fee – Other Expenses
- ▶ Emergency Housing Vouchers – Number of New Vouchers Issued but Not Under HAP Contract as of the Last Day of the Month
- ▶ Emergency Housing Vouchers – HAP Expenses After the First of the Month
- ▶ Emergency Housing – FSS Escrow Deposits
- ▶ Emergency Housing Vouchers – FSS Escrow Forfeitures This Month
- ▶ Emergency Housing Vouchers – Fraud Recovery Total Collected This Month
- ▶ Emergency Housing Vouchers – Unrestricted Net Position Funds (UNP) as of the Last Day of the Month
- ▶ Emergency Housing Vouchers – Restricted Net Position Funds (RNP) as of the Last Day of the Month
- ▶ Emergency Housing Vouchers – Cash/Investment as of the Last Day of the Month

The PHA must enter the data on a monthly basis into VMS. These reporting requirements also apply to MTW agencies.

**b. Financial Data Schedule (FDS) Reporting for**

**EHV Program:** As a separate funding source, the ARP supplemental funding for the EHV must be reported separately on the FDS. 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.

Rather than have PHAs report under the generic Federal Program columns that are already established in the FASS-PH system (e.g., Federal Program 1, Federal Program 2), the Real Estate Assessment Center (REAC) has established a new column on the FDS for reporting EHV supplemental funds. REAC will publish specific guidance on revenue recognition in a future notice.

**RECONCILIATION OF FUNDS**

If any of the funds are not expended on eligible EHV expenses before the end of the EHV program, the remaining unexpended EHV funds must be recaptured by HUD. 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 due to the statutory September 30, 2023 reissuance prohibition, the PHA's program will have effectively ended and all associated unexpended funds must be remitted to HUD. Likewise, the funds appropriated for the EHV program are available for obligation by HUD only until September 30, 2030 and will be cancelled as a matter of law on September 30, 2035.

HUD will conduct a final reconciliation of the PHA's EHV funding and expenses when each PHA's EHV program ends. Accounting and remittance guidance on HAP and administrative fee funding will be forthcoming under separate notice.

Other items of note:

- ▶ PHAs are required to work with community partners such as the CoC in order to qualify for EHV.
- ▶ EHV may have a separate waiting list.
- ▶ Normal restrictions on PHA denial of assistance such as criminal record, prior eviction, fraud and others are waived – therefore PHAs are not required to deny applicants an EHV under those conditions except for a conviction for having a meth lab in federally assisted housing and/or lifetime sex offender registration. Other issues are not a problem.
- ▶ On the other hand, a PHA may prohibit admission for certain items if it consults with the CoC.
- ▶ Verification of SSN and citizenship or eligible immigration status are also waived for the first 90 days.

As you can see, this will be a challenge for both the HCV department and the Finance Department. We will continue to report, as updates develop.

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