

# FLASH ALERT

MAY 2019 / [www.bdophafinance.com](http://www.bdophafinance.com)

## PIH Notice 2019-08: Implementation of the FFY 2019 Funding Provisions for the HCV Program: Administrative Fee Funding Options

[PIH Notice 2019-08](#), "The Notice" was issued on April 18, 2019 to explain the FFY 2019 Funding provisions for the Housing Choice Voucher (HCV) program. HUD will provide \$22,598,000,000 to fund the HCV program. The HCV program is considered HUD's largest program.

The 2019 Act provides \$1,886,000,000 for administrative expenses of PHAs administering the HCV program. Of the appropriated amount, approximately \$1,856,000,000 will be available for ongoing administrative fees and fees for new vouchers and up to \$30,000,000 will be made available to allocate to PHAs that need additional funds to administer their Section 8 programs.

Ongoing administrative fees and administrative fees for new vouchers are allocated based on leasing. These administrative fees are calculated for CY 2019 as provided for United States Housing Act of 1937, and related Appropriation Act provisions, as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act (QHWRA) of 1998. Under this calculation, PHAs are allocated a fee amount for each voucher that is under HAP contract as of the first day of each month. Administrative fees for new incremental vouchers are also allocated based on leasing. HUD has developed and posted administrative [fee rates](#) for each PHA to enable PHAs to calculate potential fee eligibility (before proration).

HUD disburses administrative fees to PHAs each month based on actual leasing reported in VMS in prior months. Each PHA's administrative fee eligibility is reconciled after every quarter based on actual reported leasing, adjusted by an estimated proration based on total annual funding for administrative fees. HUD determines the estimated proration level by comparing each quarter's national eligibility for administrative fees to 1/4th of the appropriated amount available for ongoing administrative fees. HUD will disburse any amount due to the PHA and will offset any amount due from the PHA via a reduction from a subsequent administrative fee payment. A final reconciliation will be completed after the December 2019 leasing data is reported in VMS, at which time the final pro-ration for the CY will be determined.

HUD has made available, as they have in subsequent years, two administrative fee funding options to assist PHAs to administer their programs efficiently. The first option is a Blended Rate Administrative Fee. The Blended Rate is for PHAs serving voucher participants in multiple administrative fee areas. Therefore, instead of calculating two different rates to obtain administrative fee revenue, HUD would blend the rate to only have one rate.

PHAs can choose between submitting requests via email or via regular mail but shall not submit requests using both methods. This would result in duplicate applications and may delay HUD's review and processing of the request.

Email requests can be sent to:

**PIHFinancialManagementDivision@hud.gov**

The subject line of the e-mail must read: **PHA Number, Request for Blended Rate Administrative Fees (TX001, 2019 Request for Blended Rate Administrative Fees).**

Alternatively, the PHA can mail the request to:

**U.S. Department of Housing and Urban Development  
Office of Housing Voucher Programs  
HCV Financial Management Division  
Attn: Miguel A. Fontánez, Director, Room 4226  
451 7th Street, S.W.  
Washington, DC 20410**

**The deadline to submit requests for Blended Rate Administrative Fees must be received no later than 5 p.m. Eastern Time, Friday, May 31, 2019.**

The second option to enhance Administrative Fee revenue is to apply for a Higher Administrative Fee rate. A PHA that operates over a large geographic area, defined as multiple counties, may request higher administrative fees. An approved higher administrative fee rate will apply only to CY 2019. The PHA will be required to submit evidence of actual costs at the end of the CY to enable HUD to determine if the entire approved increase was needed. Excess funds will be offset by HUD via a reduction in a future disbursement.

To request higher fees, an agency must submit the following financial documentation to the PHA's assigned Financial Analyst at the FMC:

- ▶ Actual Unrestricted Net Position (UNP) (formerly referred to as Unrestricted Net Assets or administrative fee reserves) balance as of December 31, 2018
- ▶ Actual administrative costs for the HCV program for CY 2018 in sufficient detail to allow for review
- ▶ The PHA's CY 2019 HCV program administrative budget, including anticipated reasonable and necessary administrative costs broken out in sufficient detail to allow for review (positions and salaries, detailed travel costs, overhead and pro-rations, etc.). There is no HUD form, nor a mandated format, for this budget.
- ▶ An explanation of why the unit month and budget authority utilization in CY 2018 was below 95 percent of available for renewal units (if this occurred).
- ▶ Certification that the PHA has made withdrawals from the Administrative Fee reserves per official guidance provided in PIH Notice 2015-17: Uses and Reporting of Admin Fee Reserves. Should there be no withdrawals at this point, a statement that none were made is required.

- ▶ An explanation as to why the projected CY 2019 administrative fees are insufficient to cover program operating costs.
- ▶ Certification by the chief executive of the PHA that the data is accurate.

HUD can allow the PHA to submit less documentation, but no guidance in The Notice was provided to assist the PHA in determining what supporting schedules could be omitted. We assume this would be determined by the Financial Analyst at the FMC.

PHAs can choose between submitting requests via email or via regular mail but shall not submit requests using both methods. This would result in duplicate applications and may delay HUD's review and processing of the request.

Email requests can be sent to:

**FinancialManagementCenter@hud.gov**

The subject line of the e-mail must read: **PHA Number, Request for Higher Administrative Fees (TX001, 2019 Request for Higher Administrative Fees).**

Alternatively, the PHA can mail the request to: U.S. Department of Housing and Urban Development

**Office of Public and Indian Housing  
Financial Management Center  
2380 McGee Street Suite 400  
Kansas City, Missouri 64108**

**The deadline to submit requests for Blended Rate Administrative Fees must be received no later than 5 p.m. Eastern Time, Friday, May 31, 2019.**

We encourage early submissions. They may be determined on first come first serve basis or prioritized in some other methodology.

## CONTACT

**BRIAN ALTEN**  
BSO Partner  
215-940-7812 / balten@bdo.com

1801 Market Street / Suite 1700  
Philadelphia, PA 19103

### ABOUT BDO PHA FINANCE

BDO PHA Finance, a division of BDO USA, LLP, provides accounting and management consulting services to Public Housing Authorities (PHAs) nationwide. We are proud to be making a difference for the housing authorities that serve communities throughout the United States.

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