January 8, 2014

Dear Executive Director:

SUBJECT: 2015 Housing Choice Voucher Program (HCVP) Renewal Awards

On December 16, 2014, we sent you a letter of the same subject, providing information to enable your public housing agency (PHA) to “get ready” for calendar year (CY) 2015 funding and leasing activities. That letter advised that we anticipated enactment of the 2015 appropriations that same week. The Consolidated and Continuing Appropriations Act, 2015 (the Act) (P.L. 113-235) has been enacted for fiscal year (FY) 2015, and this letter is intended to provide additional and conforming information for your PHA.

CY 2015 Funding Eligibility

As previously indicated, the CY 2015 renewal funding for your HCVP will be based on actual, eligible housing assistance payment (HAP) expenses incurred during CY 2014, as reported by your PHA in the Voucher Management System (VMS). Be reminded that the deadline for submitting all CY 2014 VMS data and revisions for purposes of funding allocations will be January 22, 2015, the due date for the December 2014 submissions. This deadline must be observed in order that HUD can validate the data, completed the funding calculations, and inform each PHA of the CY 2015 renewal allocation by March 1, 2015. No exceptions may be made, as HUD cannot complete the process until the data is final for all agencies.

PHAs should be aware that changes to prior months’ data may require the HUD Financial Analyst to review data that fails the hard edits in VMS; therefore, HUD recommends that PHAs start reporting changes immediately to ensure that all actual expenses in CY 2014 are accurately reflected in VMS by the deadline. The Act establishes that HUD may only include in the renewal calculations those CY 2014 HAP expenses reported in VMS. If your agency experiences problems with VMS submission, please refer to the detailed guidance provided with the December 16 letter.

PHAs should also review the provisions of PIH Notice 2013-28, concerning the sources of funds, which may and which may not be used to support HCV Program HAP costs. Costs supported by prohibited sources of funds may NOT be reported in VMS. Any VMS reporting adjustments needed as a result of the clarifications in this Notice must be entered by the January 22, 2015 deadline.

CY 2015 Funding Provisions

The transmittal message for the December 16, 2014 letter indicated that HUD anticipated the 2015 HAP renewal appropriations would provide sufficient funds to allow HUD to prorate each PHA’s funding allocation at 100 percent of eligibility. Based on amounts ultimately appropriated and projected total eligibility, this continues to be true. Also, there is a new HAP Set-aside adjustment provision for vouchers issued during the last part of CY 2014 that will ensure that these vouchers, which will not be fully represented in the baseline, are properly funded in CY 2015.
Based on receiving a funding allocation equal to CY 2014 HAP expenses, in addition to your available program reserves, your PHA should be planning its CY 2015 leasing activity. You are encouraged to utilize the two-year planning tool, to estimate the number of vouchers you will be able to support each month and to lease to that level. Please contact your local Office of Public Housing with any questions concerning the use of the tool. HCVP leasing nationwide declined or remained static through most of CY 2014, even when the HAP proration was very close to 100%, with modest increases shown in August and September, and much better leasing increases in October and November. PHAs are encouraged to determine their optimal leasing level and pursue it in CY 2015.

The Appropriations Act provides that HUD may offset excess funds in order to increase the overall renewal proration or alleviate shortfalls. HUD does NOT plan to implement an offset (reduction) of renewal funds this year, so each PHA will receive its full allocation in obligations. This is a separate issue from any reduction of disbursements that may be required to transition PHA-held funds to HUD-held funds.

Administrative fees for January and February, 2015 have been advanced based on the most recent validated eligibility, and at a proration of 74 percent. Based on the appropriations, HUD anticipates that the reconciled proration for CY 2015 will average between 73 and 74 percent of the published administrative fee rates. Be advised that HUD is presently finalizing the fee rates for CY 2015, which will be effective for all purposes as of January 1, 2015.

If you have any questions concerning this letter, please contact your assigned Financial Analyst at the Financial Management Center (FMC).

Sincerely,

Milan M. Ozdinec
Deputy Assistant Secretary
Office of Public Housing and Voucher Programs