December 16, 2014

Dear Executive Director:

SUBJECT: 2015 Housing Choice Voucher Renewal Awards

The Public Law 113-164, Continuing Appropriations Resolution, 2015 (CR), as amended, provides continuing appropriations for the Housing Choice Voucher Program (HCVP) through December 17, 2014. The Department anticipates that the 2015 Appropriations Act will be enacted into law and signed by the President this week. In anticipation of the full-year Appropriations, please read carefully the instructions provided.

The CY 2015 renewal funding for your HCVP will be based on actual, eligible HCVP Housing Assistance payments expenses incurred during CY 2014, as reported by your PHA in the Voucher Management System (VMS). In order for HUD to allocate funds promptly once appropriations are enacted, PHAs are advised 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. Please provide this notification to your Analyst(s) or representative(s) accountable for VMS reporting.

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. Please keep in mind that, by law, PHAs in 2015 will only be eligible for those expenses reported in VMS. Some PHAs have reported problems when they attempt to submit prior month corrections (PMC) to the Voucher Management System. This is due to compatibility problems between browsers. Users are advised to use only Internet Explorer when accessing HUD Systems to input data. Additionally, attached are detailed instructions to resolve compatibility problems for both Internet Explorer 10 and Internet Explorer 11.

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.
Cash Management

Beginning in January, and continuing until CY 2015 renewal allocations are completed, HUD intends to provide your PHA monthly HAP renewal obligations at 99.4% proration. Monthly HAP disbursements will be based on the lower of the obligation or VMS data from the most recently validated month plus a 1% margin. This is a departure from the average of the most recent validated quarter of VMS costs and 3% margin, to ensure that the January 2015 disbursement is in line with the increase leasing and costs that occurred in August, September and October 2014.

The Office of Housing Voucher Programs recently completed a reconciliation of HAP disbursed to your PHA and HAP expenses that your PHA reported in VMS, from January through September 2014, to ensure that excess funding provided during this period was transitioned back to HUD-held funds, per cash management requirements. The communication announcing your December 2014 renewal HAP disbursement identified the total excess, if any, that was transitioned to HUD-held funds via offset.

HUD will continue the transition of NRA and excess disbursements to HUD-held funds in accordance with cash management. Quarterly notifications will continue to reach your PHA regarding HAP reconciliations, which will convey your PHA’s HUD-held funds at that point in time. At the bottom of the September 2014 cash reconciliation enclosure, for example, HUD reported the estimated amount of accumulated HUD-held funds that was available after the December 2014 disbursement to your PHA. This amount of HUD-held funds is fully available to your PHA for HAP purposes. Your PHA must contact your Financial Analyst at the FMC to requests these funds.

Finally, note that a final HAP reconciliation will happen as of December 31, 2014, during the month of February 2015, for expenses through December 31, 2014. This reconciliation will determine the remaining excess or shortage for the CY and calculate the total HUD-held funds available to your PHA at that point in time.

If you should have any questions, 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

Enclosure