



December 9, 2024

HCV PROGRAM NEWS

HUD Issues Letter to EDs on Diligent 2025 Budget Management

Last Friday, HUD's Office of Public and Indian Housing ([PIH](#)) sent a [letter](#) to executive directors emphasizing the importance of careful Housing Choice Voucher ([HCV](#)) program budget planning for calendar year (CY) 2025, and advising PHAs to not rely on additional funds beyond what is provided in renewal funding when planning HCV leasing and funding utilization for 2025.

As the letter states, many PHAs have addressed unprecedented increases in housing assistance payment (HAP) costs through a combination of existing program reserves and new funding, resulting in the possibility of entering 2025 with very limited program reserves in an environment where the availability and amount of future shortfall funding from HUD is uncertain. Based on HUD's most recent projections, the draft Senate fiscal year (FY) 2025 bill would provide funding at an estimated 97.5% HAP proration and estimated 94.4% administrative fee proration, and the draft House bill provides an estimated 88.59% HAP proration with an estimated 100% administrative fee proration. As such, the letter encourages PHAs to make sound program decisions using the [HCV Utilization Tools](#), which were created to help PHAs model the effects of various policy options, maximize program utilization, and avoid shortfalls. These tools include:

- The Two-Year Tool (TYT), which provides the most current HUD program financial data so that PHAs can forecast how different voucher issuance decisions and local rent trends may affect their budgets.
- The Payment Standard Tool (PST), which allows PHAs to determine the potential impact of payment standard changes on both program costs and participant rent burden.

The letter also lists HUD's Shortfall Prevention Team (SPT) as another resource for PHAs, stating that if your agency was in shortfall in 2024, you will continue to work with the SPT in 2025, and that if your local Field Office has referred you to the SPT to confirm a shortfall, the team will be reaching out. The letter advises that the PHA's board receive training on the above mentioned tools, and encourages learning more about program resources and the funding process by viewing the [HCV Overview Video Series](#). Additional information can be found in the [letter](#).

GENERAL NEWS

PD&R Updates Online Magazine, *The Edge*

HUD's Office of Policy Development and Research ([PD&R](#)) has published some updates to its online magazine, [The Edge](#). [One of the updates](#) features research presented at a recent workshop focusing on understanding and addressing the housing needs of older adults, including the intersection between housing costs, health care, and equity. In [another update](#), PD&R highlights a former school repurposed as an affordable housing and community service hub in

Buffalo, NY. For other updates, including [a message](#) from PD&R leadership on the next generation of housing policy, visit *The Edge* [home page](#).



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Nan McKay & Associates, 1810 Gillespie Way, Suite 202, El Cajon, CA 92020, USA, 1-800-783-3100

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