PIH Alert

June 25, 2024

HCV PROGRAM NEWS

HUD Revises HAP Set-Aside Shortfall Funding Requirements

Late yesterday HUD's Office of Public and Indian Housing (PIH) issued Notice PIH 2024-21, which revises the calendar year (CY) 2024 housing assistance payment (HAP) set-aside shortfall funding requirements. Specifically, the notice establishes additional eligibility requirements for PHAs seeking CY 2024 shortfall funding, including stricter limitations on voucher issuance. The notice also supersedes Appendix E of Notice PIH 2024-16, published on May 28, 2024. Some highlights of the document include:

- HUD is prioritizing shortfall funding over the other HAP set-aside funding categories to prevent terminations, and therefore, will delay making awards for the other categories.
- HUD may also prorate funding awards or decline to make awards for some or all other set-aside categories depending on the extent of shortfall funding needs.
- Upon receiving notification that HUD's Shortfall Prevention Team (SPT) has identified a projected shortfall in the PHA's HCV program for CY 2024, the PHA must comply with the required actions outlined in the notification, which include:
    - Immediately suspend the issuance of vouchers, subject to the exclusions listed in Section 4 of the notice
    - Immediately cease to absorb vouchers under the portability provisions until otherwise instructed by the SPT
    - Implementing all other cost savings measures identified by the SPT in the PHA's action plan within the timeframes specified by the SPT
    - Applying for the shortfall funding in accordance with the timeframe specified by the SPT

- PHAs may not issue vouchers and/or execute HAP contracts for families that do not meet any of the exceptions through the end of CY 2024 unless advised otherwise by the SPT prior to that time.
- PHAs may not issue vouchers to avoid a reduction in leasing due to program attrition, as previously provided in the now superseded Appendix E in Notice PIH 2024-16. Additionally, HUD reserves the right to further suspend leasing if necessary.
- HUD also reserves the right to require a PHA to rescind recently issued vouchers as a condition of eligibility for shortfall funding if HUD determines such action is necessary or warranted. PHAs should not rescind previously issued vouchers unless explicitly directed to do so by HUD.
- The PHA must implement any additional cost savings measures that may be required by the SPT or as specified in a HUD notice.
- PHAs must fully comply with the eligibility requirements outlined in the notice or any superseding notice. Failure to comply with any of the requirements may result in HUD rejecting a PHA shortfall funding application or reducing or rescinding a PHA shortfall funding award.
- PHAs must continue to follow section 11.A of Notice PIH 2024-16 for the shortfall funding application process. All PHAs must be working with the SPT at the time of their application and must have received SPT confirmation of the funding shortfall.
- The application period for shortfall set-aside funding will remain open until the SPT has reconciled shortfalls for all PHAs for CY 2024, subject to funding availability.
- PHAs that do not initially qualify for shortfall funding are encouraged to maintain contact with the local field office and the SPT and to immediately seek assistance if attrition and other reasonable cost savings measures are not resolving their potential shortfalls.

For further details, including updated information on the shortfall funding calculation and funding awards, please refer to the notice.

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