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June 30, 2023

HCV PROGRAM NEWS

PIH Issues Notice on EHVs Termination Upon Turnover and EHVs Shortfalls

Yesterday HUD's Office of Public and Indian Housing (<u>PIH</u>) issued Notice <u>PIH 2023-14</u>, which details the statutory restriction prohibiting the reissuance of turnover emergency housing vouchers (<u>EHVs</u>) after September 30, 2023, as discussed in Section 13 of Notice <u>PIH 2021-15</u>. The notice also provides new guidance for EHVs shortfalls and amends section 7.b.4 of Notice PIH 2021-15 with respect to the requirements under which a PHA may receive an adjustment to the PHA's EHV renewal funding during a calendar year.

Key points of the notice with respect to termination of vouchers upon turnover:

- Once a PHA's total cumulative leased EHVs count reaches their total EHV allocation of the consolidated annual contributions contract (EHV-CACC), any EHV issuance is considered a reissuance. Cumulative leased vouchers is equal to all households leased since the start of the EHV program—this includes households that have left the program.
- PHAs that have reached their cumulative EHVs lease-up count may not reissue any EHV
 after September 30, 2023. All EHVs under lease on or after October 1, 2023, may not
 under any circumstances be reissued to another family when the participant leaves the
 program for any reason.
- If a PHA has not reached its EHV-CACC in cumulative leased vouchers, the PHA may
 continue to issue vouchers to eligible households after September 30, 2023, until the
 cumulative leased vouchers equal the number of EHVs currently under the PHA's EHVCACC, or until directed by HUD to stop issuing EHVs.
- If a PHA is reallocated additional EHVs, these EHVs are considered never leased and may be issued.
- PHAs can use the <u>EHVs Dashboard</u>, which uses a 180-day lease rate, to track the status of their cumulative EHVs leases in comparison to their EHV-CACC and their success rate.
- EHV participants may still move (including under portability) after September 30, 2023.

As far as the EHVs shortfalls is concerned:

- Through this notice, HUD is amending section 7.b.4 of Notice PIH 2021-15 to allow for adjustments upon request by the PHA for cost increases that are not out of the PHA's control or unforeseen but that were deemed reasonable and necessary by HUD for the effective administration of the EHV program.
- HUD is further amending section 7.b.4 of Notice PIH 2021-15 to allow for adjustments to
 the PHA's renewal allocation to temporarily cover the costs of over-leased units if
 necessary to prevent the termination of EHV families due to insufficient funds until the
 overleasing is corrected through attrition, provided the PHA has taken reasonable steps
 as determined by HUD to mitigate the extent and duration of the overleasing.
- HUD will further review each request to determine that the PHA's over-issuing of vouchers
 was predicated on reasonable estimates of leasing success rates. HUD reserves the right
 to reduce administrative fees in extreme cases of overleasing.

PIH Issues Guidance on Requesting PBV Subsidy Layering Reviews

Yesterday HUD's Office of Public and Indian Housing (PIH) also issued Notice PIH 2023-15 providing instructions to PHAs and field offices for submitting requests for subsidy layering reviews (SLRs) to HUD in circumstances where (1) the PHA has requested for HUD to perform the SLR, or (2) there are no participating housing credit agencies (HCAs) available to perform the SLR. Below are some highlights:

- PHA requests HUD to perform the SLR: Despite the extended delegation authority for HCAs to perform SLRs when PBV projects exclude LIHTCs, PHAs may request that HUD perform the SLR in any case, including if the project does or does not contain LIHTCs. PHAs must communicate to the field office in writing if they would like HUD instead of the HCA to perform the SLR for PBV projects that do not contain LIHTCs. Section 4 of the notice outlines the PHAs steps for submitting the SLR request to HUD.
- PHA requests participating HCA to perform the SLR: For cases that do not include LIHTC, the PHA will still follow steps in Section 4 of the notice, but the memo to the field office requesting the SLR will confirm the PHA agrees with the HCA performing the SLR, if the HCA is available for the review.
- In cases where the project does include LIHTC and the participating HCA conducts the SLR, the PHA does not follow the steps in Section 4 but rather sends the SLR request directly to the HCA, but the PHA must still notify the field office that it has made such a request. Upon SLR completion, the participating HCAs will provide a copy of the certification and summary documentation to the Financial Management Division (FMD) at PBVSLRs@hud.gov and will copy the field office public housing representatives.
- In circumstances where there is no participating HCA, the PHA has requested that HUD
 perform the SLR, or when the participating HCA is not available to perform the PBV SLR,
 the field office public housing representative will submit the required documentation to
 HUD HQ for the SLR.

Further information can be found in the <u>notice</u>.



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