



July 29, 2020

PH PROGRAM NEWS

PIH Issues Notice on OpFund Shortfall Funding from FFY 2020 Appropriations

Late yesterday HUD’s Office of Public and Indian Housing ([PIH](#)) issued Notice [PIH 2020-16](#) titled “Implementation of Public Housing Operating Fund Shortfall Funding from Federal Fiscal Year (FFY) 2020 Appropriations.” The 2020 Appropriations Act set aside \$25 million of public housing operating funds to assist public housing agencies (PHAs) experiencing financial insolvency. The notice provides guidance regarding eligibility, the process for applying, and other requirements for the set-aside.

Below are some highlights of the 14-page notice:

- The notice applies to PHAs administering the public housing program, including PHAs participating in the Moving to Work ([MTW](#)) Demonstration.
- For the purposes of this notice, a PHA that has less than the equivalent of one month of operating expenses held in reserve is experiencing current insolvency. A PHA with one month or more but less than two months of reserves is experiencing near insolvency. Subject to the additional conditions noted in the notice, any PHA that has fewer than two months of operating expenses held in reserve (months of operating reserve, or MOR) will be eligible to receive shortfall funding.
- In making eligibility determinations, HUD will take into consideration temporary fluctuations in operating expenses of PHAs participating in the MTW Demonstration and the Rental Assistance Demonstration (RAD). If PHAs have utilized operating funds or operating reserves to support activities other than those described in Section 9(e) of the United States Housing Act of 1937 and have reduced operating reserve levels due to the use of funds for non-public housing purposes, such PHAs may not be eligible for shortfall funding.
- HUD is providing a simplified process to expedite distribution of shortfall funding to PHAs. A list of eligible PHAs and the amount those PHAs are eligible to receive is published [here](#). Eligible PHAs may apply by completing the shortfall funding application found in Appendix A and submitting it via email to 2020ShortfallFunding@hud.gov no later than midnight (Eastern Time) on August 26, 2020. Submission requirements are described in Section 6 of the notice.
- PHAs that believe they should be eligible to apply but are not included in HUD’s list may appeal to HUD no later than midnight (Eastern Time) on August 26, 2020. Instructions are described in Section 7.
- Due to the limitation of funds available, shortfall funding will be distributed into two tiers to maximize its impact to the PHAs with the greatest need. Those PHAs with an MOR under zero will be funded first. If additional funding remains, HUD will fund those PHAs with an MOR under two.
- HUD will undertake additional monitoring activities of all PHAs that receive funding. PHAs are required to collaborate with HUD field offices to identify specific issues at the PHA and develop a plan identifying actions that the PHA can take to improve their financial performance. Section 9 includes a list of operational improvements that HUD has historically recommended to insolvent PHAs.
- PHAs that receive shortfall funding may draw down amounts from their grant award as needed to fund their immediate needs. PHAs will enter their expenditure information into Line of Credit Control System (LOCCS) monthly to validate the expenditure of the funding drawn down. Shortfall funding grants may not be placed into the PHA’s operating reserves.
- Each PHA receiving shortfall funding will print, sign, scan, and submit one SF-424 via email to the appropriate field office by August 26, 2020. The calendar year (CY) 2020 [OpFund Shortfall Funding](#) webpage contains guidance on how to complete the SF-424 and a list of certifications and assurances.
- The period of performance for these funds is four years from the end of the funding year for which the funds were appropriated. Any undisbursed funds remaining in LOCCS or unexpended funds held by a PHA on December 31, 2024 will be recaptured by HUD.



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