


HUD PIH Notice 2020-08
CARES Act – HCV Program Admin Fees

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Nan McKay
AND ASSOCIATES, INC.
FINANCIAL SERVICES DIVISION

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Welcome

- **Goals of this webinar**
 - Understand Notice PIH 2020-08 and the programs to which it applies
 - Identify HUD's funding methodology
 - Determine eligible and ineligible expenses for CARES Act funding
 - Review other sources of funds available to your PHA
 - Identify CARES Act funding reporting requirements



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Overview of Notice PIH 2020-08



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Overview of Notice PIH 2020-08



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20416-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention of:
Office Directors of Public Housing,
Regional Directors, and Public Housing
Agencies.

PIH Notice PIH-2020-08
Issued: April 28, 2020

Expires: This notice remains in effect until amended, superseded, or rescinded
Cross References: PIH Notice 2020-04

SUBJECT: CARES Act – HCV Program Administrative Fees

1. **Purpose.** This notice implements the funding provisions for the Housing Choice Voucher (HCV) and Mainstream Programs in the Coronavirus Aid, Relief, and Economic Security Act.

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CARES Act Appropriations for HCV

- CARES Act provides additional appropriations for HAP and admin fee funding to PREVENT, PREPARE FOR, and RESPOND to coronavirus
- We'll cover the administrative fee funding

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CARES Act Appropriations for HCV

- Total supplemental appropriation for the HCV program is \$1.250 billion
- Admin fee portion of appropriations totals \$850 million for HCV programs
 - Including the Mainstream program → provides tenant-based vouchers that enable persons with disabilities (elderly and non-elderly) to rent affordable private housing

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Overview of Notice PIH 2020-08

- Initial funding action of approximately \$380 million
 - Forthcoming guidance will describe allocation methodology for remaining \$470 million
- A separate notice will outline the allocation method and requirements governing the HAP supplemental funding of \$400 million



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Overview Notice PIH 2020-08

- Funding *does not* apply to renewal funding for S8 Moderate Rehabilitation (Mod Rehab) or S8 MR Single Room Occupancy (SRO) programs



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Funding Methodology

- \$380 million is the equivalent of two months of admin fee eligibility
 - Includes Moving to Work (MTW) agencies
- First funding action will be allocated as a single disbursement at the beginning of May 2020
- An average of CY 2018 and CY 2019 monthly admin fee eligibility (100% proration) will be multiplied by two

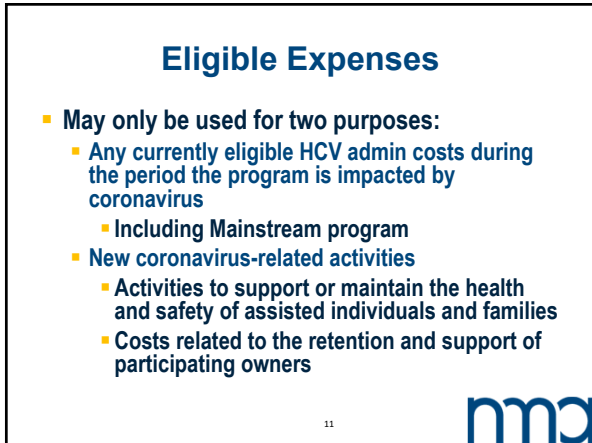


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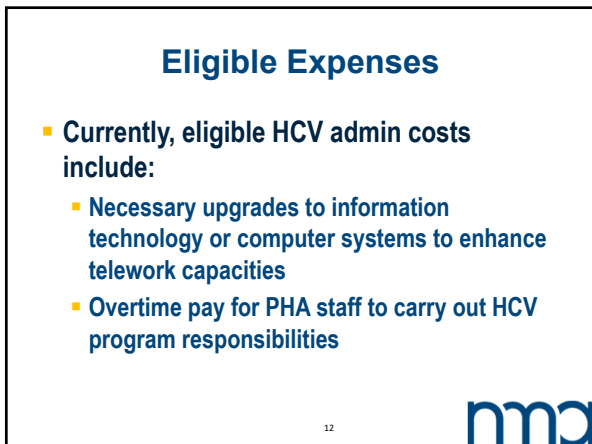
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HUD-Specific Eligible Expenses

- Procuring cleaning supplies and/or services to maintain safe and sanitary HCV units
 - Including common areas of PHA-owned project-based voucher (PBV) projects



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HUD-Specific Eligible Expenses

- Relocation of participating families to health units or other designated units for:
 - Testing, hospitalization, or quarantine, or
 - Transportation to these locations to limit the exposure that could be caused by using mass transportation



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HUD-Specific Eligible Expenses

- Additional costs to supportive services vendors incurred due to coronavirus



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HUD-Specific Eligible Expenses

- Costs to retain or increase owner participation in the HCV program such as incentive costs
 - Example: PHA offers owner an incentive payment to participate in recognition of added difficulties of making units available for HCV families to rent while stay-at-home orders or social distancing practices are in effect



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HUD-Specific Eligible Expenses



- Costs for providing childcare for the children of PHA staff that would not have otherwise been incurred
 - Children are at home due to school closings
 - PHA staff are working outside of regular work schedules, etc.



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HUD-Specific Eligible Expenses



- Costs associated with the delivery of goods to program participants
 - Including food and medical supplies that comply with CDC requirements



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HUD-Specific Eligible Expenses

- Public health-related security costs to enforce orders to shelter-in-place, stay-at-home orders or visitor-restriction policies for PHA-owned PBV projects



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HUD-Specific Eligible Expenses

- Administration costs associated with the implementation of coronavirus-related activities that are not eligible HCV administrative costs
 - Paying overtime to staff to carry-out coronavirus-related activities

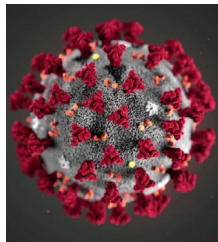


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HUD-Specific Eligible Expenses

- Other costs either directly or indirectly related to coronavirus as determined eligible on a case-by-case basis at the Secretary's discretion



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HUD-Specific Eligible Expenses

- PHAs requesting approval for other coronavirus-related activities not included in the list and not currently eligible as regular HCV administrative costs must send a request and explanation to FinancialManagementCenter@hud.gov
 - Subject "PHA# Requesting Eligibility for Coronavirus-Related Administrative Cost"
 - HUD will review requests on a periodic basis



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HUD-Specific Eligible Expenses

- As additional eligible costs are approved, HUD will update the list of eligible activities and maintain the most current list of eligible coronavirus-related activities on their website



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Period of Availability




- Duration of calendar year 2020
 - Unless period is subsequently extended by HUD

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Period of Availability


- Regular FY 2020 Appropriations Act HCV admin fees can be used for the new coronavirus-related activities
 - Mainstream program admin fees under the FY 2020 appropriations are not eligible for the new coronavirus-related activities

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Period of Availability

- Any unused CARES Act admin funding must be returned to HUD
 - May not roll into your Unrestricted Net Position (UNP)
- Funds **MUST** be tracked and accounted for separately throughout the period of availability

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Period of Availability

- HUD recommends and NMA emphasizes that PHAs expend supplemental admin fee funding first to PREVENT, PREPARE FOR, and RESPOND to coronavirus



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In other words...

- Apply the supplemental funds to your coronavirus expenses first
- Use FY 2020 appropriations admin fees second
 - These funds can roll into your UNP

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Ineligible Expenses




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Ineligible Expenses


- Repayment of debts or any amounts owed to HUD including:
 - Office of Inspector General (OIG)
 - Quality Assurance Division (QAD)
 - Other monitoring review findings

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Ineligible Expenses

- Any funds considered for salaries, bonuses and/or employee incentives must comply with executive compensation requirements
 - CY 2020 limit for level IV employees is \$170,800

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Other Sources of Available Funds


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Other Sources of Available Funds

- Any remaining Federal Emergency Management Agency (FEMA) Disaster Housing Assistance Program (DHAP) funding for:
 - Hurricanes Katrina and Rita (DHAP-Katrina)
 - Hurricanes Ike and Gustav (DHAP-Ike)
- Per Standard Operating Procedures (SOPs), any remaining admin fee funds from these programs must be used for disaster emergency related purposes (coronavirus qualifies)

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Other Sources of Available Funds

- New FEMA applications
 - NMA has provided webinars outlining available FEMA funding options
 - Presentations are available on our website



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Reporting Requirements

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Reporting Requirements


- HUD will develop a process for PHAs to report all expenditures of CARES Act funding, including:
 - Date of the expense
 - Amount of the expense
 - Use of funds

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Reporting Requirements



- HUD recommends and NMA emphasizes PHAs track coronavirus revenue and expenses by creating coronavirus Profit and Loss (P&L) accounts

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Reporting Requirements

- NMA recommends identifying a separate cost center or project within your HCV chart of account (COA) specifically for coronavirus revenues and expenses

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Examples

COA Example 1

- 801 = HCV program
- 419015 = Janitorial expense
- 019 = *Coronavirus activity (NEW)*
- Translates to 801-419015-019 or additional deep cleaning janitorial costs due to coronavirus

COA Example 2

- 801 = HCV program
- 340102 = HUD Funding Admin Fees
- 019 = *Coronavirus activity (NEW)*
- Translates to 801-340102-019 or additional administrative fees costs due to coronavirus

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Reporting Requirements

- Separating all coronavirus-related revenue and expense transactions into their own cost center or project will allow your PHA to create isolated coronavirus P&Ls in the future

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Reporting Requirements

- Not later than 10 days after the end of each calendar quarter, recipients of \$150,000 or more of CARES Act funding must submit a report containing information regarding:
 - Amount of funds received
 - Obligated or expended for each project or activity
 - Detailed list of all such projects or activities including a description
 - Detailed information on any subcontracts or subgrants awarded by the recipient


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Reporting Requirements


- Office of Management and Budget (OMB) memorandum M-20-21 anticipates existing reporting requirements of Section 15011
 - Content and format for this reporting is still under development
 - HUD plans to work in coordination with OMB to ensure this requirement can be fulfilled using existing reporting streams



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NMA Recommendations

- Immediately take the time to track your revenues and expenses separately
- Ensure all expenses meet HUD guidelines
 - If unsure, request clarification via email
- Do not double dip
 - i.e. FEMA, DHAP, and CARES Act funding all used for the same expense
- Accurate and clear documentation can help your agency avoid future reviews and audits



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Thank you for participating.

If you need any financial assistance including Interim Finance Director services, consulting, year-end close assistance or fee accounting, please contact

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