



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

Dear Executive Director:

**Subject: Housing Choice Voucher Program Calendar Year (CY) 2020 Renewal Funding Allocation**

The purpose of this letter is to advise public housing agencies (PHAs) of the CY 2020 Housing Assistance Payments (HAP) renewal funding allocations for the Housing Choice Voucher Program (HCVP). The funding allocations described herein are based on the requirements of the Further Consolidated Appropriations Act, 2020, (P.L. 116-94) referred to hereafter as “the 2020 Act,” enacted on December 20, 2019. HUD will publish a PIH Notice that describes the implementation of the 2020 Act in detail. This Notice will be posted at the following link:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/notices/pih](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/pih).

Your agency’s CY 2020 HAP renewal funding is identified at the top of the Enclosure A provided with this letter. Enclosure A sets forth the funding calculations for your PHA and provides estimated RAD 1 funding for the first full year of conversion and CY budget authority associated with tenant protection actions; the calculations are fully explained in the descriptions provided for this enclosure, and you are encouraged to review them thoroughly. Also included is Appendix I. Appendix I provides a list of funding increments for which the PHA is receiving an additional inflation factor in CY 2020 to support increased costs since the increments were initially funded. If your agency is administering HUD Veterans Affairs Supported Housing (VASH) vouchers, the renewal of these vouchers is included in the overall renewal calculations. These vouchers are not renewed separately, other than for Moving to Work (MTW) agencies. PHAs must comply, however, with the statutory requirement that VASH vouchers may only be used to assist VASH-eligible participants, both initially and upon turnover.

The 2020 Act requires the Department to establish a new baseline for HAP funding eligibility, based on Voucher Management System (VMS) data for CY 2019 (January 1, 2019 through December 31, 2019). This practice is commonly referred to as re-benchmarking. Consistent with prior years, the Department provided PHAs with the opportunity to review and update all VMS data related to the funding calculations as detailed in this letter and the enclosure. The VMS data used is the data reported by each PHA and accepted in VMS as of the end of the data review period on February 22, 2020, the same date as the December 2019 data submission deadline. There will be no further appeals or adjustments to these data items, except at the direction of the Department.

The 2020 Act authorizes the Department to offset PHAs’ CY 2020 renewal allocations based on excess amounts of restricted net position (RNP) and HUD-held program reserves. The Act provides that HUD shall use the funds from any such offset throughout CY 2020 to prevent

the termination of rental assistance for families as the result of insufficient funding and to avoid or reduce the need for proration. The Department has decided **not** to exercise this offset authority in CY 2020. However, HUD may consider available reserves in the determination of need of, but not limited to, HAP set-aside funding adjustment applications.

For the months of January through May of 2020, your agency received HAP obligations based on an estimated CY 2020 renewal level. If your PHA has been under-obligated renewal funds through May 2020, based on the prorated funding eligibility indicated on Enclosure A (applicable only to non-MTW PHAs, MTW PHAs will receive a different eligibility enclosure), the additional amount due will be obligated in the immediate future. If your PHA has been over-obligated funds through May 2020, the June obligation will be reduced accordingly, so that your PHA is obligated the accurate amount for the year. HAP disbursements for January through May of 2020, and for the rest of the CY 2020, have and will be based on cash management procedures established in PIH Notice 2017-06.

Except for MTW PHAs, no HAP funds provided for a PHA under the 2020 Act may be used to incur in over leasing, to support prior year deficits or provide for administrative expenses, nor may they be loaned or transferred to cover other program obligations, such as Low-Rent and/or Capital Fund programs. Therefore, it is each PHA's responsibility to retain the appropriate records to support VMS submissions for the collected periods, as they are subject to on-site review by the Quality Assurance Division (QAD). Subsequent recalculation of CY 2020 funding eligibility will occur if a QAD or other HUD review demonstrates that costs were incorrectly reported, resulting in excess funding.

Finally, it is strongly recommended that PHAs utilize the Two-Year Forecasting tool on the HUD web site, in consultation with their local HUD field office, to ensure that correct variables for the PHA are entered into the tool to arrive at the most accurate forecast to enable the PHA to maximize leasing while avoiding the need to terminate assistance to any households. The tool and instructions can be found by clicking on the following link: [Two-Year Tool and Instructions](#). Additionally, HAP Set-Aside funds are available in CY 2020 to address shortfalls, but in order to qualify, a PHA must have the shortfall confirmed by the Shortfall Prevention Team (SPT) and must initiate cost reduction steps. This process is detailed in the implementation notice referenced at the start of this letter.

If you have any questions concerning your CY 2020 HAP renewal funding, please contact your Financial Analyst (FA) at the Financial Management Center (FMC).

Sincerely,

**Miguel A. Fontáñez**

Digitally signed by Miguel A. Fontáñez  
DN: CN = Miguel A. Fontáñez, C = US,  
O = Housing Voucher Financial  
Management Division, OU = Director  
Reason: I am approving this document

Miguel A. Fontáñez  
Director  
Housing Voucher Financial  
Management Division

Attachment