



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

MAR 15 2017

OFFICE OF PUBLIC AND INDIAN HOUSING

Dear Executive Director:

2017 Housing Choice Voucher Program (HCVP) Renewal Awards:

The purpose of this letter is to follow up on the communication provided to your public housing agency (PHA) in January 2017, concerning the calendar year (CY) 2017 Housing Choice Voucher (HCV) renewal funding, and steps you must take to support the funding process. The Department is currently operating under a Continuing Resolution (CR) until April 28, 2017. HUD would typically have 60 days to calculate the PHAs' renewal funding and send renewal award notifications once a full year CR or Appropriations Act is enacted. While HUD would expedite this process as much as possible, it is likely that PHAs would receive 2017 funding information near the end of June 2017. In order to assist you in operating your program until a definitive funding level is known for 2017 HUD offers the following guidance.

HUD has evaluated several 2017 funding possibilities that result in a range of Housing Assistance Payments (HAP) and Administrative Fee proration levels. First, HUD could receive a full year CR where 2017 would be funded at the same level as the FY 2016 Appropriation amount. In the full year CR scenario, HUD has calculated an estimated proration of 94% for 2017 HAP funding, and 77% Administrative Fee proration. Secondly, HUD could receive an Appropriation Act, whereby Congress implements HCV funding based on either the Senate or House Appropriations Committees' budget priorities. HUD has evaluated these funding scenarios based on both the TBRA Senate Bill - HR 2577 and the TBRA House Bill - 114, and has calculated an estimated HAP proration of 97.5%. The Administrative Fee proration factors for these proposed Bills are anticipated at 80% and 75%, respectively.

As always, the proration levels described above were calculated by estimating the full HCV program need for 2017 and comparing the program need to the available funding. To estimate program need, we estimate increases in units leased and changes in per unit cost, and then apply an inflation factor. For 2017, there is a substantial inflation factor that impacted the proration levels above. All PHAs will have an inflation factor of at least 2.58% and approximately 40% of PHAs will have an inflation factor higher than 2.58%. HUD will publish the annual inflation factors in the Federal Register when the full year funding is known, either through a full year CR or an Appropriations Act.

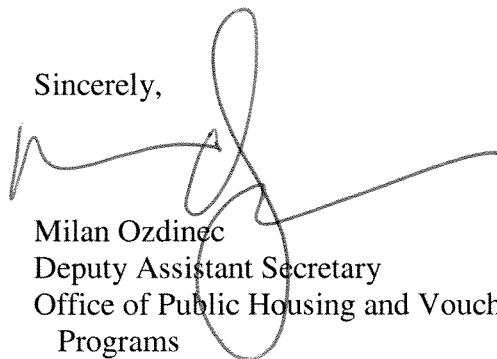
HUD anticipates that funding eligibility for non-Moving to Work (non-MTW) agencies will continue to be based on actual and eligible HCV HAP expenses incurred during CY 2016, as reported by your PHA in the Voucher Management System (VMS). The renewal funding eligibility for MTW agencies will be in accordance with the terms of their individual MTW agreements.

While HUD does not know what the final appropriations level will be, a full year CR seems to be the responsible starting point for program operations. Therefore, PHAs should assess their projected leasing and spending starting with the 94% proration, and should model alternative proration scenarios. One way PHAs can make such an assessment is using the HUD Two-Year Forecasting Tool. This tool can be generated directly by PHAs by downloading a spreadsheet from this [forecasting tool link](#), entering the PHA number and launching a forecasting populated with VMS data and funding information. The default proration is 94% but can be changed by the user, and the projection includes your specific PHA's inflation factor. PHAs should plan for 2017 by also looking at the impact in 2018 of where they project to end 2017. In doing so, PHAs can model differing 2018 funding proration level possibilities.

HUD staff will be assessing projected spending and leasing using the above assumptions. PHAs may hear from HUD staff in particular if, given those assumptions, a shortfall or significant leasing potential is projected.

HUD encourages discussions with your local Field Office staff and FMC Financial Analyst during this time of funding uncertainty. Please contact them if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Milan Ozdinec', written over the typed name and title.

Milan Ozdinec
Deputy Assistant Secretary
Office of Public Housing and Voucher
Programs