



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

OFFICE OF PUBLIC AND INDIAN HOUSING

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

PIH Notice PIH-2020-18

Issued: July 31, 2020

Expires: This notice remains in effect until amended, superseded, or rescinded

Cross References: PIH Notice 2020-04, PIH Notice 2020-08

SUBJECT: CARES Act – HCV Program Administrative Fees – Second Award

1. Purpose. This notice further implements the funding provisions for the Housing Choice Voucher (HCV) Program, including Mainstream vouchers, in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), enacted on March 27, 2020. The CARES Act provides additional appropriations for housing assistance payments (HAP) and administrative fee funding to prevent, prepare for, and respond to coronavirus (COVID-19). The Tenant-Based Rental Assistance portion of the CARES Act is attached as Appendix A.

This notice addresses HUD's second award allocation methodology for the administrative fees portion of the CARES Act supplemental funding, and establishes additional new eligible activities to prevent, prepare for, or respond to COVID-19 that may be funded with these supplemental administrative fee amounts. The first award allocation of administrative funding and the original list of eligible activities were established in [PIH Notice 2020-08](#). This notice supersedes PIH Notice 2020-08.

2. Summary. The CARES Act provides funding to prevent, prepare for, and respond to COVID-19, including for public housing agencies (PHAs) to maintain normal operations and take other necessary actions during the period those agencies administering an HCV program (including Mainstream vouchers) remain impacted by COVID-19. The total CARES Act supplemental appropriation for the HCV Program is \$1.25 billion.

This notice covers the supplemental administrative fee portion totaling \$850 million for the HCV Program, including Mainstream vouchers. This supplemental administrative fee funding may be used by PHAs for administrative expenses and other expenses related to COVID-19, which are the eligible activities initially defined by the Secretary and clarified in PIH Notice 2020-08, in addition to new eligible activities described in this notice. The

complete list of the additional eligible activities (both those activities defined in PIH Notice 2020-08 and the new activities) is provided in section 4 of this notice.

HUD obligated the initial supplemental administrative fee allocation through PIH Notice 2020-08, in the amount of \$378 million. This notice describes the funding methodology for the second allocation of approximately \$472 million in supplemental administrative fees and provides an updated list of eligible expenses under the CARES Act supplemental administrative fees.

- 3. Funding Methodology.** The CARES Act provides supplemental administrative fee funding for the HCV and Mainstream vouchers. Through this second round of funding, HUD will provide approximately \$472 million (the equivalent of 2.35 months of administrative fee eligibility) to all PHAs, including Moving to Work (MTW) PHAs, which will be allocated as a single disbursement at the beginning of August 2020. The amount of funding PHAs will receive in this disbursement is calculated by multiplying the total unit months leased (UML) reported in the Voucher Management System (VMS) for the month of May by the CY 2020 administrative fee rates, times 2, prorated at approximately 117 percent to distribute the remaining funds equally between all PHAs.
- 4. Eligible Expenses for CARES Act funds as well as administrative fees under the Fiscal Year (FY) 2020 Appropriations Act.** Under the CARES Act, this supplemental administrative fee funding may be used only for two purposes: (1) any currently eligible HCV (including Mainstream vouchers) administrative costs during the period that the program remains impacted by COVID-19; and (2) new COVID-19 related activities, including activities to support or maintain the health and safety of assisted individuals and families, and costs related to the retention and support of participating owners. Currently eligible HCV administrative costs under (1) include necessary upgrades to information technology or computer systems to enhance telework capacities and overtime pay for PHA staff to carry out HCV Program responsibilities.

This section updates the list of eligible COVID-19 related activities that may be covered by the CARES Act supplemental administrative fee funding and HCV administrative fees appropriated under the FY 2020 Further Consolidated Appropriations Act (Public Law 116-94). Note that Mainstream voucher administrative fees appropriated under the FY 2020 Further Consolidated Appropriations Act (Public Law 116-94) are not eligible to be used for these new COVID-19 related activities. The CARES Act supplemental administrative fee funding may also be used for any currently eligible HCV (including Mainstream voucher) administrative costs during the period that the program remains impacted by COVID-19 (see Period of Availability in Section 6).

The list identifies new eligible COVID-19 activities defined by the Secretary since PIH Notice 2020-08 was published as well as the activities previously described in PIH Notice 2020-08. Two of the previous eligible activities have been modified. One has been modified for clarification purposes and the second to further expand the scope of the activity

The new eligible COVID-19 related activities defined by the Secretary are the following:

PHA staff and resident related eligible expenses:

- Sourcing and purchasing personal protective equipment for PHA staff and for residents visiting the PHA offices or premises for program related reasons.
- Expenses incurred because of COVID-19 restrictions impacting PHA operations (e.g., paying for transportation expenses for PHA staff who rely on public transit that is no longer available).
- COVID-19 testing costs for PHA Staff and participating families. PHAs should adopt reasonable operating procedures related to testing.

Other eligible activities related to social distancing and PHA operations:

- Creation or update of infectious disease outbreak plan.
- Physical Improvements to office space including expansion, remodel, or space rental.
- Costs to facilitate and coordinate with local schools and local governments receiving funds from the U.S. Department of Education for the education of students in the program:
 - Costs for the technological needs of program participants with school aged children being homeschooled as a result of the pandemic that are not and will not be provided through other Federal, State, or local governments.

The eligible activities established in [PIH Notice 2020-08](#) are provided below. The first item below clarifies language provided within the above-mentioned notice while the second item below has been modified to include individuals that are covered by these items. The clarifying language, as well as the new expanded language, is shown in red font below.

- Procuring cleaning supplies and/or services to maintain safe and sanitary HCV units including common areas **and in-unit cleaning of all Project-Based Voucher (PBV) assisted units.**
- Relocation of **PHA staff and** 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.
- Additional costs to supportive services vendors incurred due to COVID-19.
- Costs to retain or increase owner participation in the HCV Program, such as incentive costs (e.g., the 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.)
- Costs for providing childcare for the children of PHA staff that would not have otherwise been incurred (e.g., children are at home due to school closings, PHA staff are working outside of regular work schedules, etc.).
- Costs associated with the delivery of goods, including food and medical supplies that comply with the Centers for Disease Control (CDC) requirements, to program participants.
- 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.
- Administration costs associated with the implementation of COVID-19-related activities that are not eligible HCV administrative costs (e.g., paying overtime to staff to carry-out these COVID-19-related activities).

- Other costs either directly or indirectly related to COVID-19 as determined eligible on a case-by-case basis at the Secretary’s discretion.

5. Requesting HUD Determinations for Eligible Activities. PHAs requesting approval to cover other COVID-19-related activities not included in the above list and not currently eligible as regular HCV administrative costs must send the request and an explanation of the proposed activity to the FinancialManagementCenter@hud.gov mailbox. The subject line of the email should read “PHA# Requesting Eligibility for COVID-19-Related Administrative Cost”, example “TX001 Requesting Eligibility for COVID-19-Related Administrative Cost.”

- Requests will be reviewed on a periodic basis. As additional eligible costs are approved, HUD will update the list of eligible activities and maintain the most current list of eligible COVID-19-related activities on our website at:
https://www.hud.gov/program_offices/public_indian_housing/programs/hcv.
- For additional details on new eligible COVID-19 activities, please refer to the frequently asked questions (FAQ) documents available through the following link:
https://www.hud.gov/program_offices/public_indian_housing/covid_19_resources

6. Period of Availability. Under the CARES Act, these supplemental administrative fee funds may be used for both HCV (including Mainstream voucher) administrative expenses and the new COVID-19-related activities during the period that the program is impacted by COVID-19. HUD recognizes that the HCV Program will continue to be impacted by COVID-19 beyond the immediate challenges of operating during shelter-in-place/stay-at-home orders or recommended social distancing practices. Program operations will continue to be impacted as PHAs transition back to full operational capacity, comply with applicable waivers and alternative requirements in accordance with PIH Notice [2020-05](#), and manage calendar year (CY) leasing and utilization challenges caused by COVID-19 earlier in the year.

Consequently, the period of availability for expenditure of these funds, and any unspent funds initially awarded under PIH Notice 2020-08, is hereby extended through June 30, 2021, unless this period is subsequently extended by HUD.

The funding provided through this notice may only be used for the two purposes described in this notice. Unlike regular administrative fees, these funds may not roll into the unrestricted net position (UNP) and must be tracked and accounted for separately throughout the period of availability. If any of these funds are not expended during the period of availability, the remaining funds must be remitted to HUD. Accounting and remittance sub-regulation guidance will be forthcoming.

Notwithstanding this period of availability, HUD urges PHAs to first expend this supplemental CARES Act administrative fee funding, to prevent, prepare for, and respond to COVID-19. To maximize program offerings during the ongoing pandemic, HUD recommends that PHAs apply their supplemental administrative fee amounts to eligible expenses first, since the HCV Program FY 2020 administrative fees may also be used for

COVID-19-related activities within the period of availability and will continue to be available for regular administrative fee purposes beyond the period of availability.

- 7. Ineligible Expenses.** The funding provided through this notice cannot be used for the repayment of debts or any amounts owed to HUD or program participants including, but not limited to, Office of Inspector General (OIG), Quality Assurance Division (QAD) or other monitoring review findings. Similarly, any CARES Act funding transferred via fee for service to the Central Office Cost Center (COCC) cannot be used for the repayment of such debts nor can these funds roll to the COCC reserve balance. Additionally, administrative fee funds provided through this notice considered for salaries, bonuses and/or employee incentives must comply with the executive compensation requirements under Section 220 of Public Law 116-94, Further Consolidated Appropriations Act, 2020 and must comply with reasonable compensation requirements found at 2 CFR Part 200.430(b).
- 8. Use of PHA's Remaining DHAP Funds for COVID-19-Related Activities.** PHAs holding Federal Emergency Management Agency (FEMA) funding for the Disaster Housing Assistance Program (DHAP) from: (1) Hurricanes Katrina and Rita (DHAP-Katrina) and (2) Hurricanes Ike and Gustav (DHAP-Ike), may use those funds towards COVID-19-related expenses as carry-over funds. This guidance was previously described in PIH Notice 2020-08 and within the PIH letter from April 1, 2020 provided to applicable DHAP PHAs. PHAs are required to properly track and account for any DHAP funds used to cover COVID-19-related activities.
- 9. Reporting Requirements.** As previously discussed in PIH Notice 2020-08, HUD will develop a process by which PHAs will report distinctly and fully all expenditures of CARES Act supplemental funds, including the date, amount, and use of such funds. HUD sub-regulation guidance implementing this process is forthcoming. To ensure PHAs have the ability to report to HUD on these expenses, PHAs must track COVID-19 revenue and expenses by creating COVID-19 Profit and Loss (P&L) accounts. HUD-sub-regulation guidance for reporting COVID-19 financial information to the Financial Assessment Subsystem (FASS) on the Financial Data System (FDS) is also forthcoming.

Additional CARES Act Reporting

Section 15011 of the CARES Act requires that recipients of \$150,000 or more of CARES Act funding submit, not later than 10 days after the end of each calendar quarter, a report containing information regarding the amount of funds received; the amount of funds obligated or expended for each project or activity; a detailed list of all such projects or activities, including a description of the project or activity; and detailed information on any subcontracts or subgrants awarded by the recipient. As outlined in the Office of Management and Budget (OMB) memorandum, M-20-21, existing reporting requirements are anticipated to meet the requirements of Section 15011, but the content and format for this reporting is still under development and will need to be reviewed against current program practices. HUD will work in coordination with OMB to ensure that this requirement can be fulfilled by recipients of CARES Act funding in a manner that utilizes to the greatest extent possible existing reporting streams, providing the necessary transparency and accountability

with minimal additional burden. If additional reporting is necessary, further guidance will be released by HUD in the near future.

- 10. Excluded Programs.** The provisions implemented by this notice do not apply to renewal funding for the Section 8 Moderate Rehabilitation Program or the Section 8 Moderate Rehabilitation Single Room Occupancy Program.
- 11. Paperwork Reduction Act.** The information collection requirements (ICR) for the HCV Program and Mainstream vouchers are approved by the OMB under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). The OMB control number is 2577-0169. As noted in item 7 above, the reporting requirements to comply with the CARES Act will be forthcoming HUD sub-regulation guidance.
- 12. Further Information.** Direct questions to HCV Financial Management Division (FMD), Office of Public Housing and Voucher Programs, by email, at PIHFinancialManagementDivision@hud.gov.

/ s /
R. Hunter Kurtz, Assistant Secretary
for Public and Indian Housing

Appendix A

CARES Act (Public Law 116-136)

For an additional amount for “Tenant-Based Rental Assistance”, \$1,250,000,000, to remain available until expended, to prevent, prepare for, and respond to coronavirus, including to provide additional funds for public housing agencies to maintain normal operations and take other necessary actions during the period that the program is impacted by coronavirus: amounts made available under this heading in this Act, \$850,000,000 shall be available for both administrative expenses and other expenses of public housing agencies for their section 8 programs, including Mainstream vouchers: *Provided further*, That such other expenses shall be new eligible activities to be defined by the Secretary and shall include activities to support or maintain the health and safety of assisted individuals and families, and costs related to retention and support of participating owners: *Provided further*, That amounts made available under paragraph (3) under this heading in Public Law 116–94 may be used for such other expenses, as described in the previous proviso, in addition to their other available uses: *Provided further*, That of the amounts made available under this heading in this Act, \$400,000,000 shall be available for adjustments in the calendar year 2020 section 8 renewal funding allocations, in addition to any other appropriations available for such purpose, including Mainstream vouchers, for public housing agencies that experience a significant increase in voucher per-unit costs due to extraordinary circumstances or that, despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate rental assistance for families as a result of insufficient funding *Provided further*, That the Secretary shall allocate amounts provided in the previous proviso based on need, as determined by the Secretary: *Provided further*, That the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the use of the amounts made available under this heading and the same heading of Public Law 116–94 (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the safe and effective administration of these funds, consistent with the purposes described under this heading in this Act, to prevent, prepare for, and respond to coronavirus: *Provided further*, That the Secretary shall notify the public through the Federal Register or other appropriate means of any such waiver or alternative requirement to ensure the most expeditious allocation of this funding, and in order for such waiver or alternative requirement to take effect, and that such public notice may be provided, at a minimum, on the Internet at the appropriate Government web site or through other electronic media, as determined by the Secretary: *Provided further*, That any such waivers or alternative requirements shall remain in effect for the time and duration specified by the Secretary in such public notice and may be extended if necessary upon additional notice by the Secretary: *Provided further*, That to prevent, prepare for, and respond to coronavirus, the notification required by section 223 of Public Law 116–6 and section 221 of Public Law 116–94 shall not apply to the award of amounts provided under paragraph (2) of this heading in Public Law 116–6 or under paragraph (7)(B) of this heading in Public Law 116–94 in support of the family unification program under section 8(x) of such Act: *Provided further*, That the Secretary may award any remaining unobligated balances appropriated under this heading in prior Acts for incremental tenant-based assistance contracts under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), to prevent, prepare for, and respond to coronavirus, without competition, including for extraordinary administrative fees: *Provided further*, That no less than 25 percent of such amounts shall be allocated proportionally to public housing agencies who received awards in the 2017 and 2019 competitions for such purposes within 60 days of enactment of this Act: *Provided further*, That the waiver and alternative requirements authority provided under this heading in this Act shall also apply to such incremental tenant-based assistance contract amounts: *Provided further*, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.