



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

OFFICE OF PUBLIC AND INDIAN HOUSING

March 30, 2023

Dear Executive Director:

Subject: Housing Choice Voucher Program Calendar Year (CY) 2023 Renewal Funding Allocation

The purpose of this letter is to advise public housing agencies (PHAs) of the CY 2023 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 Consolidated Appropriations Act, 2023, (P.L. 117-328) referred to hereafter as “the 2023 Act,” enacted on December 29, 2022. HUD is in the process of publishing the 2023 HCV Funding Implementation Notice and will notify PHAs by email when that occurs. The Notice will be posted at the following link:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/pih

Your agency’s CY 2023 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 are Appendix I and II. Appendix I provides calculations related to the CY 2023 offset for reallocation. Appendix II provides a list of funding increments for which the PHA is receiving an additional inflation factor in CY 2023 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 2023 Act requires the Department to establish a new baseline for HAP funding eligibility, based on Voucher Management System (VMS) data for CY 2022 (January 1, 2022, through December 31, 2022). 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 January 27, 2023, the same date as the December 2022 data submission deadline. There will be no further appeals or adjustments to these data items, except at the direction of the Department.

The 2023 Act provides that HUD may offset PHAs’ CY 2023 allocations based on the excess amounts of PHAs’ Restricted Net Position (RNP), including HUD-held program reserves (in accordance with VMS data in CY 2023 that is verifiable and complete), as determined by the Secretary. The Department has decided to exercise the offset for reallocation authority in CY 2023 (impacting a limited number of PHAs) but only to increase the national HAP proration to 100%. A

portion of the offset will be for Shortfall Prevention, which will supplement the HAP Set-Aside funding.

For the months of January through May of 2023, your agency received HAP obligations based on an estimated CY 2023 renewal level. If your PHA has been under-obligated renewal funds through May 2023, 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 2023, 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 2023, and for the rest of the CY 2023, 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 2023 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 2023 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 2023 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 2023 HAP renewal funding, please contact your Financial Analyst (FA) at the Financial Management Center (FMC).

Sincerely,

MIGUEL FONTANEZ
SANCHEZ

Digitally signed by MIGUEL
FONTANEZ SANCHEZ
Date: 2023.03.30 11:41:38
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Miguel A. Fontáñez
Director
Housing Voucher Financial
Management Division

Attachment

Enclosure A

**Calculation of Calendar Year 2023 Renewal Funding
Housing Choice Voucher Program**

1 HA Number:

CA093

2 HA Name:

CITY OF SANTA ANA HSG AUTH

CY 2023 Renewal Funding

3 CY 2023 HCV Renewal Funding after Offset and Amounts Owed HUD

\$45,630,128

CY 2023 Non-Renewal Funding

4 CY 2023 Non-Renewal Funding (TPVs, VASH, etc.) to Date

\$767,778

5 CY 2023 Estimated RAD 1 Funding For First Full Year After Conversion

\$0

6 CY 2022 Proration Increase

\$189,021

7 Total CY 2023 HCV Renewal and Non-Renewal Funding

\$46,586,927

ELIGIBILITY

8 Total Unit Months Leased per VMS - CY 2022

32,972

9 Total Unit Months Available - CY 2022

36,489

10 Capping Percentage

100%

11 Total CY 2022 HAP Expenses per VMS

\$42,392,321

12 Total CY 2022 Capped HAP Expenses (Line 11 x Line 10)

\$42,392,321

13 Renewal Funding Inflation Factor

1.07505

14 Inflated Eligibility Sub-Total (Line 12 x Line 13)

\$45,573,865

15 First Time Renewals - Appendix II

\$56,263

16 Transfers In or Out

\$0

17 Total DHAP Eligibility

\$0

18 Total Renewal Eligibility (Line 14 + Line 15 + Line 16 + Line 17)

\$45,630,128

19 Proration Factor

100%

20 Prorated Eligibility (Line 18 x Line 19)

\$45,630,128

FUNDING

21 **Total CY 2023 Renewal Funding after Offset**

\$45,630,128

22 Renewal Funding Obligations, January through May 2023

\$20,158,105

23 Remaining to Obligate for CY 2023 prior to reduction for funds due HUD (Line 21 - Line 22)

\$25,472,023

24 Reduction for Funds due HUD

\$0

25 Remaining to Obligate for CY 2023 after reduction for funds due HUD (Line 23 - Line 24)

\$25,472,023

26 Total Eligibility Through May 2023

\$19,012,553

27 Additional Obligations Due Through May, 2023 (Line 26 - Line 22, if Line 26 is higher; else 0)

\$0

28 Excess Obligations Through May, 2023 (Line 22 - Line 26, if Line 22 is higher; else 0)

\$1,145,552

29 CY 2023 Inflated Per Unit Cost

\$1,368.15

This value is calculated as total inflated VMS Expenses, minus HAP Costs After the First of the Month, divided by total Unit Months Leased.

30 Comments

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