



Homes and Community Renewal

New York State Housing Trust Fund Corporation Statewide Section 8 Voucher Program

ATTENTION:

Statewide Program Local Administrators
DHCR Statewide Section 8 Staff
DHCR ITS Staff
HTFC Finance Staff

NOTICE: SS8-2024-05**Issued: July 22, 2024****Effective: Immediately**

**SUBJECT: Continued Voucher Issuance and Re-Issuance Pause Through the End
of Calendar Year ("CY") 2024**

Summary

Due to current federal budget limitations and as required by the U.S. Department of Housing and Urban Development's ("HUD") PIH Notice 2024-21, the HTFC notice issued to Local Administrators ("LAs") on February 27, 2024 (SS8 2024-02) limiting voucher re-issuance ("voucher pause") shall remain in effect for the remainder of calendar year 2024. In addition, we do not anticipate issuing a Section 8 Project Based Voucher Notice of Funding Availability this year. These determinations are subject to change based on an ongoing evaluation of expenditures in cooperation with HUD. Please note that sufficient resources do exist to protect our current participants.

Background

On March 1, 2024, HTFC voluntarily 'paused' most voucher re-issuances based on projections that indicated our current budget authority may not be sufficient to cover all Housing Assistance Payment ("HAP") expenses throughout the year. At that time, we also submitted a request to HUD seeking funding through the shortfall process.

HUD has determined that we are facing a potential shortfall, and are therefore subject to PIH Notice 2024-21, issued by HUD on June 24, 2024. We are now working closely with their team to calculate the exact need and obtain additional funding.

HUD has indicated that Public Housing Authorities nationally are also facing budget shortfalls, due in large part to rapidly increasing HAP costs. At this time, our program has more than 47,000 families leased, our highest level in recent memory. At HUD's urging, we increased our Unit Months Leased ("UMLs") by approximately 3,000 families over the past two years to boost utilization in New York and overall, nationally. At the same time, HUD increased the Fair Market Rents significantly during this decade, based on a revised methodology that more closely tracks changes in the private market. This action improved lease-up success rates but also resulted in substantially higher and still rising per-unit subsidy costs. These macro-level changes resulted in the current shortfall.

This means that, despite taking reasonable cost saving measures as determined by HUD, we do not have sufficient budget authority for the current fiscal year based on current projections. This status is determined by using projections captured in the HUD-developed Two-Year Forecasting Tool, and accounts for the total of Authorized Budget Authority ("ABA") and HAP reserves that are also referred to as the program's Restricted Net Position ("RNP"). After taking these funds into account and comparing them to leasing projections through the end of the calendar year, HUD has identified a gap between funding and expenses that they have tentatively assured us they have resources to cover. The exact amount of the gap and any additional set-aside funding awarded will be determined by tracking actual HAP expenditures and attrition over the next several months.

HUD has therefore mandated that aside from exceptions that will be enumerated later in this notice, HTFC shall not issue or re-issue tenant-based vouchers except for certain targeted voucher types as specified below. The anticipated attrition that will result from this directive prevents HTFC from setting revised allocations for LAs.

Exceptions

HUD cites the following voucher types as being **excluded** from the voucher issuance pause:

- Vouchers issued to current housing choice voucher ("HCV") participants to allow them to move.
- Instances in which the PHA is leasing under the HUD-VASH program up to the baseline level of units under all HUD-VASH allocations, including turnover of HUD-VASH vouchers.

- Applicants that are moving into PBV units in order for the PHA to meet its contractual obligations. This covers both units being placed under a HAP contract for the first time – in accordance with an AHAP – and PBV units currently under HAP contract that are vacant. This includes PBVs under the Rental Assistance Demonstration (“RAD”).
- Vouchers issued pursuant to current or pending litigation, or necessary to comply with the requirements of any conciliatory agreement or HUD-directed settlement.
- Vouchers issued to program applicants under Tenant Protection Vouchers (“TPVs”) or special purpose voucher (“SPV”) increments awarded in CY 2023 or CY 2024. These SPVs include Non-Elderly Disabled (“NED”) and Foster Youth to Independence (“FYI”) vouchers. **Please note that none of the NED or FYI vouchers awarded to the program were awarded in CY 2023 or CY 2024, so upon turnover, none of these vouchers can be re-issued. In the case of FYI vouchers, any new issuances would have to result from a new application to HUD for voucher/budget authority. LAs receiving referrals from partnering Public Child Welfare Agencies under an existing Memorandum of Understanding must inform designated statewide staff, Scott Karvelis, via email at Scott.Karvelis@hcr.ny.gov, of the need to submit a new application for voucher/budget authority before issuing a voucher.**

Other exceptions to the prohibition on voucher issuances are Mainstream 5 and Stability Vouchers. Both voucher types can continue to be issued and re-issued.

For voucher issuances in which reasonable accommodations and/or Violence Against Women Act (“VAWA”) come into play, LAs MUST reach out to statewide staff Sylvia Mercado (Sylvia.Mercado@hcr.ny.gov) and Connie Bruno (Connie.Bruno@hcr.ny.gov), via email, to seek approval from HUD to allow for such issuances.

Portability

For the remainder of CY 2024, all port-ins must not be absorbed. LAs must inform initial PHAs that you will be billing them. In the case of port-outs, all LAs are directed to reach out to receiving PHAs to see if they would be willing to absorb port-outs in which a billing arrangement currently exists. LAs should designate staff to conduct such outreach upon receipt of this notice.

Rent Increases

At this time, there is no prohibition on the granting of rent increases requested by program landlords. While LAs are advised to follow program policy in terms of determining rent reasonableness, there is no set cap on rent increases, although it is encouraged that LAs work with landlords to prevent exorbitant increases that would serve to adversely impact program households in terms of affordability, even if the proposed

rent is considered reasonable. The spending projections through the end of the year do take anticipated increases in per-unit costs into account.

PBV Notice of Funding Availability

HTFC shall continue to honor its present funding commitment to current PBV properties. This includes:

1. PBVs that were awarded to properties pursuant to last year's Notice of Funding Availability ("NOFA");
2. Properties under an Agreement to execute a HAP contract pursuant to any previous NOFA or allocation;
3. PBVs presently under a HAP contract; or
4. PBV projects allocated under RAD, including HUD approved contractual obligations associated with Faircloth to RAD projects.

The exceptions noted above for PBVs will apply only to properties falling into one of these four categories. HUD has instructed HTFC to refrain from issuing new PBV awards, which requires the cancelling of the annual NOFA.

Duration of Voucher Issuance Pause and Impact on Current Voucher Holders

At this time, HUD has notified HTFC that the pause on voucher issuances will last through the remainder of calendar year 2024. However, if circumstances change, LAs will be notified of any updates. HTFC is due to meet with HUD on a regular basis to monitor the program's funding situation. It should be noted that sufficient resources do exist to protect our current participants. Current voucher holders are to continue to be provided with the voucher durations and search times established in the original voucher issuance pause notice that was issued on February 27, 2024.

HTFC and HUD reserve the right to require an LA to rescind any voucher issued in violation of this guidance. HTFC may assess a financial penalty, including but not limited to reduction in administrative fees for failure to comply with the terms of this notice.

HTFC reserves the right to authorize additional exceptions not listed here in consultation with HUD. Any exception shall be approved on a case-by-case basis and is only valid if issued in writing from HTFC to the LA.

This notice is subject to modification or may be withdrawn at any time if sufficient funding becomes available, at HTFC's discretion.