



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

ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

JUL 31 2009

Dear Executive Director:

A number of Public Housing Authorities (PHAs) have been experiencing funding shortfalls in the Housing Choice Voucher (HCV) program. This letter is to update you on the status of the HCV program and inform you of the steps HUD is taking to minimize shortfalls and prevent terminations.

While HUD continues to analyze Voucher Management System data, the factors that have led to shortfalls at particular PHAs remain varied. For example, some PHAs appeared to have leased-up at high rates prior to the 2009 allocation, while other PHAs have experienced a decrease in voucher turnover rate and decreases in tenant incomes due to current economic conditions. HUD is quickly working with the affected PHAs in order to minimize the impact on families.

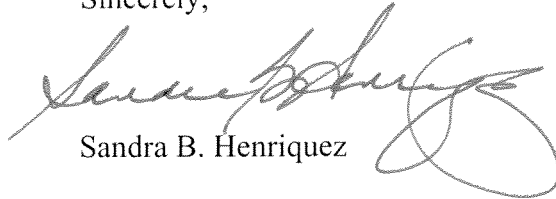
To provide agencies with the funds some need to achieve this goal, HUD is taking the following steps:

- On July 24, 2009 HUD awarded \$89 million of the \$100 million in set-aside funds.
- In the next several weeks, HUD will award the remaining \$11 million to agencies meeting certain criteria that applied for set-aside funds under the unforeseen circumstances category and would have to terminate voucher assistance without the additional funds.
- HUD will continue to work with agencies that have shortfalls and determine if these agencies are eligible to receive extraordinary administrative fees for technical assistance to prevent the termination of families. HUD has approximately \$30 million dollars available for this purpose.
- HUD staff from HCV financial, policy and program support divisions continue to hold conference calls with PHAs to discuss possible cost-savings measures to achieve our shared goal of avoiding termination of voucher assistance for vulnerable families, seniors, and people with disabilities.
- While additional funding needs beyond those outlined above are unclear at this time, HUD is taking precautionary measures and exploring all options under its current authorities. If it is determined that these measures are insufficient, HUD will work with Congress on legislative changes to minimize adverse consequences to families and to the other PHAs that are not experiencing shortfalls.

If you believe that families will have to be terminated from your HCV program due to insufficient funding prior to the end of the calendar year, please contact pih.financial.management.division@hud.gov no later than August 14th to assist us in confirming the extent of need for additional funds. You may subsequently be asked for certain information relating to your HCV finances. Once HUD validates the data submitted, your agency may be contacted to discuss cost-savings measures, program management and whether other funds may be available to your agency. If the data cannot be validated, HUD will promptly notify your agency and work with you to correct any data discrepancies.

HUD thanks you for your participation in the Housing Choice Voucher Program and appreciates your continuing efforts to work with us during this difficult period.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sandra B. Henriquez', with a large, stylized flourish at the end.

Sandra B. Henriquez