



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

OFFICE OF PUBLIC AND INDIAN HOUSING

FEB 13 2013

Dear Executive Director:

Subject: **Housing Choice Voucher Program (HCVP)**  
**Cash Management – March 2013 Renewal Disbursements**

This letter concerns the disbursement of HCVP funds to your public housing agency (PHA) under the cash management procedures in the program. It is important that you review this letter and the process by which HUD will determine disbursements of housing assistance payments (HAP) funds to your PHA and the amount of renewal funding that will be disbursed to your agency for the month of **March, 2013**. You are also encouraged to carefully review PIH Notice 2011-67, which sets out the cash management procedures in detail.

In accordance with HUD Notice PIH 2011-67, in calendar year (CY) 2013 HUD will again disburse HCVP HAP funds on the basis of need each month, as opposed to 1/12 of its annual renewal allocation as was done in prior years. HUD will determine the funds needed each month on the basis of PHA-reported HAP expenses in the Voucher Management System (VMS). HUD will disburse each month an amount equal to the average for the prior validated quarter, plus a margin of 3 percent based on those average costs. In 2012, the 3 percent margin was based on the renewal allocation rather than costs; we have found that basing the margin on actual costs more accurately predicts a PHA's needs. Total disbursements will be limited to the PHA's funding allocation for the CY.

PHAs should be aware that, at this time, HUD is operating under a Continuing Resolution (CR). An Appropriation amount for the HCVP is not yet known, and funds have been allocated under the CR only through March. Therefore, funds have been obligated through March, based on PHA actual needs for CY 2012 through September and inflated needs through December. These obligations serve as the allocation amounts for these three months. PHAs should not assume that their final renewal allocation for CY 2013 will provide the same amounts for the remaining nine months; actual allocations will depend on funds appropriated and PHAs will be informed as soon as that information is known.

By letter of December 17, 2012, you were provided an enclosure that set forth the calculations and data used to establish the January and February renewal disbursements for your PHA, based on validated VMS data for July through September, 2012. **This same data and calculations are used to determine your renewal disbursement for the month of March 2013. The previous enclosure is again provided with this letter.** Line 12 of that enclosure identifies the normal monthly disbursement, calculated as the lesser of the calculated monthly need or the monthly obligation. In some cases, that was reduced for January or for January and February, in order for HUD to collect over-disbursements made to your agency through September of 2012. For March, that amount will be reduced only if the full amount HUD needed to collect was not collected in January and February. The very few PHAs in this situation are being individually advised of the reduced March disbursement. In all other cases, the March disbursement will equal the amount on Line 12 of the January/February calculations.

**If the disbursement amount for March, plus any excess from your January and February disbursements and NRA funds on hand, are not sufficient to meet your PHA's known HAP needs, please contact your financial analyst immediately.** HUD's first priority will be to adjust the disbursement by front-loading additional funding if necessary and available to ensure coverage if your agency has insufficient resources to cover March HAP expenses. HUD will then work with your agency to resolve any issues affecting your ability to meet your HAP obligations. Please keep in mind that the disbursement amounts identified on the enclosure do not include disbursements for incremental vouchers effective for any month(s) during the quarter. Those funds are disbursed based on contract effective and expiration dates.

Keep in mind that a final reconciliation of disbursements and actual HAP needs will be completed at the end of the CY, which will include any data changes the PHA has made during the year. Funds not needed to support eligible HAP costs during the year will be held by HUD in a program reserves account for the PHA.

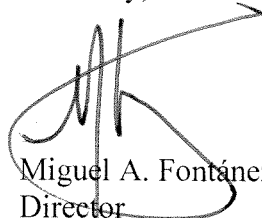
These cash management procedures do not affect any PHA's renewal funding eligibility; they only affect disbursements and the location of the excess funds. PHAs will still have their full allocation of funds available.

As noted above, if the funds to be disbursed for the month, plus NRA funds, are less than your actual known needs, you may contact your assigned financial analyst at the FMC to request a frontload. You should be prepared to provide your actual needs for intervening months not yet reported in VMS, your needs for the upcoming month, and your available NRA balance. Moving forward, HUD will continue to provide you with monthly disbursement amounts.

In closing, it is critical that participants are not placed at risk or payments delayed as a result of your PHA having insufficient funds to support HAP payments due to the transition to the cash management methodology. HUD will make the needed funds available via a frontload, to the extent funds are available within your allocation, but you must, as stated above, contact your financial analyst at the FMC immediately if this is necessary.

Thank you for your attention to this matter. If you have any questions concerning this letter, please contact your financial analyst at the FMC.

Sincerely,

A handwritten signature in black ink, appearing to read 'Miguel A. Fontánez', with a long horizontal stroke extending to the right.

Miguel A. Fontánez  
Director  
Housing Voucher Financial  
Management Division