

Explanation of Fourth and Final Obligations under Operating Fund Program for Calendar Year (CY) 2008

The document describes the fourth and final obligations under the Operating Fund program for CY 2008. The funds under these obligations are expected to be available to public housing agencies (PHAs) in eLOCCS by September 30, 2008.

Obligation Period

The fourth and final obligations for CY 2008 cover an additional three months, from October 1 through December 2008. The previous three funding obligations covered the first nine months of 2008.

Final Proration

The Consolidated Appropriations Act of 2008 provided \$4.194 billion in operating subsidies for CY 2008.¹ Final total program eligibility for CY 2008 is \$4.712 billion, which resulted in eligibility proration of 88.96 percent (see Table 1).

Table 1: CY 2008 Proration Calculation

#	Description		Amount (in \$)
1	CY 2008 Appropriation		\$ 4,194,060,000
2	Less: Unavailable due to recaptures		\$ (1,725,002)
3	Less: Other adjustment		\$ (309,796)
4	Amount Available for Distribution	(1) - (2) - (3)	\$ 4,192,025,202
5	CY 2008 Eligibility (Operating Fund)		\$ 4,711,208,149
6	CY 2008 Eligibility (HTK and MHP)		\$ 844,403
7	Total CY 2008 Eligibility	(5) + (6)	\$ 4,712,052,552
8	Proration	(4) / (7)	88.96%

For the first two obligations for CY 2008 funding, estimated subsidy eligibility was prorated at 84 percent. For the third funding obligation, the Department reduced the proration factor to 82 percent, cumulative to the start of the year. The higher final proration factor (88.96 percent) is applied cumulatively to the start of the year.

Table 2 presents a comparison of CY 2007 and CY 2008 operating subsidy eligibility by key formula components.

¹ Excludes \$5.94 million set aside for technical assistance for asset management.

Table 2: CY 2008 Operating Fund Eligibility Compared with CY 2007

#	Description	CY 2007	CY 2008	\$ Variance	% Variance
1	Unit Count	1,191,110	1,214,746	23,636	1.98%
2	Eligible Unit Months (EUM)¹	13,782,409	13,612,140	-170,269	-1.24%
3	Project Expense Level ²	\$ 4,458,104,151	\$ 4,521,730,021	\$ 63,625,870	1.43%
4	Utility Expense Level	\$ 1,715,647,507	\$ 1,544,732,243	\$ (170,915,264)	-9.96%
5	Add-ons:				
6	Self-Sufficiency	\$ 14,582,988	\$ 14,904,151	\$ 321,163	2.20%
7	Energy Loan Amortization	\$ 17,319,044	\$ 21,042,957	\$ 3,723,913	21.50%
8	PILOT	\$ 95,361,226	\$ 94,709,635	\$ (651,591)	-0.68%
9	Cost of Independent Audit	\$ 17,322,220	\$ 19,151,951	\$ 1,829,731	10.56%
10	Funding for Resident Participation Units	\$ 25,203,825	\$ 25,200,275	\$ (3,550)	-0.01%
11	Asset Management Fee	\$ 43,657,092	\$ 41,478,270	\$ (2,178,822)	-4.99%
12	Information Technology Fee	\$ 26,648,226	\$ 26,732,930	\$ 84,704	0.32%
13	Asset Repositioning Fee	\$ 52,021,551	\$ 63,789,564	\$ 11,768,013	22.62%
14	Total Add-Ons (Sum of Lines 6 - 13)	\$ 292,188,189	\$ 307,009,733	\$ 14,821,544	5.07%
15	Total Formula Expense (Line 3 + Line 4 + Line 14)	\$ 6,465,939,847	\$ 6,373,471,997	\$ (92,467,850)	-1.43%
16	Formula Income	\$ 2,296,129,409	\$ 2,329,318,149	\$ 33,188,740	1.45%
17	Change in Utility Allowance	\$ (20,504,213)	\$ (50,146,010)	\$ (29,641,796)	144.56%
18	Total Formula Income (Line 16 + Line 17)	\$ 2,275,617,599	\$ 2,279,172,141	\$ 3,554,542	0.16%
19	Other Formula Provisions:				
20	Moving to Work (MTW) ³ with Alternative Subsidy Calculation	\$ 483,894,624	\$ 459,916,839	\$ (23,977,785)	-4.96%
21	Transition Funding (Gainers)	\$ (218,698,508)	\$ -	\$ 218,698,508	-100.00%
22	Transition Funding (Decliners) ⁴	\$ 176,704,108	\$ 155,235,088	\$ (21,469,020)	-12.15%
23	Other	\$ 1,307,535	\$ 1,654,833	\$ 347,298	26.56%
24	Total Other Formula Provisions (Sum of Lines 20 - 23)	\$ 441,900,224	\$ 616,806,760	\$ 174,906,536	39.58%
25	Total Eligibility (Line 15 - Line 18 + 24)	\$ 4,633,530,007	\$ 4,711,208,149	\$ 77,678,142	1.68%

¹ MTW PHAs with alternative subsidy calculation do not report EUMs. EUMs shown here include an estimated 975,065 EUMs for CY 2007 and 883,020 EUMs for CY 2008.

^{2,3} San Antonio HA submitted as a partial MTW with alternative subsidy calculation in 2008 and City of Vancouver submitted as a non-MTW in 2008.

⁴ Amount reflects approved Stop-Loss submissions for Year 1.

Final Obligations

For each PHA project, the Department has applied the proration factor of 88.96 percent to the final CY 2008 eligibility, and then subtracted the amount that was obligated for the first nine months, with the resulting figure representing the fourth and final obligation funding. Where PHAs had changes in project inventory, adjustments were made to reconcile project level funding.

The Financial Management Division (FMD) will provide the following to the Field Offices for distribution to their respective PHAs as part of the PHAs' CY 2008 obligating documents:

1. Obligating letter showing the amount funded in the fourth and final obligation;
2. Copy of final approved HUD-52723 for each project; and
3. A worksheet showing the funding reconciliation across PHA projects.