Special Attention of:
Public Housing Agencies
Public Housing Hub Directors
Public Housing Program Center Directors
Regional and Field Office Directors
Resident Management Corporations

Notice PIH-2018-23
Issued: November 26, 2018
Item #9 deadlines revised 7/2/19
This notice remains in effect until amended, superseded or rescinded

Subject: Public Housing Operating Subsidy Eligibility Calculations for Calendar Year (CY) 2019

1. Purpose.

This notice provides public housing agencies (PHAs) with instructions for calculating Operating Fund (OpFund) subsidy for CY 2019 and establishes submission deadlines.

2. Applicability.

This notice applies to public housing agencies (PHAs) administering the Public Housing program including PHAs participating in the Moving to Work (MTW) Demonstration.

3. Background.

A. A PHA must abide by the ACC requirements and follow the obligation process. HUD publishes obligating documents and identifies Operating Fund amounts available for draw down. (HUD’s obligation process for CY 2019 Operating Subsidy is described in Section 4 of this notice.).

B. HUD provides operating subsidies for public housing at the project level on a calendar year basis. PHAs must submit, electronically, separate Operating Subsidy calculations for each project identified in HUD’s Inventory Management System/Public and Indian Housing (PIH) Information Center (IMS/PIC).

C. PHAs enter unit status data in IMS/PIC used by HUD to run the Operating Fund formula. Aside from normal unit turnover, HUD anticipates only limited changes to be made by PHAs to the unit status data. However, PHAs must ensure the data in their Operating Subsidy submissions are correct and may work with their respective HUD Field Office (FO) to edit their unit status data.
D. PHAs receiving transition funding (as defined in 24 CFR 990.115) should be aware that continued qualification for that element of the formula requires continuous compliance with asset management requirements stipulated in 24 CFR 990 Subpart H.

E. As stipulated in Section 225, Title II, Division K of FY 2008 Appropriations Act, beginning in federal Fiscal Year (FY) 2008, Congress allowed PHAs with 400 or fewer public housing units to elect to be exempted from any asset management requirements imposed by HUD relating to the Operating Fund rule. If this exemption is removed from the FY 2019 Appropriations, previously-exempt PHAs will find modification requirements here:


4. HUD’s Initial and Calendar Year Obligations of CY 2019 Operating Subsidy.

HUD generates an inventory of projects eligible for funding based on IMS/PIC building and unit data and notifies PHAs when the list is available via the Financial Management Division’s (FMD’s) listserv. PHAs sign up to be on the FMD’s listserv here:


PHAs review and validate the list or contact and advise their respective FO within 10 business days if there are any errors (e.g., eligible projects missing from the list or ineligible projects included in the list). HUD uses the validated inventory to generate the Form HUD-52723 and Form HUD-52722 (also referred to as Microsoft Excel tools). PHAs then use the Excel tools to request CY 2019 Operating Subsidy. If HUD generates Excel tools for a project that is not eligible, the PHA should not submit the Excel tools. At the beginning of the year, during the period of time when HUD funds projects based on an estimate of eligibility, only projects that are part of the 2019 Validated Inventory will receive funding.

PHAs that have no units under ACC will not have a tool deployed and will not receive funding. However, PHAs that would otherwise be eligible for Asset Repositioning Fee (ARF) can continue to receive funding to the end of their ARF eligibility, provided that they intend to redevelop public housing. Such PHAs may or may not currently own property under a Declaration of Trust (DOT). Such PHAs must email their FOs by the inventory response deadline posted by HUD on the Operating Subsidy processing webpage. The email must identify any properties currently under a DOT, describe the public housing redevelopment plans, including the timeline for redevelopment.

Each time HUD funds projects, the funding is calculated on a cumulative basis (i.e., funding for February would bring total funding for the year up to 2/12ths of prorated eligibility, funding for March would bring total funding for the year up to 3/12ths of prorated eligibility). At the beginning of the year, when HUD funds projects based upon an estimate of eligibility, it normally uses the data that it pre-populates into the Excel tools to make this estimate. After the Excel Tools are processed, HUD funds projects based upon the eligibility shown in those Excel Tools. As Excel Tools are updated throughout the year, HUD funds projects based upon the
most recently processed Excel tools. There is a lag in funding PHAs based upon updated Excel tools because of the time required to process the Excel tools and obligate funds. PHAs can identify the most recent tool processed by HUD in the Operating Fund Web Portal, discussed below.

On a portfolio level, HUD’s estimated funding is normally very close to funding based upon actuals (i.e., funding based upon actual Operating Subsidy Excel tools submitted by PHAs). However, for individual projects, if the estimate is significantly different than actual eligibility, funding may vary substantially when HUD switches from funding based on estimates to funding based on actuals. If a PHA finds that the estimated eligibility exceeds the project’s actual eligibility for CY 2019, the PHA shall not draw down any excess funds and shall immediately notify the appropriate FO. HUD will offset, de-obligate, or require repayment of any funded amounts for any project deemed ineligible or any project overfunded based on incorrect estimates.

HUD publishes obligation documents, which identify the amount of funds obligated throughout the calendar year. HUD publishes a detailed calculation report, which helps PHAs to understand fluctuations they may experience in funding amounts.

HUD FMD recently deployed the OpFund Web Portal through which PHAs participate in operating subsidy processing and access methodologies, obligations, and historical data. For CY 2019, this data will also be available on the CY 2019 Operating Subsidy Processing webpage. FOs certify and submit Form HUD-52723 and Form HUD-52722 tools, resolve Quality Control (QC) findings and submit any revisions through the OpFund Web Portal. The OpFund Web Portal is used to:

- Export Form HUD-52723 or Form 52722 data processed by HUD to Excel or generate PDF versions of the same information,
- Query/report functionality related to historical eligibility data, and
- Identify the status of new project requests.

HUD continues to add functionality to the OpFund Web Portal available here:

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/am/webportal


Required Forms and Documentation

For HUD to determine Operating Subsidy eligibility under the Operating Fund formula, PHAs must complete and submit the following electronic forms for each project via email to the appropriate FO:

A. Form HUD-52723, Operating Fund Calculation of Operating Subsidy; and

B. Form HUD-52722, Operating Fund Calculation of Utilities Expense Level.
PHAs must also submit (via email to the appropriate FO) the SF-424, Application for Federal Assistance—required as part of the government-wide e-grants management initiative. The CY 2019 Operating Subsidy Processing webpage contains guidance on how to complete the SF-424 and a list of certifications and assurances. Each PHA shall submit only one SF-424 via email to the appropriate FO by scanning and attaching it and send via email. (A PHA may fax the SF-424 with prior FO approval.). To make it clearer as to what the PHAs are certifying to via the SF-424, HUD has created a list of certifications that the SF-424 applies to, and is including that in this Notice, and has similarly published that list on its external web site. The list of certifications and assurances are as follows:


Operating Fund Obligation document assurance – HUD obligates Operating Subsidy to projects by issuing an obligation letter for each project, each time it obligates funds. The Operating Subsidy Obligation document states that by drawdown of the funds the PHA confirms compliance with all term and conditions of the Operating Fund program, which includes but is not limited to the U.S. Housing Act of 1937, the Consolidated Annual Contributions Contract, 24 CFR 990, 2 CFR 200. Copies of your agency obligating documents are posted on the CY 2019 Operating Subsidy Processing webpage.

An explanation of the funding methodology and the obligation letters for each set of interim months funded will be posted on the CY 2019 Operating Subsidy Processing webpage. Based on the FFY 2019 Appropriations Act, PHA operating subsidy eligibility submissions, and FO reviews, HUD will determine and approve final operating subsidy levels for CY 2019. Final subsidy levels for PHAs will be posted on the same webpage.

A. Public Housing Operating Fund Calculation of Operating Subsidy PHA-Owned Rental Housing Form HUD-52723, Section 5, Certifications:

1. Based on PHA submission of the Form HUD-52723 - I hereby certify the information provided on this form and in any accompanying documentation is true and accurate. I acknowledge that making, presenting, submitting, or causing to be submitted a false, fictitious, or fraudulent statement, representation, or certification may subject me to criminal, civil, and/or administrative sanctions, including fines, penalties, and imprisonment. 18 U.S.C. §§ 287, 1001, 1010, 1012, 1014 and 31 U.S.C. §§ 3729, 3802.

2. In accordance with 24 CFR 990.215, I hereby certify that____________________ Housing Agency is in compliance with the annual income reexamination requirements and that rents and utility allowance calculations have been or will be adjusted in accordance with current HUD requirements and regulations.

3. If applicable - In accordance with Section 223 of Title II of Division K of the Consolidated Appropriations Act, 2010, Pub. L. 111-117 (approved December 16, 2009) and subsequent acts containing the same provisions, I hereby certify that _______________________ Housing Agency has 400 or fewer units and is implementing asset management.
4. If applicable - In accordance with 24 CFR 990.255 through 990.285 of Subpart H – Asset Management, I hereby certify that ______________________ Housing Agency has 250 units or more and is in compliance with asset management. I understand in accordance with 24 CFR 990.190(f), PHAs that are not in compliance with asset management will forfeit the asset management fee.

D. Form HUD-50071 Certification of Payments to Influence Federal Transactions:

Based on PHA submission of the Form HUD-50071 - I hereby certify the information provided on this form and in any accompanying documentation is true and accurate. I acknowledge that making, presenting, submitting, or causing to be submitted a false, fictitious, or fraudulent statement, representation, or certification may subject me to criminal, civil, and/or administrative sanctions, including fines, penalties, and imprisonment. 18 U.S.C. §§ 287, 1001, 1010, 1012, 1014 and 31 U.S.C. §§ 3729, 3802.

Signing the SF-424 does not exempt the Officials from making the appropriate certifications and assurance on the listed documents.

1. PHAs must have a Dun & Bradstreet Data Universal Numbering System (DUNS) identification and number as well as active registration in the System for Award Management (SAM; www.sam.gov) to receive OpFunds. The OpFund webpage provides directions on how to obtain a DUNS number. **HUD will suspend or not obligate operating subsidy for PHAs that do not comply with these requirements.**

2. Form HUD-50071, Certification of Payments to Influence Federal Transactions. Each PHA shall submit (via email to the appropriate Field Office) only one Form HUD-50071.

3. Other supporting documentation requested by the FO and submitted via email.


Instructions for completing Excel tools and other required documents, submission deadlines, and guidance materials related to various formula elements are posted to the OpFund webpage. Failure to meet the posted submission deadline are grounds to reject OpFund to a PHA.

**NOTE:** PHAs must submit the Excel tools to HUD regardless of whether they are prepared by their fee accountants or any other entity acting on behalf of the PHA. Fee accountants or entities other than the PHA are not to submit the Excel tools directly to HUD.

7. Pre-populated Data.

To reduce PHA reporting burden, PHA provided information within HUD systems pre-populate the CY 2019 Excel tools. Unit status for the reporting period *July 1, 2017 through June 30, 2018* is extracted from IMS/PIC, then summarized at the project level and used to pre-populate the CY 2019 Excel tools in accordance with 24 CFR 990.135(b)(2). Asset Repositioning Fee (ARF) eligibility is determined by IMS/PIC data and pre-populated into the Form HUD-52723. Unit status data from PIC is modified based on the ARF eligibility determinations. If pre-populated
data is incorrect, PHAs request modifications in the comments section of the Form HUD-52723, or request edits from their FO. Table 1 presents which edits can be made by PHAs and which can be made by FOs.

Table 1: CY 2019 Pre-populated Formula Data

<table>
<thead>
<tr>
<th>Item Description</th>
<th>PHA Can Edit</th>
<th>FO Can Edit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Number</td>
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<td>No</td>
</tr>
<tr>
<td>Name of PHA</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Address of PHA</td>
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<td>No</td>
</tr>
<tr>
<td>DUNS Number</td>
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<td>Yes</td>
</tr>
<tr>
<td>Total number of ACC units for the PHA</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Unit status data: Form HUD-52723, Section 2, Categorization of Unit Months, Lines 01, 02, and 05 through 13</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>*Unit status data: Form HUD-52723, Section 2, Categorization of Unit Months Lines 03 and 04; Column A, Lines 6a and 17, Column B</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Per Unit Month (PUM) project expense level (PEL)</td>
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</tr>
<tr>
<td>PEL inflation factor</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Utilities expense level (UEL) inflation factor</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Payment in lieu of taxes (PILOT)</td>
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<td>Yes</td>
</tr>
<tr>
<td>Cost of independent audit</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Asset Repositioning Fee: Form HUD-52723, Section 3, Line 14</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>PUM formula income</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>**Transition funding</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

*In the Form HUD-52723, unit status data in Section 2, Categorization of Unit Months, Column A, Lines 03 and 04 are for new units that do not have a full reporting period of unit status data.

** PHAs that did not comply with asset management in a prior funding cycle, will not have transition funding pre-populated into their Form HUD-52723

*** Non-asset management PHAs with multiple projects in PIC may report a single combined project in the FASS-PH Financial Data Schedule (FDS) requirements. If a non-asset management PHA has multiple projects in PIC it will continue to submit Excel tools for each project. The Form HUD-52723 contains formula data elements tied to PIC project data, such as the PEL and unit status data. Submission of a Form HUD-52723 for each project ensures that the PEL and unit status data are aligned to PIC data. Formula Income, PILOT and Audit will be pre-populated only for the project that submits FDS data. Because this FDS data relates to multiple projects, it will need to be allocated to the Excel tools that were not pre-populated with this data. The cumulative amount for all projects for each line item must tie to the pre-populated data, unless adjusted pursuant to Operating Subsidy guidance (i.e., Formula Income can be adjusted for FSS, PILOT and audit fees can be updated to reflect more recent expenditures).
Guidance is available on the Operating Subsidy Processing webpage on published guidance on how to allocate Formula Income.

8. Changes to Categorization of Unit Months Pre-Populated Data.

Prior to requesting a change to unit status data, PHAs must ensure the source data in PIC is changed to remain consistent with the Form HUD-52723. Most changes to PIC can be made directly by PHAs. Some changes require a PIC Coach or a TAC ticket. PHAs ensure that changes are made as early as possible, but prior to submitting the Excel tools to their FO. HUD posts pre-populated unit status data in advance of deploying Excel tools. By reviewing the posted data, PHAs initiate efforts to change the source PIC data before the tools are deployed.

When FOs implement changes to unit status data pre-populated in Section 2 of the Form HUD-52723, if the change results in an increase in funding, the FO either confirms the PIC data is changed to match the change of unit months in the Form HUD 52723, or, if the PHA or FO is unable to make the change directly in PIC, obtain documentation of a TAC ticket created to modify the data, or evidence that the change is appropriate but cannot be made because of system limitations.


PHAs must send an email to the PIH FO Director of Public Housing Director at their local FO, and their staff point of contact to request funding for new projects. Provided the project has an actual DOFA data in PIC, HUD generates a PEL and deploys an Excel tool for the project. New project requests may be submitted at any point during the year. HUD will deploy Excel tools multiple times during the year to provide timely funding to PHAs.

PHAs may identify the status of any new project request by accessing the New Project module in the Operating Fund Web Portal. However, to receive funding for a new project in 2019, PHAs must email their FO with a request that such projects receive funding no later than June 14, 2019. The FO must complete a request for a new project in the Operating Fund Web Portal no later than June 28, 2019. HUD will make a final deployment of Form HUD-52723s and HUD-52722s and notify the PHA via email no later than July 28, 2019. PHAs must email the above forms to the appropriate HUD Field Office no later than August 9, 2019 to receive funding in 2019.

For new projects, only lines 3 and 4, Section 2 of the Form HUD-52723, are populated. After new project Excel tools for the CY 2019 OpFunds are posted, PHAs have five business days (but no later than August 9, 2019) to submit the new project Excel tools to their respective FO. In the absence of such submissions, new projects will not be considered for funding in CY 2019.

10. Submission of Request for Revision to the CY 2019 Operating Subsidy Eligibility.

The submission of a revised Excel tool by a PHA to its FO constitutes a request for a revision. In making such a submission, the PHA MUST provide an explanation of the change(s) being requested, and the reason for the change(s). Prior to making its revision request, the PHA should
initiate contact with the FO well in advance so that they can resolve any issues prior to the revision deadline. PHAs may request revisions to their original CY 2019 Operating Subsidy submissions based on any of the four reasons listed below.

A. Correction of mathematical, clerical, information system or other errors;

B. Approval of demolition or disposition with the addition of new units in an existing project (24 CFR 990.155);

C. New utilities incentives/contracts approved pursuant to 24 CFR 990.185, or amendments to existing approvals, but not including Rate Reduction Incentives (RRI) under 24 CFR 990.185 (b); or 24 CFR 965 Subpart E;

D. Appeals submitted in accordance with this notice and approved by HUD (pursuant to 24 CFR 990.245).

All revision requests MUST be submitted to the appropriate FO no later than August 1, 2019. Requests after this date will not be accepted, unless the change lowers subsidy eligibility or results from a documented HUD error.

11. Operating Subsidy Calculation.

Operation Fund Eligibility = PEL + UEL + Add-ons – Formula Income

Units and projects eligible for OpFunds include PEL, UEL, formula income and Add-ons in their Operating Subsidy Formula. The Form HUD-52723 and Form HUD-52722 are programmed to use these components to calculate the OpFund eligibility. Except for Asset Repositioning Fee (ARF), public housing units must be subject to the ACC and be in management status in IMS/PIC to receive OpFunds.

Public housing units eligible for the PEL, UEL, formula income and most Add-ons (with the exception of IT fees, and for asset management eligible PHAs, an Asset Management Fee, and ARF) must be: 1) either a unit occupied by a public housing-eligible family under lease pursuant to 24 CFR 990.120(b), 24 CFR 990.125(a), and 24 CFR 990.140; 2) a dwelling unit with a HUD-approved vacancy pursuant to 24 CFR 990.125(b) as defined in 24 CFR 990.145; or 3) a vacant unit at or below the limited number of vacancies pursuant to 24 CFR 990.125(c) as defined in 24 CFR 990.150.

Public housing units occupied by a public housing-eligible family, PHA employee, or police officer or other security personnel who is not otherwise eligible for public housing pursuant to 24 CFR 990.190(e) are eligible for Resident Participation Activities Fee.

A. Project Expense Level (PEL)
The PEL is a model-generated estimate for each project, exclusive of taxes, utilities, and add-ons. The PEL is expressed as a per unit month (PUM) cost and is based on IMS/PIC project, building and unit characteristics. PELs may change when PHAs regroup their projects. To estimate the impact of project regroupings, PHAs can use the PEL Estimator on the Asset Management Project Expense Levels webpage at:


Project regrouping changes, including transfers and consolidations per PIH Notice 2018-12, which become effective after HUD pulls IMS/PIC project, building and unit characteristics for the calculation of PELs for CY 2019, will apply to CY 2020 operating subsidy calculations. In this case, the Operating Fund program will continue to fund PELs and the project numbers that existed prior the regrouping through the current year and fund based on the regrouped projects in 2020. PHAs should ensure that any legal arrangements related to such changes, and their accounting treatment of the Operating Subsidy, properly treat the funding provided prior to the change becoming effective in the Operating Fund program.

B. Utility Expense Level (UEL) and Central Office Cost Center (COCC)

The UEL is a product of the utility rate multiplied by the payable consumption level multiplied by the utilities inflation factor and is expressed as a PUM dollar amount. COCC utility consumption and costs are not included in the calculation of the PHA’s project UEL on the Form HUD-52722. If the COCC is located within a project, actual consumption, including the rolling base consumption and utility costs for the COCC, must be excluded from the UEL calculation for the project. PHAs must explain the methodology used to exclude COCC data (e.g., square footage).

To access guidance for excluding COCC utility consumption and costs from combined consumption and costs in a pre-asset management Energy Performance Contract (EPC), use this link below:


When a PHA removes units from inventory with less than a full twelve months of consumption is included in Line 1 of the Form HUD-52722, the consumption for the removed unit(s) is reduced from the rolling base in the Form HUD-52722 at Line 1. Access guidance on how to adjust the rolling base when units are removed from inventory.


Section 2 Column B, Lines 04, 15, and 17 of the Form HUD-52723 are used to calculate the number used to populate Line 25 of the HUD-52722. Also, the UEL on Line 26 of the Form HUD-52722 must be used to populate Section 3, Part A, Line 5 of the HUD-52723. Funding may be suspended for projects where the Form HUD-52723 and Form HUD-52722 are not consistent with each other.
Exclusion of Trash Collection Cost from the UEL. The UEL includes the following utilities: gas, electric, heating fuels, water, and sewer service, consistent with the OpFund definitions at 24 CFR 990.115. Trash collection cost must be excluded when using utility types to calculate UEL in the HUD-52722. Trash collection cost are included in the prepopulated PEL PUM formula element. The Harvard Cost Study Project Expense Level (PEL) model acknowledges “Trash removal expenses are treated as a maintenance expense and not a utility expense in the Chart of Accounts for public housing.” Where trash collection charges are billed to individual units, PHAs may include trash collection service fees in the tenant utility allowance as provided at 24 CFR 965 Subpart E.

C. Formula Income

Formula income is an estimate of a PHA’s non-operating subsidy revenue. The CY 2019 per unit month (PUM) formula income will be pre-populated based on the PHA’s approved FY 2017 FASS-PH Financial Data Schedule (FDS) submission when available. When available, 2017 financial data must be used.

The PUM formula income is calculated in two steps: Step 1: divide the Net Tenant Rental Revenue by Unit Months Leased (UMLs). Step 2: multiply the PUM formula income (determined in Step 1) by the CY 2019 formula income inflation factor. Mixed Finance projects that do not submit Net Tenant Rental Revenue or UMLs in their FDS submission must submit a financial statement and rent roll data from the project’s owner entity along with their submission of Operating Subsidy Excel tools to support the formula income amount included in the Form HUD-52723. The inflation factor used for mixed finance projects will always be based upon the Fiscal Year End (FYE) 12/31, as FYE of owner entities for tax credit projects is always 12/31. This may differ from the PHA’s FYE. Guidance on how the formula income inflation factor is derived and the formula income methodology are posted on the CY 2019 Subsidy Processing webpage.

Energy Performance Contracts

Special guidance for capturing the resident-paid utilities incentive in a HUD-approved energy performance contract on Form HUD-52723, Section 3, Part B, Line 01, PUM formula income, is on the CY 2019 Operating Subsidy Processing webpage.

Jobs Plus Earned Income Disregard (JPEID)

A PHA’s annual formula income may be adjusted if the PHA participates in the Jobs Plus Earned Income Disregard (JPEID) program. PHAs are not permitted to receive Operating Subsidy based on rent not collected due to income disregarded while administering a Jobs Plus program. Since HUD pre-populates formula income with data from the FDS, the JPEID result in an increase to OpFund subsidy. HUD will either adjust the pre-populated data to prevent reimbursement via the OpFund subsidy or make a manual adjustment to PHA’s OpFund subsidy Excel tools after submission. Detailed
guidance on the methodology used to make JPEID related adjustments to Formula Income will be provided to PHAs during the funding year.

Self-Sufficiency Services

The Family Self-Sufficiency (FSS) program enables families assisted through the Public Housing (PH) programs to increase their earned income and reduce their dependency on social services and rental subsidies. Under the FSS program, families living in low-income housing can choose to enter into a contract of participation and are provided opportunities for education, job training counseling and other forms of social service assistance so that they can develop the necessary skills required to achieve self-sufficiency. Also, escrow accounts are established for FSS participants by the PHA.

As a participant’s skills increase, earnings likely increase, resulting in an increase in the participant’s rent. Under the FSS program, the PHA places the increase in rent into the escrow account. Provision of operating subsidy to the PHA for its FSS escrow payments is through an adjustment to formula income in the calculation of Operating Subsidy in the Form HUD-52723. PHAs reduce the tenant rent portion of formula income (on the Form HUD-52723) by the amount of their FSS escrow payments. PHAs enter appropriate comments in the comment Section of the Form HUD-52723 when FSS escrow adjustments are made. PHAs maintain documentation of how they determined the decrease in formula income. The FO may request supporting documents to validate the decrease to formula income.

D. Add-ons

The nine additional costs grouped together as add-ons are costs for independent audits, PILOTs, AMF, IT Fees, ARF, Elderly/Disabled Service Coordinator (EDSC), FSS, EPCs and Resident Participation.

1. Cost of Independent Audit

Defined as the most recent audit for the Operating Fund Program when required by the Single Audit Act or when a single audit is not required and the PHA elects to have a financial statement audit prepared. To include audit costs in the OpFund subsidy, the actual, completed audit must be submitted to HUD. Audits are submitted electronically in accordance with the Uniform Financial Reporting Standards (24 CFR part 5 Subpart H). A PHA whose OpFund eligibility is determined to be zero is still eligible to receive an operating subsidy equal to its most recent audit costs pursuant to 24 CFR 990.190(d).

When Financial Data Schedule (FDS) data is available, project audit costs are pre-populated in the HUD-52723. The pre-populated costs reflect the PHA’s approved CY 2017 FASS-PH FDS submissions. If a project’s most recent audit cost differs from the amount pre-populated, the PHA may enter the project’s most recent actual
audit cost and attach proof of payment when submitting the CY 2019 Form HUD-52723.

For mixed finance projects with both ACC and non-ACC units, the audit costs are prorated to the amount allocable to ACC Public Housing units. The amount is based on the ratio of ACC units divided by total units.

\[ \text{Ratio} = \frac{\text{ACC units}}{\text{ACC units} + \text{non-ACC units}} \]

2. Payments in Lieu of Taxes (PILOT)

Project PILOT amounts are calculated and pre-populated in the Form HUD-52723 based upon approved CY 2017 FASS-PH FDS data. If a project’s most recent PILOT amount is greater than the amount pre-populated, the PHA enters the higher amount and attaches proof of payment to the CY 2019 submissions.

Regulatory requirements at 24 CFR 990.190(c) stipulate that “each PHA will receive an amount for PILOT in accordance with Section 6(d) of the 1937 Act, based on its cooperation agreement or its latest actual PILOT payment.” Section 6(d) of the 1937 Act specifies the PILOT is equal to “10 per centum of the sum of the shelter rents charged in such project, or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under Section 5(e)(2) of this Act, or (iii) is due to failure of a local public body or bodies other than the PHA to perform any obligation under such agreement.” PILOT is pre-populated in the Form HUD-52723 by calculating 10 percent of shelter rents. If one of the lesser amounts identified in (i), (ii) or (iii) above apply, the PHA overrides the pre-populated amount with the lesser amount.

For mixed finance projects the PILOT may not be prepopulated, in which case the PHA submits the owner entity’s Audited Financial Statement to the FO when submitting the CY 2019 Form HUD-52723. For mixed finance projects with both ACC and non-ACC units, the PILOT may need to be prorated to determine the amount allocable to public housing units. This happens only when both non-ACC and ACC units are subject to the PILOT. Public housing units paying real estate taxes and not subject to a PILOT, may not include a PILOT in its subsidy calculation.

3. Asset Management Fee

PHAs with 400 or more public housing units under ACC comply with asset management requirements under 24 CFR 990.255 - 990.290 (Subpart H). PHAs not in compliance with asset management requirements are not eligible for the asset management fee pursuant to 24 CFR 990.190(f) or stop loss pursuant to guidance in Notices PIH-2007-16 and PIH-2006-35, as amended, and regulations at 24 CFR 990.230(d).
Asset management fees are determined as follows: (1) PHAs with at least 250 units are eligible for a $4 per unit asset management fee for each month the project is subject to the ACC and in management status; and (2) PHAs with fewer than 250 units that elect to transition to asset management are eligible for a $2 per unit asset management fee for each month the project is subject to the ACC and in management status. PHAs with only one project, regardless of the number of units, are not eligible for an asset management fee pursuant to 24 CFR 990.190(f). PHAs with one project may continue to receive Stop Loss based on compliance with the limited asset management requirements of their Stop Loss approval. For further explanation, refer to:


4. Information Technology Fee

In accordance with 24 CFR 990.190(g), OpFund calculations include $2 PUM for costs attributable to information technology based on the total number of ACC units.

5. Asset Repositioning Fee (ARF)

PHAs follow regulatory requirements at 24 CFR 990.190(h). PHAs ensure that PIC data is accurate in calculating their ARF eligibility. Critical data elements include the HUD demolition/disposition/homeownership approval date and, for homeownership, the date of removal from inventory. Additional elements for non-homeownership cases include the days to relocation in the Demo/Dispo module and the End of Participation (EOP) of the first move out after the relocation date. PHAs work with their FO to make corrections. Modifications to the Demo/Dispo module conform with guidance in Notice PIH-2017-22 as amended.

When a unit is eligible for ARF, PHAs move any unit months used to calculate ARF to Section 2 Column A, Line 12 of the Form HUD-52723, except as noted below. After ARF eligibility ends, if the units are not yet removed from IMS/PIC, they are reported in Column A, Line 13. Section 3, Line 14 of the Form HUD-52723 is prepopulated with ARF eligibility calculated based on PIC data. However, PHAs must confirm accuracy of this data element and revise as needed prior to submitting their HUD-52723. It is especially important to review the ARF calculation in the first year of ARF eligibility, because after the first year of eligibility PHAs may not change data elements used in the calculation. PHAs submit supporting documentation detailing the ARF calculation for the requested amount. If a PHA changes the prepopulated ARF eligibility, it is an indication that the underlying PIC data may be inaccurate. The PHA submits the below documents to their FO so the FO can validate accuracy of their calculation or revise accordingly.
If the PHAs calculation is accurate, in addition to changing the prepopulated data in Section 3 Line 14, unit status data in Section 2 of the Form HUD-52723 may also need to be changed. If the underlying PIC data is inaccurate, the FO works with the PHA and the Special Application Center (SAC) to correct (FO should follow the ARF SOP, which can be found in the internal Op Sub webpage). To initiate corrections, the PHA submits the below documents to their FO along with their HUD-52723. The FO may request additional documentation if needed. Present a spreadsheet showing ARF eligibility calculation and related information, including:

a. Project number and Demo/Dispo application number;

b. Date of the approval letter;

c. For non-homeownership, number of days to relocation after the approval letter is issued and the resulting relocation date. For homeownership cases, the disposition date;

d. For non-homeownership cases, the first move out after the relocation date consistent with the EOP in IMS/PIC or a statement that all units were vacant on the date of the approval letter or the relocation date;

PIH Notice 2017-22 changed HUD’s interpretation of the “relocation date” (referenced in 24 CFR 990.190(h)(2)) when determining ARF eligibility of units approved under a Section 32 or 5(h) homeownership plan. Under the prior ARF Notice, PIH Notice 2011-18, the “relocation date” for units in a homeownership plan was defined as “the date that the last public housing resident occupying a unit approved for transition to homeownership either vacates that unit due to the relocation for the homeownership plan or completes the purchase of that unit through a homeownership plan approved by HUD under Section 32 or 5(h) of the Act.”;

Under PIH Notice 2017-22, HUD changed its interpretation of “relocation date” for homeownership purposes, and the “relocation date” (“ARF Trigger Date”) was defined as “the date the last unit in each building subject to the DDAP is sold.” Because of HUD’s automated processing, the above referenced change might cause homeownership units vacated or sold between 2011 and 2016 (otherwise eligible for ARF at some point) to never receive ARF. Thus, HUD has determined that the definition of “relocation date” in PIH Notice 2017-22 should be retroactively applied to homeownership plans approved while PIH Notice 2011-18 was in effect;

PHAs with units subject to a Section 32 or 5(h) homeownership plan that were vacated or sold between 2011 and 2016 must email their FOs no later than March 31, 2019 advising them that they have a unit(s) they believe should receive ARF funding. The subject of the email should be “2011 – 2016 ARF Eligible Units.” In the email, for each unit, the PHA should provide the AMP
number, demo/dispo application number, the building number and address, the unit number, and the date the unit was removed from inventory (sold). HUD may require additional information as necessary to verify the request. HUD will review this information to determine if the unit would otherwise have been eligible for funding and may be eligible for corrected funding:

e. ARF unit months for the project or building(s), which equals the number of ARF eligible months multiplied by the number of ARF eligible units; and

f. Detailed calculation of ARF funding for each year of eligibility, including ARF unit months, the PEL and the PEL inflation factor.

PHAs revise their Form HUD-52723 submissions to reflect changes in eligibility (based on the removal of units) on a quarterly basis to capture changes in ARF eligibility.

If the entire project is ARF eligible (i.e., all units are removed from IMS/PIC and not subject to the ACC), after the date of ARF eligibility, the project is not eligible for the non-ARF portions of the OpFund formula. If a project is only partially ARF eligible, the units that are not ARF eligible remain eligible for non-ARF portions of the OpFund formula.

6. Elderly/Disabled Service Coordinator (EDSC) Program

For CY 2019, the public housing share of reasonable costs of salary, fringe benefits and administrative costs for the EDSC Program is eligible for OpFund subsidies. Only PHAs previously receiving EDSC funding are eligible. Eligibility is posted on the CY 2019 Operating Subsidy Processing webpage.

Total EDSC eligibility increases annually up to the amount of the annual inflation factor in the Form HUD-52723, Section 3, Part A, Line 02. Eligible PHAs enter the eligibility amount in the HUD-52723, Section 3, Part A, Line 07. This "Self-sufficiency" line is restricted to the EDSC program and does not include Resident Opportunity and Self-Sufficiency (ROSS) funding.

If a PHA’s public housing inventory (i.e., number of units in IMS/PIC – subject to the ACC) decreases (e.g., due to Rental Assistance Demonstration (RAD) conversion), the PHA’s EDSC (funded as an operating subsidy add-on) decreases proportionately.


With a HUD-approval Energy Performance Contract (EPC), a PHA may qualify for certain incentives under the OpFund formula described in 24 CFR 990.185. Pursuant to 24 CFR 990.190(b), a PHA with a HUD-approved EPC for the “Add-on” incentive, is eligible for Energy Loan Amortization. Copies of EPC approval letters
(and amended versions) must be retained by the PHA and FO for the life of the EPC. Moving to Work (MTW) PHAs with self-approval authority in their Standard MTW Agreement submit a request to their FO describing the type and term of EPC benefits claimed, and a list of AMPs for which the benefits are claimed.

8. Funding for Resident Participation Activities

Pursuant to 24 CFR 990.190(e), PHA OpFund calculations include $25 per occupied unit per year for resident participation activities, including but not limited to those described in 24 CFR 964. A unit is eligible to receive resident participation funding if it is occupied by a public housing resident or it is occupied by a non-assisted PHA employee, or police officer or other security personnel who is not otherwise eligible for public housing. In any fiscal year, if appropriations are not sufficient to meet all funding requirements under this part, then the resident participation component of the formula is adjusted accordingly.

12. Environmental Requirements.

As noted in the Operating Subsidy rule at 24 CFR 990.116, environmental review procedures of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) and implementing regulations at 24 CFR parts 50 and 58 are applicable to the Operating Fund Program.

13. Moving to Work PHAs

MTW PHAs with an alternative Operating Fund formula agreement submit requests for OpFund subsidies in accordance with their MTW Agreements. In cases where this involves submitting one request on a PHA-level, PHAs follow the following:

A. Form HUD-52723: Enter data in accordance with the MTW agreement, which generally includes entries for Section 1; Section 3, Part C, Lines 01 and 04; and Part D, Lines 01 and 03.

B. Form HUD-52722 is not submitted.

C. Provide documentation to the FO supporting the agreement’s formula, which may include forms and unit months referenced in Attachment A of the MTW Agreement. Supporting documentation must be prior to or with the submission of the Form HUD-52723 to the FO.

MTW PHAs not submitting one form will have their electronic form pre-populated in the same manner as regular formula PHAs and shall complete and submit all sections of the Form HUD-52723 and the Form HUD-52722 on a project-level basis in the same manner as regular formula PHAs.

A. Types of Appeals. 24 CFR 990.245 establishes four types of appeals:

1. Streamlined appeal: Requires the PHA to demonstrate a blatant and objective flaw in the application of a specific OpFund formula component.

2. Appeal for changing market conditions: A PHA may appeal to receive operating subsidy for vacant units due to changing market conditions after the PHA undertakes aggressive marketing and outreach measures to rent these units. The vacancies cannot be the result of action or inaction by PHA management. For example, a PHA located in an area suffering economic dislocations. While normal economic cycles may increase the number of low income households in an area and increase demand for public housing, severe economic dislocation might lead to population loss significant enough to cause a shortage of applicants, even with aggressive marketing and outreach.

The other two types of appeals are limited to PEL-related issues. The PEL is a pre-populated formula data that cannot be edited by PIH FOs or PHAs (see Table 1 on Page 4). However, a PHA may appeal a pre-populated PEL based on (a) effects of specific local conditions, and (b) actual project cost data.

3. Appeal for specific local conditions: This appeal requires the PHA to demonstrate that the model-generated PEL fails to reflect specific local conditions. To be eligible, the affected PHA must demonstrate, using an independent cost assessment, that the model-generated PEL is not accurate for comparable properties in the PHA’s market area, with a variance of ten percent (10%) or greater. The cost of services for the independent cost assessment is paid by the appellant PHA.

4. Appeal to substitute actual project cost data: A PHA may appeal its PEL if it can produce actual project cost data derived from actual asset management as outlined in 24 CFR 990 Subpart H, for a period of at least two years. For this type of appeal, the PHA also submits an independent cost assessment.

Notwithstanding the foregoing, nothing in this notice is meant to prevent a PHA from corresponding with the Director of the Office of Public Housing, Director of Financial Management Division, their respective FO Director, or other PIH staff, if appropriate, regarding any issues or concerns regarding notice implementation and operating subsidy eligibility.

*Note the appeal of formula income for economic hardship is no longer applicable since the frozen formula income provisions of 24 CFR 990.195 expired at the end of 2009.*
B. Appeal Requirements

Pursuant to 24 CFR 990.240, appeals are voluntary and cover the PHA’s entire portfolio, not single projects. The Assistant Secretary for Public and Indian Housing has the discretion to accept appeals that are less than an entire portfolio for PHAs with greater than 5,000 public housing units. All other appeals must be based on an impact that affects the entire PHA, not an impact to a single project or set of projects, and any appeals that address single projects and not the entire portfolio will be denied.

For “specific local conditions” appeals and “substitute actual project cost data” appeals, the PHA is to acquire, at its own expense, an independent cost assessment comparing costs for comparable affordable housing properties to the costs for each public housing project for the PHA, and its public housing portfolio in total, considering its Operating Subsidy formula eligibility. The person performing the assessment must have appropriate knowledge of multifamily operating costs within the local market. The independent cost assessment should include:

1. Comparable Data: Cited data must be verifiable by HUD with complete source identification. Itemized comparative data must include: locality, occupancy type, building type, expenses, and PELs. (Refer to Public and Indian Housing PIC Development Submodule User Manual, pages 4-7, for definitions of building types).

2. Adjustments: Assessments must fully disclose any adjustments made to the comparative data, including the nature of the adjustment, the reason for the adjustment, the adjustment method and citation of source documents.

3. Reporting: Assessments must present the entire PHA’s portfolio in a table format and include the following for each individual project:
   a. Number of units
   b. Occupancy type
   c. Building type
   d. Current PEL
   e. Appellant’s suggested PEL

4. For “actual project cost data” appeals the PHA must also submit actual project cost data derived from actual asset management as outlined in regulations at 24 CFR subpart H for a period of at least two years.
5. For “streamlined” appeals, the PHA must describe the flaw and submit supporting documentation. For “local conditions” and “actual project cost data” appeals, the PHA must include the independent cost assessment with its submission.

C. Appeal Processing Requirements for CY 2019

PHA appeals for “changing market conditions” are to be submitted to the PIH Director and staff point of contact at the appropriate FO no later than the deadline for the PHA to submit its original Operating Subsidy submission for CY 2019.

“Streamlined,” “local conditions,” and “actual project cost data” appeals must be sent by email to William.G.Jones@hud.gov and Kevin.J.Gallagher@hud.gov with the subject line “Appeal under 24 CFR 990.245.” These Appeals must be sent within 60 days of the PHA’s initial submission of the CY 2019 Form HUD-52722 and Form HUD-52723 to the appropriate FO. The PHA also must provide a copy of the appeal to the PIH FO Director of Public Housing, and the staff point of contact. New projects can submit an appeal at any time up to twelve months after their Operating Subsidy tool was posted on the web.

Final appeal decisions will be issued no later than 30 days prior to the revisions deadline. If a PEL appeal is granted, HUD will deploy new Excel tools to the Operating Subsidy Processing webpage. The PHA must then submit the revised Form HUD-52722 and Form HUD-52723 to the Field Office by the revisions deadline. After the Excel tool is processed, HUD will adjust the PHA’s subsidy by the appropriate amount, which will be retroactive to the beginning of the year.

15. Rental Assistance Demonstration (RAD).

A. Funding

For units that convert through RAD for the remainder of the first Calendar Year (i.e., the ‘Initial Year’) in which a Housing Assistance Payment (HAP) contract is effective, Operating Funds will be obligated to the PHA for the Covered Project based on the Operating Subsidy eligibility calculated as it normally is, without regard to the converted units. PHAs must submit Form HUD-52722 and Form HUD-52723 and follow the normal Operating Subsidy process (including revisions where corrections are needed) for the project for the Calendar Year in which the HAP contract becomes effective. The amount of Operating Funds that can be used for HAP payments during the Initial Year is capped at HUD’s obligations of Operating Subsidy to the project for the remainder of the year of conversion, pro-rated by the portion of units in the development that are...

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1 For example, a RAD closing on December 10 will result in a HAP Contract that is effective on January 1 or February 1. For the remainder of the Calendar Year which includes the January 1 or February 1 date, this action will not impact public housing Operating Subsidy for the Converted Project for the balance of the Calendar Year.

2 HAP effective date is the day on which HAP payments begin.
converting and will be removed from PIC. In the year after the HAP effective date, the converted units shall not receive any further Operating Subsidy.

When a unit is approved but not removed via Section 18 and subsequently converts through RAD, the unit will be identified as approved for removal via Section 18 until it converts through RAD. Such units must be transferred to the RAD application in PIC immediately before the conversion occurs.

For partial conversions, the rolling base should be adjusted in the Operating Subsidy submission the year after the HAP effective date. Please see the instructions to the Form HUD-52722 (available on the 2019 Operation Subsidy Processing webpage, and via HUDCLIPS) for details on adjusting the rolling base.

Projects/units with HAP effective dates in 2018 or before are not eligible for CY 2019 Operating Funds. The following applies to RAD conversions with HAP effective dates in 2018 or before:

- Projects that are fully converted through RAD, with HAP effective dates in 2018 or before, are not eligible for 2019 Operating Subsidy.

- For fully converted projects with HAP effective dates in 2018 or before, if the conversion happened early in 2018, HUD should not deploy an Excel tool for 2019 for the project. However, if the conversion happened late in 2018, HUD may deploy an Excel tool and/or fund the project in error because of the timing of data availability. If an Excel tool is deployed for a project for 2019, but that project fully converted and has a 2018 HAP effective date, the PHA should not submit the Excel tool. If such project is funded in 2019, the PHA should not draw down funds and should notify their FO that the project should not have been funded.

- For partially converted projects with HAP effective dates in 2018 or before, the PHA and FO must ensure that no eligible unit months (EUMs) for units that converted through RAD, are included in the Excel tools. For projects that close early in the year prior to the funding year, HUD will remove EUMs from the RAD units from Section 2 of the Form HUD-52723. However, in all instances, the FO and PHA must ensure that the EUMs from converted units are removed.

B. Designation of Units Converting through RAD as Vacant for Modernization

Units in a project with a commitment to execute a HAP approval, which the PHA plans to modernize and are vacant because a PHA has not reoccupied them in preparation for modernization pursuant to a RAD conversion plan, can be considered as “units undergoing modernization,” provided they comply with 24 CFR 990.145. Such vacant units may be categorized as undergoing modernization for a maximum of two years (24 months) prior to RAD conversion (i.e., HAP effective date). To receive such designation, the units must be approved by the FO, and the unit status correctly reflected in PIC. Furthermore, the RAD conversion and planned modernization must be in: (i) a HUD approved PHA Annual Plan for non-qualified PHAs (24 CFR Part 903); (ii) a HUD approved 5-Year Plan for qualified PHAs (24 CFR Part 903) (if no Capital Funds are
being used as part of the modernization, a narrative description of the work, including the projected start and completion date, should be included in the capital improvements section of the Plan); or (iii) a HUD approved Capital Fund Plan (24 CFR 905.300) if Capital Funds are being used for modernization. Vacant units converting through RAD that will not be modernized are not eligible to be categorized as units undergoing modernization.


Form HUD-53087 requests are accepted only for projects transitioning out of the Turnkey III Program, and where supporting documentation has been provided including ACC and active lease purchase agreements. A PHA needs to provide the status of the properties with respect to the following:

- Are units still occupied by a family under an option to purchase under a homeownership agreement?
- What is the remaining term of the agreement?

If there is no effective contract with the residents and the PHA is under the Faircloth limit, the PHA may apply under the 24 CFR Part 905 acquisition development method to make these properties public housing rental units. These units will otherwise be ineligible for Operating Fund program funding as Turnkey III units. Once the units are transitioned to regular public housing units, the PHA should insure that these units’ PIC program type is changed to “Low Rent”. The submission deadline for Turnkey projects is the same as the initial submission of the Form HUD-52723 and Form HUD-52722. Turnkey submissions after the deadline will not be accepted and projects will be ineligible for funding that year.

17. The Faircloth Limit.

Section 9(g)(3) of the Housing Act of 1937 ("Faircloth Amendment") limits the number of public housing units that may receive public housing funding. The Faircloth Amendment stipulates that the Department cannot fund the construction or operation of new public housing units with Capital or Operating Funds if the construction of those units would result in a net increase in the number of units the PHA owned, assisted or operated as of October 1, 1999. This requirement is referred to as the “Faircloth Limit.” The Faircloth Limit is adjusted for PHA transfers of units under ACC, consolidations, and RAD removals. PHAs will not be funded for those units that exceed the posted Faircloth limit, and are responsible for reviewing the Faircloth limits and notifying HUD if they believe their posted Faircloth Limit is in error.

The Faircloth Limit is determined by PIH’s Office of Capital Improvements. (See Notice PIH-2011-69.) Additional information on how the Office of Capital Improvements determines the Faircloth limit, can be found on the Capital Fund website at:

Because the Operating Fund is calculated on an Eligible Unit Month (EUM) basis, the Faircloth Limit is converted to unit months attributable to a Funding Year (the Faircloth Unit Month Limit) before being posted on the Operating Subsidy webpage. Where the sum of unit months (Form HUD-52723 Section 2, Column A, Line 15 minus Line 4) for all of a PHA’s projects exceeds the Faircloth Unit Month Limit, the excess units must be removed from the PHA’s Operating Subsidy Forms.

In the absence of a PIC ticket, which corrects the Faircloth violation, removal of excess units shall be accomplished by reducing Line 1 and Line 3 in Columns A, B, and C of Section 2, Form HUD-52723, beginning with the newest project added to inventory. If the total number of unit months in the newest projects is less than the excess units, Line 1 and Line 3 of the next newest project added to inventory shall be reduced in the same manner, until no excess units remain. If a PIC ticket exists that will correct the Faircloth violation, the unit status in the Form HUD-52723 should be updated to align with the PIC ticket. Likewise, if PIC has already been updated, the unit status in the Form HUD-52723 should be updated to align with the updated PIC data.

It is important to note that appropriate adjustments need to be made to the Form HUD-52722 whenever units are being reduced from the Form HUD-52723. The EUMs on the Form HUD-52722 will need to be updated accordingly.

18. PHA Board Resolution.

The PHA Board Resolution (the Form HUD-52574) approving the PHA’s operating budget must be submitted to the appropriate FO prior to the beginning of the PHA’s fiscal year. Only one Board Resolution needs to be submitted per PHA, regardless of the number of projects. If the PHA has more than one project, insert the phrase “for all projects” in the first checkbox description. The checkbox then will read “Operating Budget for all projects approved by Board resolution on: (date).”

19. Record Retention.

HUD regulation at 24 CFR 990.325 requires PHAs to retain documents related to all financial management and activities funded under the Operating Fund for a period of five fiscal years after the fiscal year in which the funds were received. However, guidance in the Office of Management and Budget (OMB) super circular—2 CFR 200.333(b)—allows Federal agencies (including HUD) to extend the record-retention period for non-Federal entities, if this is done in writing. Therefore, HUD reserves the right to extend the record-retention period beyond five fiscal years and will notify PHAs in writing when such extensions are warranted.

20. Further Information.

All questions from PHAs are to be referred to the appropriate FO.

The information collection requirements contained in this notice have been approved by OMB under the Paperwork Reduction Act of 1995 (44 U.S.C.3520) and assigned OMB approval numbers 2577-0026, 2577-0029, 2577-0157 and 2577-0246. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB number.

22. Penalty for False Claims and Statements.

HUD will seek civil, criminal, or administrative action against individual and entities who either make, present, submit, or cause to be submitted a false, fictitious, or fraudulent statement, representation, or certification. 18 U.S.C. §§ 287, 1001, 1010, 1012, 1014 and 31 U.S.C. §§ 3729, 3802.

/s/
Dominique Blom
General Deputy Assistant Secretary
Public and Indian Housing