

**For Public Housing Operating Fund
Explanation of Calendar Year (CY) 2020 Obligations Public Housing Shortfall
Set-Aside**

Public Housing Shortfall Set-Aside Obligations

This obligation allocates \$25 million in Public Housing Shortfall pursuant to the FFY 2020 Further Consolidation Appropriations Act (Public Law 116-94). Please refer to PIH Notice 2020-16 (Notice) for guidance on eligible activities, reporting requirements, and other relevant information regarding Shortfall obligations. The notice can be found on HUDCLIPS at:

<https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-16pihn.pdf>

PHA Eligibility Levels and Obligations for Shortfall CY 2020

The entire \$25 million set-aside is being obligated herewith, at a PHA level. PHAs that have a Months of Operating Reserve (MOR) less than 2.0 and submitted an application were eligible for funding. Unlike normal Operating Fund grants, Shortfall funding was not pro-rated. Instead, full funding was provided to PHAs based upon a prioritization methodology until funds were exhausted. To determine the order of funding, PHAs were ranked from lowest to highest, based on the value of their MOR and the size their PHA as described in more detail in the Notice. Obligations of Shortfall funding have been calculated to raise each PHA's MOR to 2.0 based on their most recent FDS submission between 12/2018 and 09/2019. The last funded PHA will receive the lesser of their eligibility or the remaining Shortfall funds after all preceding PHAs have been funded. PHAs that applied and would otherwise be eligible for a Shortfall grant, but for which insufficient amounts are available, will not receive funding.

Unlike regular Operating Funds, which are made accessible to PHAs in 1/12th increments, the entire amount of the Shortfall Act funding is being obligated at once. However, access to funding will be segmented into different increments and restricted based on PHAs submitting an improvement plan and subsequently improving their MOR. The first increment identified with a grant code of XXXXX101ISF20D will be available for draw down in LOCCS. The XXXXX201ISF20D codes will be made available for draw down once the PHA has successfully developed an improvement plan. PHAs have six months to develop the improvement plan. The XXXXX202ISF20D codes will be made available to draw down once the PHA has actually improved their financial position such that their MOR is 1.0 or more on your next financial statement submission. Please refer to PIH 2020-16 for more information on improvement plan and financial improvement terms and conditions which will release funding increments.

Also dissimilar to regular Operating Funds, Shortfall funds may not roll into a PHA's reserves. PHAs may only draw down the Shortfall Funds to pay for eligible immediate needs and must be tracked and accounted for separately. Similar to the Capital Fund, PHAs must validate and enter their expenditures in eLOCCS each month prior to draw down. Obligation Letters will be available on the FMD website for 2020:

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