

Office of Public and Indian Housing

**Public Housing Operating Fund
Explanation of Calendar Year (CY) 2018 Obligations for February and
March**

The Department has obligated Operating Fund subsidies for the months of February and March 2018, in accordance with the information below. This round of funding is expected to be available in eLOCCS not later than February 1, 2018. The next round of 2018 funding will be provided by April 1, 2018.

Estimated Project Eligibility Levels for CY 2018

Financial Management Division (FMD) methodology developed the February and March estimate using each project's historical and current formula eligibility data. The CY 2018 project prepopulated formula data and final CY 2017 HUD-52723 data were used in determining the CY 2018 estimated project eligibility which February and March funding is based upon. FMD incorporated the following methodology and data when available:

- Prepopulated unit status category data that will be incorporated in the 2018 HUD-52723;
- 2018 Project Expense Levels (PELs) that will be incorporated in the 2018 HUD-52723 have been used;
- 2017 Utility Expense Levels (UELs) and in certain cases a national average UEL may have been used. These UEL PUMs were adjusted by the current 2018 UEL Inflation factor of 1.0537. The UEL Inflation Factor calculation can be found on the FMD website at: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/am/of/opfnd2018
- Add-on amounts from the CY 2017 HUD-52723 data for PILOT and Audit were used.
- Asset Management Fees, Information Technology, and Resident Participation funding were based in 2018 prepopulated unit status data.
- Asset Repositioning Fees (ARF) in CY 2018 were based on 2018 amounts. The 2018 ARF amounts were adjusted by a reduction of 50% for the current estimate. This adjustment is to provide time for a careful review of ARF data. For any project where 2017 was the final year of ARF funding, the ARF amount should not be drawn down and the field office should be contacted to consider processing a de-obligation of the appropriate amount.
- Stop Loss/Transition Funding is consistent with the 2018 prepopulated PUM amount times 2018-unit status data.
- Formula income PUM used is the CY 2017 HUD-52723 data or in certain cases a PHA average. A formula income PUM is adjusted by the 2018 inflation factor found

at the FMD website:

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/am/of/opfnd2018

- Where the percentage difference in the 2017 Eligibility and the 2018 estimated Eligibility was greater than 20%, the 2017 Eligibility was taken as the 2018 estimate except generally in the case of new projects, mergers, consolidations and certain regrouped projects.
- Where a PHA finds that the estimate funding does not reflect its actual eligibility to be reported on the 2018 HUD-52723, the PHA is must to refrain from drawing any excess

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funds over the expected actual eligibility monthly amount. The PHA should notify the HUD Field Office. If a PHA received funding for a project that is ineligible for funding in CY 2018, the PHA shall notify its Field Office by February 5th, 2018. PHAs should not draw funding for any project that fully converted to RAD, with a HAP effective date in 2017 or before, because such projects are not eligible for funding.

Once approved 2018 HUD-52723 PHA eligibility submissions are processed, the prorated eligibility will cumulatively apply to the next funding. In certain project(s) this may result in an increases or decreases in funding as needed to adjust for overfunding or underfunded projects during the estimate funding period.

Interim Proration Levels for CY 2018 using an Estimated Eligibility

The Department's undertakes a conservative methodology in determining proration levels while using estimated eligibility. For the February and March funding, the Department considered 2018 estimated eligibility and Continuing Resolution status to provide for an interim proration level of approximately 90%. The final proration will reflect the difference in the amount of the actual eligibility for final approved PHA subsidy requests and the Appropriation Bill.