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PUBLIC USE REPORTS ARE UNDER REVIEW BY OMB EXPIRATION DATES WILL BE PROVIDED.

Operating Budget Documents

OMB Approval 2577-0026

Form HUD-52564: Operating Budget
Form HUD-52566: Schedule of All Positions & Salaries
Form HUD-52567: Schedule of Nonroutine Expenditures
Form HUD-52571: Schedule of Administration Expense Other than Salaries
Form HUD-52573: Summary of Budget Data & Justifications

Performance Funding System (PFS)

OMB Approval 2577-0029

Form HUD-52720: Funding Formula Data Collection Form
Form HUD-52720A: Worksheet No. I: Multiplications
Form HUD-52720B: Worksheet No. II: Calculation of Variable Products & Formula Expense Level
Form HUD-52720C: Worksheet No. III: Calculating Allowable Expense Level (First PFS Year Only)
Form HUD-52720D: Worksheet IV: Calculating Revised Allowable Expense Level
Form HUD-52722A: Calculation of Allowable Utilities Expense Level
Form HUD-52722B: Adjustment for Utility Consumption and Rates
Form HUD-52721A: Calculation of PFS Operating Subsidy
Form HUD-52721: Direct Disbursement Payment Schedule Data - Operating Subsidies
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INTRODUCTION

PURPOSE.

This Handbook provides requirements and procedures relating to the
financial management of public housing projects administered by Public Housing Agencies (PHAs) under the U.S. Housing Act of 1937, as amended, subsequent to the End of the Initial Operating Period (EIOP).

RELATED HANDBOOKS.


LEGAL AUTHORITY.

a. The United States Housing Act of 1937 (Act). This Act established the Public Housing Program with the goal of providing decent, safe and sanitary housing for families of lower income. The Act vests in PHAs the maximum amount of responsibility in the administration of their housing programs.

b. The Annual Contributions Contract (ACC). Each public housing project is covered by an ACC which is executed between HUD and the PHA and sets forth the specific obligations and responsibilities of each party in the implementation of the Public Housing Program. Among other things, it requires PHAs to:

(1) Operate projects for the benefit of lower income families by providing decent, safe and sanitary dwellings within the financial means of such families;

(2) Assure that the income limits as established by statute are adhered to; and

(3) Maintain the projects in good repair.

APPLICABILITY.

a. This Handbook is applicable to: (1) PHA-owned rental projects; and (2) Section 23 Leased projects.

b. This Handbook does not apply to: (1) the Section 8 and 23 Housing Assistance Payments Programs or the Voucher Program; (2) the development stage of any public housing project; (3) the
management of a public housing project prior to EIOP; or (4) modernization of any public housing projects under the Comprehensive Improvement Assistance Program (CIAP).

REFERENCES

DEFINITIONS


CFR 24  Allowable Expense Level (AEL). The per unit per month dollar amount of expenses (excluding Utilities and expenses allowed under 990.108) computed in accordance with 990.105, which is used to compute the amount of operating subsidy.

Allowable Utilities Consumption Level (AUCL). The amount of Utilities expected to be consumed per unit per month by the PHA during the Requested Budget Year, which is equal to the average amount consumed per unit per month during the Rolling Base Period. After the end of the Requested Budget Year, the AUCL of the utility(ies) used for space heating will be adjusted by a Change Factor, defined in this section.

CFR 24  Annual Contributions Contract (ACC). A contract (in the form prescribed by HUD) for loans and annual contributions whereby HUD agrees to provide financial assistance and the PHA agrees to comply with HUD requirements for the development and operation of a public housing project.

CFR 24  Base Year. The PHA's fiscal year immediately preceding its first fiscal year under PFS.

Base Year Expense Level. The expense level in the approved operating budget (excluding Utilities, audits and certain other items) for the Base Year, computed as provided in 990.105. The Base Year Expense Level does not contain any expenses paid by a non-recurring source of income or any non-routine expenditure which would materially distort normal annual expenditures.

Change Factor. The ratio of the affected PHA fiscal year heating degree days (HDD) divided by the average annual HDD of the Rolling Base Period. (Affected year HDD divided by Rolling Base Period average HDD.)
Current Budget Year. The fiscal year in which the PHA is currently operating.

CFR 24 Department of Housing and Urban Development (HUD). The Department of Housing and Urban Development, including the Regional Office and the Area or Service Office (herein called field office) which has been delegated authority to perform functions pertaining to this part.

CFR 24 Formula. The revised formula derived from the actual expenses of the PFS sample group of PHAs, which is used in the PFS as provided in 990.105, to determine the Formula Expense Level and the Range of each PHA. HUD plans to update the Formula each year to reflect actual costs experienced by the sample group of PHAs.

Formula Expense Level. The per unit per month dollar amount of expenses (excluding Utilities and audits) computed under the Formula, in accordance with 990.105.

Heating Degree Days (HDD). The annual arithmetic sum of the positive difference (those under 65 degrees) of the average of the lowest and highest daily outside temperatures in degrees Fahrenheit, subtracted from 65 degrees of Fahrenheit.

CFR 24 Interim Formula. The HUD system, which has been replaced by PFS, for determining the amount of operating subsidy that applied to PHA fiscal years which commenced on or after October 1, 1972 and before April 1, 1975.

Local Inflation Factor. The weighted average percentage increase in local government wages and salaries for the area in which the PHA is located and non-wage expenses based upon the Implicit Price Deflator for State and Local Government Purchases of Goods and Services. This weighted average percentage will be supplied by HUD. HUD anticipates that it will update the Local Inflation Factor each year. This revised Local Inflation Factor is applicable to PHA fiscal years beginning January 1, 1982, and for all fiscal years thereafter.

CFR 24 Operating Budget. The PHA's operating budget and all related documents, as required by HUD, to be submitted in accordance with the Annual Contributions Contract.
The term "Operating Budget" shall mean a realistic estimate of the Operating Expenditures to be incurred in connection with the prudent operation of any Project during a specified period, broken down according to a classification of accounts prescribed by the Government.

"Operating Expenditures" with respect to each Project shall mean all costs incurred by the PHA for administration, maintenance, establishment of reserves and other costs and charges (including, but not limited to, payments in lieu of taxes and operating improvements) which are necessary for the operation of such Project.

"Operating Receipts" with respect to each Project shall mean all rents, revenues, income, and receipts accruing from, out of, or in connection with the ownership or operation of such Project, from whatever source derived: Provided, That Operating Receipts shall not include (1) any monies received from the development of such Project, (2) annual contributions pledged for the payment of Bonds and Notes, (3) premiums and accrued interest received in connection with the sale of Bonds or Temporary Notes, (4) proceeds from the disposition of real property, (5) proceeds from the disposition of personal property to the extent provided in clause (1) of subsection (C) of Sec. 308, or (6) the proceeds of claims against insurers or others arising out of damage to or destruction of such Project to the extent provided in Sec. 210.

Other Income. Income other than dwelling rental income and income from investments, except for the following items: grants and gifts for operations, other than for utility expenses, received from Federal, State and local governments, individuals, or private organizations; amounts charged to tenants for repairs for which the PHA incurs an offsetting expense; and legal fees in connection with eviction proceedings, when those fees are lawfully charged to tenants.

Performance Funding System (PFS). The Performance Funding System for the calculation of operating subsidy is designed to provide the amount of operating subsidy which would be needed for well-managed projects. That amount is determined by the difference between the projected expenses and projected operating income of the PHA computed in accordance with the PFS regulation.
Project. Each project under an Annual Contributions Contract to which the PFS is applicable, as provided in 990.103.

Project Units. All dwelling units of a PHA's Project(s).

Projected Operating Income Level. The per unit per month dollar amount of dwelling rental income plus nondwelling income, computed as provided in 990.109.

Public Housing Agency (PHA). Any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development and operation of low-income housing...

Range. $10.31 below to $10.31 above the PHA's Formula Expense Level for the Base Year. The dollar amount is subject to change from time to time by HUD in connection with updating of the Formula. The Range is used in connection with determination of the Allowable Expense Level, as provided in 990.105, the qualification for transition funding, as provided in 990.106, and in consideration of requests for adjustments of the Base Year Expense Level under 990.110.

Requested Budget Year. The budget year (fiscal year) of a PHA following the Current Budget Year.

"Residual Receipts" of any Project as of the End of the Initial Operating Period thereof shall mean the amount, if any, by which the Operating Receipts thereof to such date exceeded the Operating Expenditures. "Residual Receipts" for all Projects as of the end of any Fiscal Year shall mean the amount by which the aggregate Operating Receipts of all such Projects for such Year exceeded the aggregate Operating Expenditures for all such Projects for such Year: Provided, That if the End of the Initial Operating Period of any such Project occurred in such Fiscal Year, the Operating Receipts and Operating Expenditures of such Project during such Initial Operating Period shall be excluded from the computation, except that any Residual Receipts of any such Project as of the End of such Initial Operating Period shall be included in the computation.
Rolling Base Period (RBP). The 36-month period that ends 12 months before the beginning of the PHA Requested Budget Year, used to determine the Allowable Utilities Consumption Level, which, in turn, is used to compute the Utilities Expense Level.

Transition Funding. Funding for excessively high-cost PHAs, as provided in 990.106.

Unit Approved for Deprogramming. (a) A dwelling unit for which HUD has approved the PHA's formal request for removal from the PHA's inventory and the Annual Contributions Contract, but for which removal, i.e., deprogramming has not yet been completed, or (b) a nondwelling structure or a dwelling unit used for nondwelling purposes that the PHA has determined will no longer be used for PHA purposes and for which HUD has approved removal from the PHA's inventory and Annual Contributions Contract.

Units Months Available (UMA). Project Units multiplied by the number of months the Project Units are available for occupancy during a given PHA fiscal year. Except as provided in the following sentence, for purposes of this part, a unit is considered available for occupancy from the date on which the End of the Initial Operating Period for the Project is established until the time it is approved by HUD for deprogramming and is vacated or is approved for nondwelling use. On or after July 1, 1991, a unit is not considered available for occupancy in any PHA Requested Budget Year if the unit is located in a vacant building in a project that HUD has determined is nonviable.

Utilities. Electricity, gas, heating fuel, water and sewerage services.

Utilities Expenses Level (UEL). The per unit per month dollar amount of Utilities Expense, computed as provided in 990.107.
ACRONYMS

ACC.................... Annual Contributions Contract
AEL..................... Allowable Expense Level
AHMB.................... Assisted Housing Management Branch
AII..................... Actual Investment Income
AUCL.................... Allowable Utilities Consumption Level
AO...................... Area Office (See FO)
AOP..................... Actual Occupancy Percentage
AMDR.................... Average Monthly Dwelling Rental
AUEL.................... Allowable Utilities Expense Level
BY...................... Budget Year
CCO..................... Claims Collection Officer
CIAP.................... Comprehensive Improvement Assistance Program
COP..................... Comprehensive Occupancy Plan
CBY..................... Current Budget Year
CY...................... Current Year
DCO..................... Departmental Claims Officer
DOFA.................... Date Of Full Availability
DU...................... Dwelling Unit
EIOP.................... End of Initial Operating Period
EII..................... Estimated Investment Income
FA...................... Financial Analyst
FO...................... Field Office
FMS..................... Financial Management Specialist
FT...................... Financially Troubled
FWP..................... Financial Workout Plan
FY...................... Fiscal Year
FYB..................... Fiscal Year Beginning
FYE..................... Fiscal Year Ending
GAO..................... General Accounting Office
GAOD.................... General Accounting Operations Division
HDD..................... Heating Degree Days
HQ...................... Headquarters
HUD..................... Housing and Urban Development
IOP..................... Initial Operating Period
IPA..................... Independent Public Accountant
LHA..................... Local Housing Authority (see PHA)
LOI..................... Letter of Intent
MOD..................... Modernization
OFA..................... Office of Finance and Accounting
OT...................... Operationally Troubled
PFS..................... Performance Funding System
PHA..................... Public Housing Agency
PUM..................... Per Unit Per Month
PUY..................... Per Unit Per Year
POP..................... Projected Occupancy Percentage
RAD..................... Regional Accounting Division

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LIST OF TERMS ASSOCIATED WITH VACANCY RULE

Acceptable Adjustment
Actual Occupancy Percentage
Adjusted Actual Occupancy Percentage
Adjusted Vacancy Percentage
Allowable Vacancies
Comprehensive Occupancy Plan
Excessive Vacancies
Final Rule
Form HUD-51234
Form HUD-52728-A
Form HUD-52728-B
Form HUD-52728-C
Funded Modernization
High Occupancy PHA
High Occupancy PHA, but for on-schedule mod
High Occupancy PHA, five or fewer vacant units after adjusting for mod
Interim Rule
Low Occupancy PHA
Occupancy Category
On-Schedule Modernization
Plan Year Occupancy Percentage
Projected Occupancy Percentage
Report Date
Unit Month
Vacancy Percentage
Workout Plan