The purpose of this Notice is to advise Public Housing Agencies and Indian Housing Authorities (HAs) of the proration of operating budget approvals during Federal fiscal year 1997. The 1997 Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act includes $2,900,000,000 for FY 1997 operating subsidy requirements. Under current authorizations, the amount appropriated in the FY 1997 Appropriations Act will not be sufficient to cover total subsidy requirements for both Performance Funding System (PFS) and non-PFS projects. Accordingly, payments to all HAs will be based on 95 percent of the full eligibility of each as determined by the PFS, or the appropriate alternate approach for the non-PFS HAs and projects. Should actual requirements for FY 1997 vary significantly from the estimate, this percentage is subject to change.

/s/ Kevin Emanuel Marchman
Acting Assistant Secretary
for Public and Indian Housing