

Frequently Asked Questions (FAQs) CY 2008 Interim Funding for Public Housing Operating Fund

Note: Over the weekend of January 5-6, 2007, the Department processed the initial funding obligation for the Operating Fund Program for Calendar Year (CY) 2008. Funds were provided for two months (January and February). Unlike past years, funding was assigned to specific asset management projects (AMPs), based on data in PIC as of June 15, 2007. This FAQ addresses various questions related to this initial fund assignment.

1. How did the Department determine the overall funding for a PHA?

Answer: For the initial obligation of subsidy, the Department first estimated the PHA's CY 2008 subsidy eligibility by re-calculating the PHA's CY 2007 subsidy formula by inflating the Project Expense Levels (PELs) and Utility Expense Levels (UELs) to 2008. The revised subsidy eligibility was then multiplied by 84% proration, which is the current estimate of proration for CY 2008 (this amount could change in future obligations), and then adjusted for two months.

2. How did the Department then assign funding amounts to each project?

Answer: Once the total amount was estimated, the Department then allocated amounts to each project based purely on each project's pro-rata share of the total PHA units. Thus, if a PHA had 1,000 units, and Project A consisted of 100 units, then Project A received 10% of the PHA's total funding. Within eLOCCS, the PHA should see a list of projects and the funding amounts associated with each one.

PHAs are reminded that they have complete ability to transfer funds between projects in the first year of project-based budgeting and accounting. By the final funding assignment, HUD will reconcile amounts assigned with actual amounts earned.

3. Into which PHA bank account are the funds deposited?

Answer: When a PHA sets up its profile in eLOCCS, it specifies a bank account for HUD's distribution of funds. Accordingly, the initial funding obligation was sent to the bank account pre-determined by the PHA. Please refer to <http://hudatwork.hud.gov/po/f/systems/locvrs.cfm> for more information on how to set up bank accounts in eLOCCS.

4. In prior years, PHAs had one PAS Project Number (PPN) for each Annual Contributions Contract (ACC). The PPN essentially associates the funding with the PHA's ACC. Is there now a new PPN for each AMP?

Answer: Yes. Each AMP has a unique PPN, which is also associated with a specific ACC. Thus, if a PHA has one ACC with 10 AMPs, it will now have 10 PPNs. Alternatively, even if a PHA has 11 AMPs, covering two ACCs, it will still have 11 PPNs. These new AMP-based PPNs will not cross over ACCs.

For illustration purposes:

A PHA with two AMPs has a total of 300 units. For CY 2007, the PHA's operating subsidy, based on the operating fund formula and proration, was \$1,000,000. This funding was deposited in the one PPN established for the ACC, ZZ00100107D.

In CY 2008, the PHA's total units and AMPs have not changed; however, the PHA now has a PPN for each AMP, ZZ00100100108D and ZZ00100100208D. For CY 2008, operating subsidy will be obligated to the two AMP-based PPNs.

5. My housing agency is a Moving-to-Work (MTW) agency with an "alternative funding calculation" for the Operating Fund. As such, there is one operating subsidy calculation for the entire agency, not project-specific calculations. Therefore, how did HUD distribute my funding in eLOCCS?

Answer: For MTW agencies with "alternative funding calculations", the entire funding was assigned to the first project listed in PIC (based on sequential order). Only this one project appears in eLOCCS. This method of funding disbursement does not alter any MTW program rules for year-end financial reporting.

6. My housing authority has Turnkey III and/or Mutual-Help Homeownership programs but I did not see funding for these projects in eLOCCS when the Department provided the first interim funding in January? When will they be funded?

Answer: Turnkey III and Mutual-Help Homeownership programs were not included in the first round of funding. The Department will be including them in the second round of funding after confirming, with the Field Offices, which projects are eligible for 2008 funding. These projects will receive retroactive funding, which will include funding for January and February.

7. I have several new projects that were added in PIC but were not included in the first interim funding. How do I receive funding for these projects?

Answer: The Department used the AMP data in PIC as of June 15, 2007, to determine which projects should be setup in SAGIS and included in determining interim funding amounts. The Department will not amend interim and final CY 2008 Operating Fund calculations to reflect changes in AMPs after this date. The Department will only make changes in SAGIS for "new" developments.

If you had an approved AMP change that occurred prior to June 15, 2007 that is not reflected in the interim funding, or you added a new project after June 15, 2007, please contact your local field office for further guidance.

8. Several of the projects shown in eLOCCS for my housing authority were demolished/disposed a long time back. Why were these projects funded?

Answer: The Department used the AMP data in PIC as of June 15, 2007, to determine which projects should be setup in SAGIS and included in determining interim funding amounts. If a demolition/disposition project received funding in this initial obligation, it means that PIC still showed it as having units as of June 15, 2007.

PHAs are reminded that they have complete fungibility between projects in the first year of project-based budgeting and accounting and, therefore, should assign the funds to active projects.

9. What should a PHA do if it believes the total interim funding may exceed its final prorated eligibility for 2008?

Answer: The PHA should inform its Field Office and not expend the anticipated level of excess funding because these funds will be subject to recapture.