



**U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing**

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**Special Attention of:**

Public Housing Agencies  
Public Housing Hub Office Directors  
Public Housing Program Center Directors  
Regional Directors  
Field Office Directors  
Resident Management Corporations

**Notice** PIH 2006-35 (HA)

Issued: September 25, 2006

Expires: September 30, 2007

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Cross Reference:

Notice PIH-2006-14

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**Subject: Operating Fund Program Final Rule: Transition Funding and Guidance on Demonstration of Successful Conversion to Asset Management to Discontinue the Reduction of Operating Subsidy – Extension of Stop Loss Deadline to April 15, 2007.**

**1. Purpose**

This notice amends PIH notice, PIH 2006-14 (HA), issued, March 22, 2006, to extend the application submission deadline to qualify for the first stop-loss deadline to April 15, 2007. As provided in PIH 2006-14, stop-loss applies only to PHAs that: (1) lose funding under the new Operating Fund formula; and (2) wish to submit documentation in accordance with the requirements for the first stop-loss deadline of October 1, 2006, so they may limit their losses to 5 percent.

An extension of the application submission deadline to April 15, 2007, was based on the desire to provide PHAs more time to prepare submission packages. The submission kit was published July 13, 2006. There will be no further extension, however, after April 15, 2007.

Except as, provided in section 3 of this notice, all provisions of PIH notice, PIH 2006-14 (HA) remain applicable.

**2. Regulatory Citation and Text**

HUD published a final rule, Revisions to the Public Housing Operating Fund Program (79 FR 54983), in the Federal Register on September 19, 2005, revising the Department's Public Housing Operating Fund Program regulation at 24 CFR part 990 and adopting a final Operating Fund Program formula for determining the payment of operating subsidy to PHAs. A technical correction notice, revising certain implementation dates, was published in the Federal Register on October 24, 2005 (70 FR 61366).

Subpart F of the Operating Fund Program final rule describes the different transition provisions. Section 990.225 of Subpart F states:

The determination of the amount and period of the transition funding shall be based on the difference in subsidy levels between the formula set forth in this part and the formula

in effect prior to November 18, 2005. The difference in subsidy levels will be calculated using FY 2004 data. When actual data are not available for one of the formula components needed to calculate the formula of this part for FY 2004, HUD will use alternate data as a substitute...[.]

Section 990.230(d) of Subpart F states:

If a PHA can demonstrate a successful conversion to the asset management requirements of subpart H of this part, as determined under paragraph (f) of this section, HUD will discontinue the reduction at the PHA's next subsidy calculation following such demonstration...[.]

### **3. Submission Requirements**

A PHA that wants to qualify for the first **stop-loss deadline** must conform with the submission requirements contained in the July 13, 2006, Stop Loss Submission Kit, available on HUD's asset management web site at [www.hud.gov/offices/pih/programs/ph/am/](http://www.hud.gov/offices/pih/programs/ph/am/). . However, because of the change in submission date, reporting periods have been extended for six months for (1) project and central office cost center budgets and (2) monthly financial statements. Any further clarifications in this area will be posted on the above-referenced web site.

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Orlando J. Cabrera, Assistant Secretary for  
Public and Indian Housing