

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

Special Attention of

Notice PIH 2003-18 (HA)

Issued: July 28, 2003

Public Housing Agencies
Regional Directors;
State/Area Coordinators;
Division; Resident Management
Corporation (RMCs)

Expires: July 31, 2004

Cross Reference: OMB Approval Number 2577-0029

Subject: Federal Fiscal Year (FFY) 2003 Issuance of Instructions for Adjustments and Revisions to Operating Subsidy Eligibility, and Updated Information on Proration Factor and Approval of Calculations.

General: This Notice provides Public Housing Agencies (PHAs) with additional information needed to complete the FFY 2003 subsidy eligibility calculations. It includes updated instructions to historical revision and adjustment policies. Additionally, this Notice updates the proration factor.

Objectives: This Notice is designed to implement two primary objectives during FFY 2003: 1) to distribute operating subsidies equitably to all PHAs regardless of their fiscal year start dates and 2) to make no obligations beyond the amounts appropriated by Congress for FY 2003.

Revisions to Operating Subsidy Calculations: All PHAs must submit any revisions to their operating budget to HUD by August 15, 2003. Revisions will be limited to mathematical, clerical and informational system errors only. Supporting documentation to verify the revision must be submitted along with the respective form(s).

Adjustments: Under 24 CFR 990.112 (c) of the regulations, "In the event that insufficient funds are available to make payments approvable under the Operating Fund Formula for operating subsidy payable by HUD, HUD shall have complete discretion to revise, on a pro rata basis or other basis established by HUD, the amounts of operating subsidy to be paid to PHAs". In order to maximize the FY 2003 proration percentage, HUD field offices are instructed not to process any utility adjustments (Line 01 of part F of form HUD-52723; Utility Adjustments for Prior Years). PHAs are still required to submit all utility adjustments to the Department within the required time frame. The Department will analyze future funding conditions to determine whether these amounts can be processed.

Current Pro-ration Level: A PHA will receive subsidy based on 93% of the amount of this year's eligibility, before adjustments. This Notice is a guide for planning purposes and does not constitute an obligation by the Federal Government. Additionally, this is not necessarily the final proration factor for the year. The final determination will not be made until all 2003 budgets and requests for revision have been received and processed. HUD will use the submitted documentation and exercise all available adjustment powers as needed to determine an appropriate level for FFY 2003. HUD will then approve Operating Budgets and/or operating subsidy calculations at that level by September 30, 2003.

Paperwork Reduction: The information collection requirements contained in this Notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3502) and assigned OMB control number 2577-0029. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

_____/s/_____
Michael Liu, Assistant Secretary
for Public and Indian Housing