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New Items on the CY 2011 Subsidy Processing Web Site

As part of its Calendar Year (CY) 2011 Operating Fund subsidy funding, HUD obligated initial funding, sent out subsidy letters, and has added information to its Web site to assist public housing agencies (PHAs) in processing the initial operating subsidy. The new information includes an explanation of initial CY 2011 obligation and the calculation of Utilities Expense Level (UEL) Inflation Factor for CY 2011. Further instructions are pending.

Obligation Letters

The 2011 Operating Subsidy obligation letters covering the month of January are posted online in a portable document format (PDF). These letters are grouped according to State.

To learn more: <http://bit.ly/f89blt>

Explanation of Initial Calendar Year (CY) 2011 Obligation

This document explains the estimated project eligibility levels for CY 2011 and also the interim proration levels for CY 2011.

Project eligibility levels were determined based on the CY 2010 project eligibility levels. Levels were fine-tuned by adding the following five adjustments to the actual eligibility for CY 2010:

- Increased 2010 Project Expense Levels (PELs) by 2.9 percent (This was the average increase nationally for CY 2011).

- Decreased 2010 UELs by 5.72 percent (This represented the national UEL inflation factor of -5.72 percent for CY 2011).
- Held constant add-on amounts, except that PHA projects that received Asset Repositioning Fees in CY 2010 had these fees decreased by 43 percent in the CY 2011 estimate.
- Adjusted Transition Funding to reflect 2011, year 5 amounts, while maintaining "Stop Loss" PHAs with appropriate treatment. Transition Funding was treated as an Add-on in the estimate subject to Formula Income.
- Increased Formula Income by 1.48 percent (based on trend study of tenant rent growth).

No adjustment has been made for changes in unit count. Also, for any project that did not receive funding in CY 2010 (i.e., new projects for CY 2011), the funding was calculated as follows:

PUM CY 2011 Average Eligibility for the PHA X Units X 12 months

Any PHA with a significant change in units between CY 2010 and CY 2011 will see a significant impact on CY 2011 eligibility. A decrease of 15 percent or more is considered a significant change in units. The change may result from changes in number of projects, unit months, or other fund-

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ing elements not adjusted for in the estimate. To avoid overfunding issues, the PHA should notify the Field Office. Where the estimate does not reflect a PHA's actual budgeting for 2011, the PHA should either:

- Not draw down the excess funds.
- Set the funds aside for recapture.

The interim proration levels, on the other hand, were based on the 2011 President's Budget and 111th Congress's budget proposals. The initial obligation was made at a 100 percent interim proration level. The final proration may adjust this interim proration level either up or down once HUD's appropriation bill is passed. Additionally, the final proration may be lower than estimated based on actual submission of PHA subsidy requests.

Please note: PHAs should be aware that their fiscal years may include different dates than the funding calendar or HUD's appropriation dates. They should take steps to ensure adequate funds to cover their own fiscal years.

To learn more: <http://www.hud.gov/offices/pih/publications/fy11-explanation-pha.pdf>

Calculation of Utilities Expense Level (UEL) Inflation Factor for Calendar Year (CY) 2011

This document provides two tables. Table 1 shows the calculation of the inflation factor by utility type. It contains data extracted from the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U). The reporting periods for operating subsidy calculation run from July 1 to June 30. Using the monthly indices for the 12-month periods, an average index is calculated for each of the reporting periods, by utility type.

Table 2 shows the calculation of CY 2011 weighted average inflation factor based on CPI indices.

To learn more: <http://www.hud.gov/offices/pih/programs/ph/am/of/2011uelinflation.pdf>

PIH Notices

PIH Notice 2010-50, "Effective Use of the Enterprise Income Verification (EIV) System's Deceased Tenants Report to Reduce Subsidy Payments & Administrative Errors," issued December 30, 2010. This Notice revises PIH 2010-09 regarding procedures for PHAs to implement to ensure they are submitting the most accurate data available to the Public and Indian Housing Information Center (PIC) as relates to deceased household members.

PIH Notice 2010-51, "Over Subsidization in the Housing Choice Voucher Program," issued December 30, 2010. This Notice clarifies existing guidance related to the categorization of live-in aides, other reasonable accommodation issues, and adds guidance related to the corresponding data entry into the PIC that was previously issued in PIH 2009-22.

To view the Notices:

http://portal.hud.gov/portal/page/portal/HUD/program_offices/administration/hudclips/notices/pih

Contact us:

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(Put "HUD Asset Management Newsletter" in the subject line)

UPCOMING DATES

February 2011
Notice for Operating Fund guidance for
CY 2011 Expected

