

Explanation of Initial Calendar Year (CY) 2016 Obligation (January)**Public Housing Operating Fund**

The Department has obligated initial funding for Operating Fund subsidies for the month of January 2016 (under the Continuing Resolution), in accordance with the information below. The first round of funding is expected to be available in eLOCCS not later than January 1, 2016. The second round of 2016 funding will be provided by February 1, 2016.

Estimated Project Eligibility Levels for CY 2016

The initial funding for 2016 is based on an estimate using 2015 and 2016 available formula data. The CY 2016 project prepopulated formula data and CY 2015 HUD-52723 data were used. In determining CY 2016 estimated project eligibility, the Financial Management Division (FMD) incorporated the following data when available:

- Prepopulated unit status category data that will be incorporated in the 2016 HUD-52723;
- 2016 Project Expense Levels (PELs) and in certain cases such as new project a PHA average PEL may have been used;
- 2015 Utility Expense Levels (UELs) and in certain cases a national average UEL may have been used. These UEL PUMs were adjusted by the current 2016 UEL Inflation factor of .996. The UEL Inflation Factor calculation can found at <http://portal.hud.gov/hudportal/documents/huddoc?id=2016UELCalculation120815.pdf>
- Add-on amounts from the CY 2015 HUD-52723 data for PILOT and Audit were used. Asset Management Fees, Information Technology, and Resident Participation funding were based in prepopulated unit status data. Asset Repositioning Fees (ARF) in CY 2016 were based on 2015 amounts. Given the limited data available on ARF payment were made only on non-homeowner project that received funding in the previous year;
- Stop Loss/Transition Funding is consistent with the 2016 prepopulated PUM amount times 2016 unit status data; and,
- Formula income used the CY 2015 HUD-52723 data or in certain cases a PHA average.
- Where the percentage difference in the 2015 Eligibility and the 2016 estimated Eligibility was greater than 20%, the 2015 Eligibility was taken as the 2016 estimate except generally in the case of new projects.

Where a PHA finds that the estimate funding does not reflect its actual eligibility to be reported on the 2016 HUD-52723, the PHA is expected to refrain from drawing any excess funds. If a PHA received funding for a project that is ineligible for funding in CY 2016, the PHA shall notify its Field Office by December 23, 2015. PHAs should not draw funding for any project that fully converted to RAD, with a HAP effective date in 2015 or before, that is not eligible for funding.

Once approved 2016 HUD-52723 PHA eligibility submissions are processed, the prorated eligibility will cumulatively apply to the next funding. In certain project(s) this result in increases or decreases in funding as needed to adjust for overfunding or underfunded projects during the estimate funding period.

Interim Proration Levels for CY 2016

The Department's undertakes a conservative methodology in determining proration levels during Continuing Resolutions. For the January funding, the Department considered the lowest of the current Congressional Legislative bodies (House of Representatives and Senate) 2016 Budget Proposals and 2016 estimated eligibility to provide for an interim proration level of approximately 86.53%. The final proration will adjust the proration level(s) either up or down once HUD's Operating Fund Program Appropriation bill is passed. Additionally, the final proration is also affected by the difference in the amount of the estimated eligibility actual final approved PHA subsidy requests.