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HUD Proposed CY2012 Operating Fund and Proposed Allocation Adjustment

HUD issued the proposed CY2012 Operating Fund Budget on February 14, 2011. A special Allocation Adjustment is proposed in the 2012 Budget. Specifically, the 2012 budget proposes to adjust each PHA's Operating Fund calculation based on operating reserves retained by local public housing agencies (PHAs). HUD reviewed the operating reserves held by local housing authorities based on PHA financial statements. HUD has developed a methodology for these reserves whereby the PHAs will maintain 4 to 6 months of operating reserves for the financial wellbeing of each agency. Under the proposal small PHAs can retain at least 6 months and large PHAs at least 4 months. PHAs will be responsible for contributing a share to the budgetary offset according to the amount of reserves they currently maintain. In the present funding environment it is essential for HUD to evaluate all existing funds in order to reach intended goals.

PHAs are encouraged to go to HUD's Operating Reserves Calculation Tool which was updated on July 1, 2011 to determine the operating reserves for non-Moving-To-Work (MTW) PHAs. MTW PHAs will not have the allocation adjustment based on operating reserves but instead HUD proposes a proration share based on an average for similarly sized PHAs. For additional information go to: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/am/of/opfnd2012

The Operating Reserves Calculation Tool is set up where a PHA would enter its 5-digit PHA Code and PHA information such as PHA name, fiscal year and submission type. The calculation tool looks at the total unrestricted current assets calculation minus total current liabilities plus long term debt, capital projects equaling the operating reserves. Operating reserves are based on a PHAs fiscal year end and the calculated operating reserves are for the following four fiscal year end dates: September 30, 2010; June 30, 2010; March 31, 2010; and December 31, 2009. Only approved FASS-PH submissions were included in the operating reserve calculations.

Note that HUD cannot provide final policy determinations until Congress passes a 2012 budget.

Comments, questions and/or concerns regarding the CY 2012 Allocation Adjustment for the Operating Fund program can be forwarded to HUD by sending an email to 2012allocationadjustments@hud.gov.

PIH Notices

PIH 2011-36, "Guidance on Energy Performance Contracts" issued July 8, 2011. This notice serves to reinstate and update the content of PIH Notice 2009-16 and provide supplementary guidance on financial incentives to promote energy conservation. Energy Performance Contracting is a financing technique that uses energy/utility cost savings from reduced energy consumption to repay the cost of installing ECMs. HUD encourages PHAs to employ innovative approaches such as EPCs to achieve programmatic efficiency and reduce utility costs, particularly as PHAs transition to asset management.

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PIH 2011-37, “Extension: Information and Procedures for Implementation of Capital Funds Recovery Competition Grants” issued July 13, 2011. This notice provides Public Housing Agencies and HUD Field Offices with processing information regarding the implementation of Capital Funds Recovery Competition (CFRC) grants as authorized by the American Recovery and Reinvestment Act of 2009 (“Recovery Act”).

PIH 2011-38, “Public Housing Development Costs Limits” issued July 20, 2011. The purpose of this Notice is to (a) Explain procedures for establishing public housing development cost limits; (b) Explain procedures for the annual posting of TDC limits to the HUD website and notification to Public Housing Authorities (PHAs). This Notice is applicable to the development and/or modernization of public housing and eligible home ownership under a HOPE VI Grant Agreement between HUD and a PHA and/or under the Capital Fund Program through an Annual Contributions Contract (ACC). This Notice does not apply to Native American housing.

PIH 2011-44, “Guidance on EPA’s Lead-Based Paint Renovation, Repair and Painting (RRP) Rule, HUD’s Lead Safe Housing Rule, and the EPA-HUD Lead Disclosure Rule” issued July 29, 2011. This Notice provides guidance to public housing agencies (PHAs) and Housing Choice Voucher (HCV) property owners and summarizes the regulations pertaining to lead-based paint under the Environmental Protection Agency’s (EPA’s) Renovation, Repair and Painting (RRP) Rule at 40 CFR Part 745, and HUD’s regulations at 24 CFR Part 35, commonly known as the Lead Safe Housing Rule (LSHR) and the Lead Disclosure Rule (LDR). Additionally, PHAs must incorporate ongoing lead-based paint maintenance and reevaluation activities into regular building operations.

To view the notices: <http://www.hud.gov/offices/pih/publications/notices/>

Work Preferences Used to Manage Public Housing Waiting Lists

Due to a strong demand for affordable housing, many public housing agencies (PHA) implement local preferences to manage their waiting lists. A PHA’s classification of local preferences may include a preference for working families. PHAs adopt preferences based on local housing needs and must inform all applicants of such preferences allowing them an opportunity to demonstrate they qualify.

Recently HUD issued Notice PIH 2011-33 in which the use of work preferences as a waiting list management tool and lease provision is reviewed. The notice contains relevant information for PHAs wishing to establish such a preference. Applicants where the head and spouse, or sole member is age 62 or older, or is a person with disabilities must be given benefit of this preference. PHAs must include any adopted working preference in their Annual Plan and Admission and Continued Occupancy Policy (ACOP) and must adhere to non-discriminatory and equal opportunity requirements.

Contained in this Notice are suggestions for implementing a work preference including providing this benefit for a head of household who is the main person caring for a disabled household member, or is receiving aid under a State administered welfare program or State program subsidized under Part A of Title IV of the Social Security Act. PHAs establishing such a preference may not require a person to be working in order to be placed on the waiting list and must ensure implementation of this preference furthers fair housing standards.

The notice also discusses lease provisions with a working preference whereby the lease may require a certain number of hours per week that a person is required to work. An important stipulation to this is a PHA may not terminate assistance from the public housing program due to unemployment, underemployment or otherwise failing to meet the work activity requirement. A PHA may choose to relocate households to another public housing unit for those that are noncompliant. This does not apply to a tenant who becomes unemployed or underemployed as a result of becoming disabled. Additionally, HUD encourages PHAs to give residents time to search for new employment or enroll in job training.

HUD provides in the Notice other guidance for PHAs to consider prior to implementing such a preference or lease provision. For more information go to: <http://portal.hud.gov/hudportal/documents/huddoc?id=pih2011-33.pdf>

Contact us:

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(Put “HUD PHM Newsletter” in the subject line)

Upcoming Events

PHADA 2011 Legislative Forum
September 11-13, 2011 | Washington, DC
<http://www.phada.org/conferences/2011forum/index.php>

Solutions for Sustainable Communities: 2011 Learning Conference on
State and Local Housing Policy
September 26-28, 2011 | Washington, DC
<http://www.nhc.org/2011-Learning-Conference.html>

