

**Office of Public and Indian Housing**

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**Public Housing Operating Fund  
Explanation of Calendar Year (CY) 2017 Obligations for March**

The Department has obligated Operating Fund subsidies for the month of March 2017, in accordance with the information below. This round of funding is expected to be available in eLOCCS not later than March 1, 2017. The fourth round of 2017 funding will be provided by April 1, 2017.

**Estimated Project Eligibility Levels for CY 2017**

Financial Management Division (FMD) changed methodologies, using better more current data, to make March estimate. As a result, some PHAs will experience decreased or increases funding because funding is cumulative. The CY 2017 project prepopulated formula data and CY 2016 HUD-52723 data were used in determining the CY 2017 estimated project eligibility which March funding is based upon. FMD incorporated the following methodology and data when available:

- Prepopulated unit status category data that will be incorporated in the 2017 HUD-52723;
- 2017 Project Expense Levels (PELs) and in certain cases such as new project a PHA average PEL may have been used;
- 2016 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 2016 HUD-52723 data for PILOT and Audit were used.
- Asset Management Fees, Information Technology, and Resident Participation funding were based in 2017 prepopulated unit status data.
- Asset Repositioning Fees (ARF) in CY 2017 were based on 2016 amounts. The 2016 ARF amounts were adjusted by 50% for the current estimate. For any project where 2016 was the final year of ARF funding, the ARF amount should not be drawn down or the field office should be contact to process a repayment of the amount.
- Stop Loss/Transition Funding is consistent with the 2017 prepopulated PUM amount times 2017 unit status data.
- Formula income used the CY 2016 HUD-52723 data or in certain cases a PHA average.

Where a PHA finds that the estimate funding does not reflect its actual eligibility to be reported on the 2017 HUD-52723, the PHA is expected to refrain from drawing any excess funds and notify the HUD Field Office. If a PHA received funding for a project that is ineligible for funding in CY 2017, the PHA shall notify its Field Office by March 3rd, 2017. PHAs should not draw funding for any project that fully converted to RAD, with a HAP effective date in 2016 or before, because such projects are not eligible for funding.

Once approved 2017 HUD-52723 PHA eligibility submissions are processed, the prorated eligibility will cumulatively apply to the next funding. In certain project(s) this may result in an increases or decreases in funding as needed to adjust for overfunding or underfunded projects during the estimate funding period.

**Interim Proration Levels for CY 2017 using an Estimated Eligibility**

The Department's undertakes a conservative methodology in determining proration levels while using estimated eligibility. For the March funding, the Department considered 2017 estimated eligibility to provide for an interim proration level of approximately 85%. The final proration will reflect the difference in the amount of the actual eligibility for final approved PHA subsidy requests and the Appropriation Bill.