

Office of Public and Indian Housing

**Public Housing Operating Fund
Explanation of Calendar Year (CY) 2019 Obligations
for January and February**

The Department has obligated Operating Fund subsidies for the months of January and February 2019, in accordance with the information below. The next round of 2019 funding will be provided by March 1, 2019.

Estimated Project Eligibility Levels for CY 2019

The initial funding for 2019 is based upon an estimate using 2018 and 2019 available formula data. More specifically, the CY 2019 prepopulated formula data and CY 2108 HUD-52723 data were used in determining the CY 2019 estimated project eligibility upon which January and February funding is based. FMD incorporated the following methodology and data when available:

- Unit status category data for the reporting period that will be prepopulated in the 2019 HUD-52723;
- 2019 Project Expense Levels (PELs) that will be prepopulated in the 2019 HUD-52723 have been used;
- 2018 Utility Expense Levels (UELs) and in certain cases a national average UEL may have been used. These UEL PUMs were adjusted by the current 2019 UEL Inflation factor of 1.064. The UEL Inflation Factor calculation and underlying data can found on the FMD website at: <https://www.hud.gov/sites/dfiles/PIH/documents/CY2019-UEL-Inflation-Factor.pdf>
- Add-on amounts from the CY 2018 HUD-52723 data for PILOT and Audit were used.
- Asset Management Fees, Information Technology, and Resident Participation funding were based in 2019 prepopulated unit status data.
- Asset Repositioning Fees (ARF) in CY 2019 were based on projected 2019 amounts. For any RAD project the ARF amount should not be drawn down and the field office should be contacted to consider processing a de-obligation of the amount.
- Stop Loss/Transition Funding is consistent with the 2019 prepopulated PUM amount times 2019-unit status data.
- Formula income PUM used was the CY 2018 HUD-52723 data or in certain cases a PHA average. A formula income inflation factor consistent with the Formula Income Inflation Factor CY2019 Formula Income Methodology located on the FMD website (see URL below) was used.
<https://www.hud.gov/sites/dfiles/PIH/documents/CY2019-Formula-Income-Guidance.pdf>
- Where the percentage difference in the 2018 Eligibility and the 2019 estimated Eligibility was greater than 20%, the 2019 Eligibility was taken as the 2019 estimate except generally in the case of new projects, mergers, and certain regrouped projects.

Where a PHA finds that the estimate funding does not reflect its actual eligibility to be reported on the 2019 HUD-52723, the PHA must refrain from drawing any excess funds over the expected actual eligibility monthly amount. The PHA should notify the HUD Field Office. If a PHA received funding for a project that is ineligible for funding in CY 2019, the PHA shall

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notify its Field Office by January 3rd, 2019. PHAs should not draw funding for any project that fully converted to RAD, with a HAP effective date in 2018 or before, because such projects are not eligible for funding. If a PHA was not funded for a project is eligible, they should notify their local Field Office immediately. Because of the length of time it takes to process funding, PHAs that notify HUD of unfunded projects after January 3rd may not receive funding for those projects for an extended period.

Once 2019 HUD-52723 and HUD-52722 Operating Subsidy tools are submitted by the PHA and processed/approved by HUD, the prorated eligibility will cumulatively apply to the next funding. In certain project(s) this may result in an increase or decreases in funding as needed to adjust for overfunding or underfunded projects during the estimate funding period. HUD anticipates deploying the Operating Subsidy tools by February 11th. A tentative schedule has been deployed. <https://www.hud.gov/sites/dfiles/PIH/documents/CY2019-PHA-Schedule-Ver-1.2.pdf>

Interim Proration Levels for CY 2019 using an Estimated Eligibility

The Department undertakes a conservative methodology in determining proration levels while using estimated eligibility. For the January and February funding, the Department considered 2019 estimated eligibility and Continuing Resolution status to provide for an interim proration level of approximately 90%. This interim proration considers possible decreases in inventory, budgetary considerations, and estimate limitations. The final proration will reflect the difference in the amount of the actual eligibility for final approved PHA subsidy requests and the Appropriation Bill.