

To: PHA Executive Directors:

Subject: Public Housing Operating Fund Program Obligations for March, April, and May

The Public Housing Operating Fund program will make subsidy obligations available in LOCCS for the months of March/April/May within the next six business days. The proration for these months will be 88.7%. This is a slight decrease from the 90% proration used to determine January/February funding. In determining the proration rate for March/April/May we used a methodology that allows HUD to obligate all available funds. A detailed explanation will be posted on the Operating Subsidy web page, along with obligation letters and a detailed report showing how funding was calculated for each project. Even though PHAs are being funded for three months, they may draw down only one month at a time unless multiple months draw is approved by a HUD Field Office.

PIH continues to fund PHAs based upon an estimate of PHA eligibility. June is the earliest we expect to fund PHAs based on actual eligibility from HUD-52723 and HUD-52722 subsidy calculation forms. While the estimated eligibility is very accurate at a high level, it could vary significantly on a project level. Once 2019 HUD-52723 and HUD-52722 Operating Subsidy e-forms are submitted by the PHA and processed and approved by HUD, the prorated actual eligibility will apply to the next obligation of Operating Funds. For certain project(s) this may result in a significant increase or decrease in June funding to adjust for underfunding or overfunding during the period for which estimates were used.

In instances where estimated funding varies from funding based on actual eligibility the PHA should contact their Field Office representative, and:

1. If the project is significantly overfunded the PHA should refrain from drawing down any overfunded amount;
2. If the project is significantly underfunded, the PHA should utilize their reserves until they begin receiving funding based upon actual eligibility. Be advised that in most circumstances, because the Operating Fund program has funded PHAs through May, FMD has limited resources to adjust PHA funding until June funding is released.

For RAD projects, if a PHA is aware of a project that was fully converted through RAD in 2018 but that project has been funded 2019 Operating Funds, the PHA should advise their FO immediately and not draw down any 2019 Operating Funds. HUD will work to confirm the status of the project, stop funding for projects that are not eligible, and work with the FO and PHA to recapture any funds provided in error.

Consistent with past practice, PHAs may find it prudent to be conservative in their budgeting and management until we begin funding based on actual eligibility and the final 2019 Appropriation.

Thank you for your continuing efforts to provide affordable housing in your community.