

# FLASH ALERT

JANUARY 2019 / [www.bdophafinance.com](http://www.bdophafinance.com)

## HCV & LIPH 2019 CURRENT FUNDING

HUD has renewed expiring HAP increments for December 2018 and January 2019. The HAP funding was calculated using VMS data from January to August 2018, and then extrapolating the August 2018 data to calculate September through December. The September through December HAP inflated at one-third of the national inflation factor of 1.038%. The total was prorated at 99%. VASH and RAD funding will be included in the overall calculation of HAP funding.

Administrative Fee estimated funding for January and February was calculated using leasing data contained in the VMS for January through June 2018. The amount was capped using the number of available unit months. HUD is currently prorating Administrative Fee revenue at 80% of the 2018 Administrative Fee rate.

HUD has obligated Operating Fund subsidy for the LIPH program for the months of January and February. The initial funding for 2019 is based upon an estimate using 2018 and 2019 available subsidy 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 be found on the FMD website.

- ▶ 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 was used.
- ▶ 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.

If the PHA feels the funding is too much due to conversion of some AMPs, then the PHA should refrain from drawing [excess] funds from eLOCCS. The current proration is set at 90%.

### CONTACT

**BRIAN ALTEN**, BSO Partner  
215-940-7812 / [balten@bdo.com](mailto:balten@bdo.com)

© 2019 BDO USA, LLP. All rights reserved.