

NEWS AND UPDATES FROM BDO PHA FINANCE

FLASH ALERT

PUBLIC HOUSING OPERATING FUND EXPLANATION OF CALENDAR YEAR (CY) 2018 OBLIGATIONS FOR JANUARY

Public Housing Authorities (PHAs) can expect several monthly or bi-monthly Operating Fund Obligation letters over the course of 2018. This is due to several factors such as initial Operating Fund Submissions, revisions to Operating Fund requests (due August 1, 2018) and either a final Continuing Resolution or approved budget from Congress.

As HUD collects data each month during CY 2018, the obligations (subsidy) for each month can fluctuate as data becomes more accurate. For the month of January, HUD used the following data to predict 2018 subsidy for each AMP. Again, this data will change from month to month as more accurate data is collected from HUD:

- ▶ Unit status category data that will be prepopulated in the 2018 HUD-52723.
- ▶ 2018 Project Expense Levels (PELs) that will be prepopulated in the 2018 HUD-52723 have been used.
- ▶ 2017 Utility Expense Levels (UELs) and in certain cases a national average UEL may have been used. These UEL PUMs were adjusted by the current 2018 UEL Inflation factor of 1.0537. The UEL Inflation Factor calculation and underlying data can be found on the FMD website at: www.hud.gov/program_offices/public_indian_housing/programs/ph/am/of/opfnd2018.
- ▶ Add-on amounts from the CY 2017 HUD-52723 data for PILOT and audit were used.
- ▶ Asset Management Fees, Information Technology, and Resident Participation funding were based in 2018 prepopulated unit status data.
- ▶ Asset Repositioning Fees (ARF) in CY 2018 were based on 2018 amounts. The 2018 ARF amounts were adjusted by a reduction of 50% for the current estimate. This adjustment is to provide time for a careful review of ARF data. *For any project where 2017 was the final year of ARF funding, and the project had no eligibility other than ARF, the ARF amount should not be drawn down or the field office should be contact to consider processing a repayment of the amount.*
- ▶ Stop Loss/Transition Funding is consistent with the 2018 prepopulated PUM amount times 2018-unit status data.



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ABOUT BDO PHA FINANCE

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- ▶ Formula income used the CY 2017 HUD-52723 data or in certain cases a PHA average. A formula income inflation factor consistent with the Formula Income Inflation Factor CY2018 Formula Income Methodology located on the FMD website (see URL below) was used: www.hud.gov/program_offices/public_indian_housing/programs/ph/am/of/opfnd2018.
- ▶ Where the percentage difference in the 2017 eligibility and the 2018 estimated eligibility was greater than 20%, the 2017 eligibility was taken as the 2018 estimate except generally in the case of new projects, mergers, and certain regrouped projects.

If a PHA's AMP converted to RAD or there is a reason the funding the AMP is receiving is more than what the AMP is eligible to receive, the PHA is advised not to draw the funds down from the Electronic Line of Credit Control Systems (ELOCCS). If the PHA did draw the funds down, then the PHA would have to return the funds back to HUD. Another Obligation Letter is expected to be posted at the end of January for February and should indicate the data will stay basically the same, but the March Obligation Letter should reflect the data received by HUD from the Operating Subsidy Tools that are currently due February 2, 2018.