



Operating Fund Program: Training Series for Public Housing Authorities

Part One: Introduction to the Operating Fund Program



Learning Objectives

- **Part One: Introduction to the Operating Fund Program**

Participants will become familiar with

- Commonly used terms
- Annual Processing Cycle schedule
- Key data sources
- Subsidy Eligibility

- **Part Two: Annual Processing Cycle**
- **Part Three: Calculation of Operating Subsidy**
- **Part Four: Eligible Uses of Funds**



Public Housing Operating Subsidy

- Operating Subsidy (OpSub) helps to fund the **operating and management expenses** of Public Housing projects.
 - Provided to housing authorities (HAs) through the **HUD Public Housing Operating Fund Program**
- Operating Fund Formula is based on:
 - Regulations at 24 CFR § 990
 - Guidance in each Calendar Year OpSub Processing Notice
 - Other Relevant Guidance and Notices

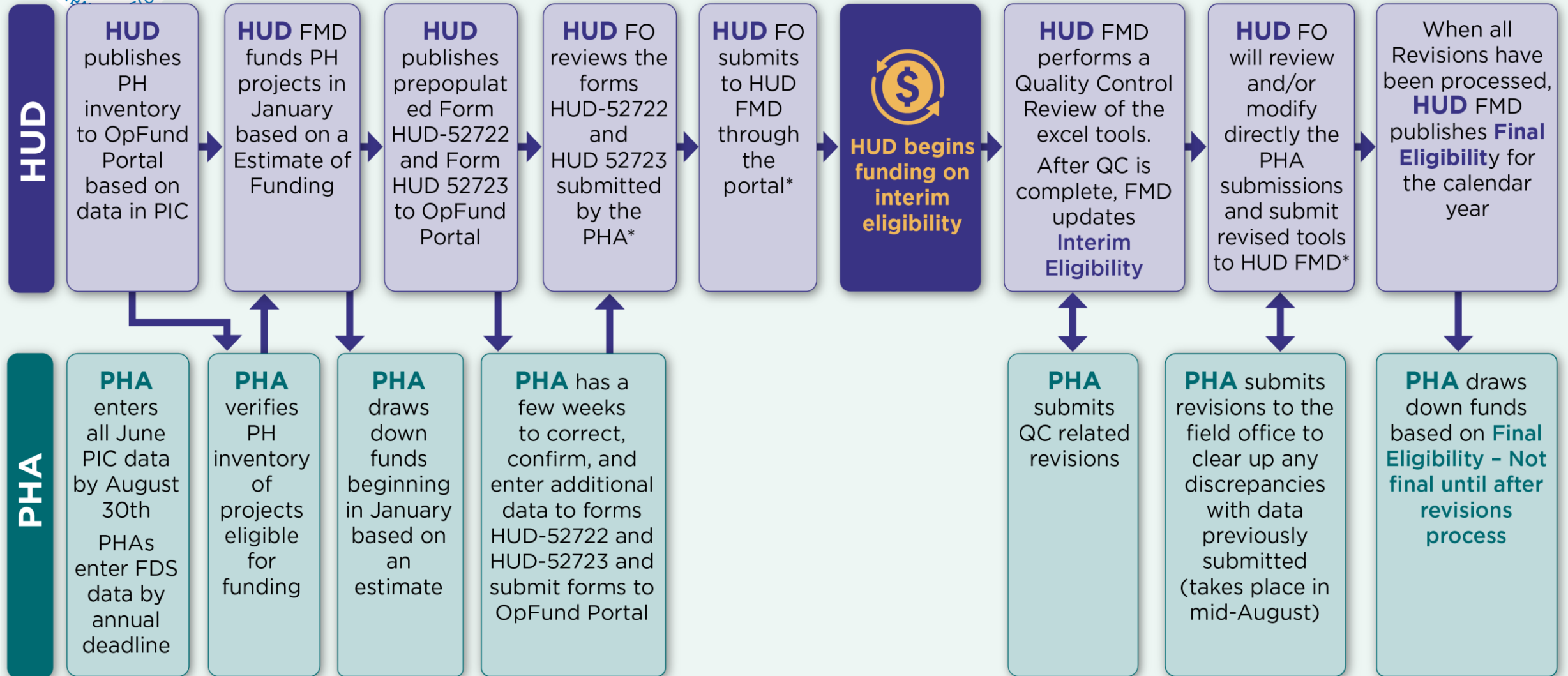


Key Terms

- Operating Fund/Operating Subsidy (OpSub)
- Inventory Management System/Public and Indian Housing Information Center (IMS-PIC)
- Financial Assessment Sub System (FASS)
- Financial Data Schedule (FDS)
- Project Expense Level (PEL)
- Utilities Expense Level (UEL)
- Unit Months
- Formula Income
- Eligible Unit Months
- Annual Contributions Contract (ACC)
- HUD-52722 Calculation of Utilities Expense Level
- HUD-52723 Calculation of Operating Subsidy
- OpFund Web Portal



Operating Fund Processing Cycle Flow



* The HUD FO may modify the PHA submissions.



IMS/PIC and PHA Eligibility for Operating Subsidy

Eligible Units:

- Units under an Annual Contributions Contract (ACC) and in Management status in PIC
- Units eligible for ARF

Units Eligible for Full Operating Subsidy:

- Units Occupied by Eligible Households
- Unit in an eligible special use category
- Units in an allowable vacancy category that have received HUD approval
- Limited Vacancies
- Eligibility to be placed in special use or allowable vacancy category is determined by unit status data submitted by PHAs in IMS/PIC
 - Unit status data is typically pulled by HUD on **September 1st**, the year before the funding year. PHAs should be sure to have 50058s for reporting period submitted by that date



Units Eligible for Partial Operating Subsidy

Asset Repositioning Fee (ARF):

- Units transitioning out of Public Housing may be eligible for ARF.
 - Units approved to be removed from inventory via Section 18 Demolition or Disposition may be eligible for ARF
- Units eligible for ARF will receive eligibility for ARF, IT fees, and Asset Management Fees if qualified. Such units are not eligible for other elements of the formula.

Units Eligible for Only IT fees and Asset Management fees (if qualified)

- Vacancies in excess of limited vacancy
- Units occupied by non-assisted over-income households
- Units used for administrative purposes
- Units that had been eligible for ARF, but the time period for ARF eligibility expired.



Ineligible Units

- Units not under ACC
- Units not in management status
- Unauthorized unit status



Vacant Units

There are approved reasons for vacant units to receive full Operating Subsidy (i.e. PEL, UEL, etc....):

- Units that must be vacant for the unit to be modernized
- Units vacant due to litigation
- Vacant due to a disaster
- Casualty losses: Vacant due to delays in settling insurance claims

Generally, vacant units under an ACC will receive full subsidy for 3% of vacancies not in an allowable category in consideration of a normal vacancy rate and an allowance for “make ready” unit turnover.

PHAs may appeal to HUD to receive operating subsidy for units vacant due to marketing conditions



Key takeaways

- The Operating Fund Program provides funding (Operating Subsidy) to PHAs for the operation and management of public housing
- Operating Subsidy has an annual processing cycle
- The Operating Subsidy amount is determined by data in the 52722 and 52723 forms
- Eligible Unit Months determine the amount of Operating Subsidy a project will receive
- Generally, only units under an ACC and in management status are eligible for Operating Subsidy