



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



publishes PH inventory to OpFund Portal based on data in PIC

HUD

HUD FMD funds PH projects in January based on a Estimate of **Funding**

HUD

publishes prepopulat ed Form HUD-52722 and Form HUD 52723 to OpFund **Portal**

HUD FO

reviews the forms HUD-52722 and HUD 52723 V submitted by the PHA*

HUD FO

submits to HUD **FMD** through the portal*

HUD FMD performs a

HUD begins funding on interim eligibility

HUD FO

will review **Quality Control** and/or Review of the modify excel tools. directly the PHA After QC is submissions complete, FMD and submit updates revised tools Interim to HUD FMD* Eligibility

When all Revisions have been processed, **HUD** FMD publishes Final **Eligibility** for the calendar vear



PHA

enters all June PIC data by August 30th PHAs enter FDS data by annual

deadline

PHA

verifies PH inventory of projects eligible for funding

PHA

draws down funds beginning in January based on an estimate

PHA has a few weeks to correct. confirm, and enter additional data to forms HUD-52722 and HUD-52723 and submit forms to **OpFund Portal**

PHA

submits QC related revisions

PHA submits revisions to the field office to clear up any discrepancies with data previously submitted (takes place in mid-August)

PHA draws down funds based on Final Eligibility - Not final until after revisions process

^{*} The HUD FO may modify the PHA submissions.

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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.





- 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