



# Operating Subsidy Program: Training Series for Public Housing Authorities

Part Two: Annual Processing Cycle



## Learning Objectives

- Part One: Introduction to the Operating Subsidy Program
- **Part Two: Annual Processing Cycle**

Participants will understand

- The process and schedule for OpSub Eligibility and Funding
- Required forms and OpFund Portal
- Part Three: Understanding How HUD's Operating Subsidy is Determined
- Part Four: Eligible Uses of Funds



# Annual Eligibility Process



# HUD Forms

## HUD Form-52722

A	B	C	D	E	F	G	H	I	J	K	L
1 Operating Fund											U.S. Department of Housing and
2 Calculation of Utilities Expense Level											Urban Development
3 PHA-Owned Rental Housing											Office of Public and Indian Housing
4 2021 PHA 52722											OMB Approval No. 2577-0029 (exp. 08/31/2023)
<small>Public Reporting Burden for this collection of information is estimated to average .75 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is required by Section 9(a) of the U.S. Housing Act of 1937, as amended, and by 24 CFR Part 960 HUD regulations. HUD makes payments for the operation and maintenance of low-income housing projects to PHAs. The Operating Fund determines the amount of operating subsidy to be paid to PHAs. PHAs provide information on the Project Expense Level (PEL), Utilities Expense Level (UEL), Other Formula Expenses (Add-ons) and Formula Income - the major Operating Fund components. HUD reviews the information to determine each PHA's Formula Amount and the funds to be obligated for the period to each PHA based on the appropriation by Congress. HUD also uses the information as the basis for requesting annual appropriations from Congress. Responses to the collection of information are required to obtain a benefit. The information requested does not lend itself to confidentiality.</small>											
Section 1 - General Information											
1. Name of Public Housing Agency:		2. Funding Period:		3. Type of Submission:		4. Unit Change Indicator:		5. DUNS Number:		6. Rate Reduction Incentive:	
		1/1/2021 to 12/31/2021		<input type="radio"/> Original <input type="radio"/> Revision No.		No <input type="checkbox"/>				No <input type="checkbox"/>	
7. ACC Number:		8. Operating Fund Project Number:		9. Fiscal Year End:		10. ROFO Code (HUD Use Only):					
		Please Select PPN		<input type="radio"/> 12/31 <input type="radio"/> 03/31 <input type="radio"/> 06/30 <input type="radio"/> 09/30							
Load Project Data		Save Project Data		Cancel Project Data							
Incentive Type		<input type="checkbox"/> DELETE		<input type="checkbox"/> DELETE		<input type="checkbox"/> DELETE		<input type="checkbox"/> DELETE		<input type="checkbox"/> DELETE	
Line No.		Utility Type		<input type="checkbox"/> DELETE		<input type="checkbox"/> DELETE		<input type="checkbox"/> DELETE		<input type="checkbox"/> DELETE	
Description											
A		B		C		D		E		F	
Section 2 - Current consumption Level											
01 Actual Consumption (12-month period 7/1/2019 to 6/30/2020)		0		0		0		0		0	
01a Unit of consumption (e.g., gallons, kWh, therms)											
Section 3 - Rolling Base consumption Level											
02 Rolling base year 1 - actual consumption (12-month period 7/1/2018 to 6/30/2019)		0		0		0		0		0	
03 Rolling base year 2 - actual consumption (12-month period 7/1/2017 to 6/30/2018)		0		0		0		0		0	
04 Rolling base year 3 - actual consumption (12-month period 7/1/2016 to 6/30/2017)		0		0		0		0		0	
05 Total Consumption during 3-year Rolling Base period (Lines 02 + 03 + 04)		0		0		0		0		0	

## HUD Form-52723

Operating Fund Calculation of Operating Subsidy PHA-Owned Rental Housing				U.S. Department of Housing and Urban Development Office of Public and Indian Housing			
				OMB Approval No. 2577-0029 (exp.08/31/2023)			
<small>Public Reporting Burden for this collection of information is estimated to average .75 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is required by Section 9(a) of the U.S. Housing Act of 1937, as amended, and by 24 CFR Part 960 HUD regulations. HUD makes payments for the operation and maintenance of low-income housing projects to PHAs/projects. The Operating Fund determines the amount of operating subsidy to be paid to PHAs/projects. PHAs/projects provide information on the Project Expense Level (PEL), Utilities Expense Level (UEL), Other Formula Expenses (Add-ons) and Formula Income - the major Operating Fund components. HUD reviews the information to determine each PHA's/project's Formula Amount and the funds to be obligated for the Funding Period to each PHA/project based on the appropriation by Congress. HUD also uses the information as the basis for requesting annual appropriations from Congress. Responses to the collection of information are required to obtain a benefit. The information requested does not lend itself to confidentiality. Formula Amount and the funds to be obligated for the Funding Period to each PHA/project based on the appropriation by Congress. HUD also uses the information as the basis for requesting annual appropriations from Congress. Responses to the collection of information are required to obtain a benefit. The information requested does not lend itself to confidentiality.</small>							
Enter Total Number of ACC Units for this PHA > >				0			
Section 1							
1. Name and Address of Public Housing Agency:				2. Funding Period: 01/01/2021 to 12/31/2021			
				3. Type of Submission: <input checked="" type="checkbox"/> Original <input type="checkbox"/> Revision No.			
4. ACC Number:		5. Fiscal Year End:		6. Operating Fund Project Number:			
		<input type="checkbox"/> 12/31 <input type="checkbox"/> 03/31 <input type="checkbox"/> 06/30 <input type="checkbox"/> 09/30					
7. DUNS Number:		HUD Use Only					
		8. ROFO Code:					
Section 2							
Calculation of ACC Units for 12-month period from July 1 to June 30 that is prior to the first day of the Funding Period:							
		ACC Units on 7/1/2019		Units Added to ACC (+)		Units Deleted from ACC (-)	
Requested by PHA						ACC Units on 6/30/2020 (=)	
HUD Modifications						0	
Line No.		Category		Column A Unit Months		Column B Eligible Unit Months (EUMs)	
				Req'd by PHA HUD Mod.		Req'd by PHA HUD Mod.	
Categorization of Unit Months:				<input checked="" type="checkbox"/> First of Month			
Occupied Unit Months				<input type="checkbox"/> Last of Month			



## Different Periods in Operating Fund Formula

- Unit status data, including Eligible Unit Months, is based upon the reporting period. This is based upon unit status data pulled from PIC. HUD generally pulls this data on **September 1st** before the start of the funding year, and then adjusts it for RAD conversions with HAP effective dates through December 1st.
- The PEL is based upon building and unit characteristics in IMS/PIC. HUD generally pulls this data between September and early October.
- The UEL is based upon PHA reported utility consumption and costs for the reporting period. A rolling base that is composed of the three prior reporting periods is also included in the formula.
- Formula Income is derived from FDS data submitted by the PHA in FASS based upon the PHA's Fiscal Year (FY). Because of the lag in this data being available, HUD uses FDS data from the PHA fiscal year that is two years before the funding period.
- Add Ons are composed of several unique elements, which are based upon varying periods



## Funding Period and Reporting Period

- The funding period is the Calendar Year, starting on January 1st and ending on December 31st.
- The reporting period is the period that begins on July 1st eighteen months before the start of the **calendar year** funding period and ends on June 30th six months before the start of the calendar year funding period.

For CY 2023:

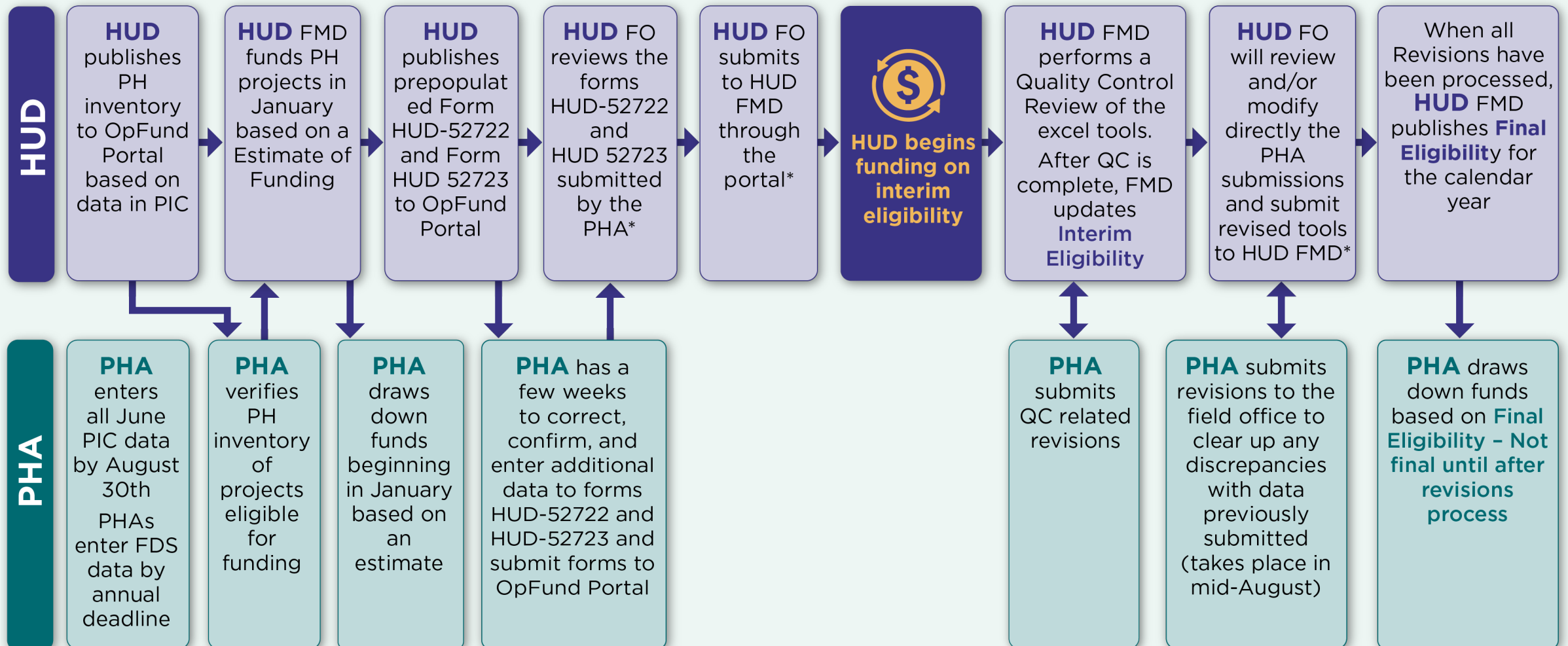
- The reporting period is July 1, 2021 – June 30, 2022
- The funding period is January 1 – December 31, 2023



# Operating Fund Processing Cycle Flow and Annual Schedule

Schedules for each calendar year are provided on HUD.gov

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/am/funding](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/am/funding)



\* The HUD FO may modify the PHA submissions.



## New Projects

New projects/units are not in PIC for the reporting period

- Special procedures have been established for the funding of new projects/units when they initially come on-line.
- Please refer to the Calendar Year New Projects Guidance for more detailed information. The annual processing notice provides special deadlines for processing new projects.







## Revisions

PHAs can submit revisions to Operating Subsidy calculations in the tools for any of the following reasons:

- Correction of mathematical, clerical, information system or other errors
- Approval of demolition or disposition with the addition of new units in an existing project (24 CFR 990.155)
- New utilities incentives/contracts approved pursuant to 24 CFR 990.185, or amendments to existing approvals, but not including Rate Reduction Incentives (RRI) under 24 CFR 990.185 (b), or 24 CFR 965 Subpart E
- Other appeals submitted in accordance regulation and approved by HUD (pursuant to 24 CFR 990.245)



# Operating Fund Web Portal Overview



[User Profile Training](#) [WASS Coordinator Training](#) [New Window](#) [Return to Secure System](#) [About ?](#)

Home Ver1.4.5.5 S35\_3\_7.7

PHA Form 52723/52722

Energy Incentives

Document Management

Data Warehouse Reports

FO Reports & Submissions


OpFund QC

New Project Request

FMD Reports

Quick Links

Update Profile




**News and Messages:**

- All users are required to update OpFund Web Portal User profile and validate email to proceed with using OpFund Web Portal.

If you have any questions, please contact REAC -

Major Activities Welcome

Connection Status: 

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today

March 2021

month

list

Sun	Mon	Tue	Wed	Thu	Fri	Sat
28	1	2	3	4	5	6
				PHA Training - Form 52723/52722 Submission 02:30 PM EST		
				Weekly Field Office Lab 01:30 PM EST (Various topics)		
7	8	9	10	11	12	13
		PHA forms HUD- 52723/52722 due		Weekly Field Office Lab 01:30 PM EST (Various topics)		
14	15	16	17	18	19	20



## Using the Portal to Request Operating Subsidy and Certify Eligibility

PHAs are able to complete the following actions in the OpFund Portal:

- Download current and historical versions of the 52722 and 52723
- Validate public housing inventory
- Submit corrected and updated 52722 and 52723 forms
- Submit SF 424
- Elect to participate in the Small and Rural Frozen Rolling Base Program
- Access HUD's inventory of projects with EPC approvals
- Functionality is being added to the Portal on a rolling basis.



# Operating Fund Web Portal Tools

[Return to Secure S...](#)

PHA Form 52723/52722 (Beta version review only)

PHA Contact ▾ Create Initial Submission ▾ Create Resubmission ▾ Create Revisions ▾ PHA Report...

Select a Calendar : 2017 ▾ Select PHA Code :

### First 10 AMPs for the PHAs eligibility - E1

Eligibility prior to proration (E1)

PHA Code	Unit Months
AK001000271	1,375,642
1000274	1,468,178
1000213	206,944
1000216	159,781
1000244	213,502
1000247	837,999
1000257	1,230,918
1000260	215,774
1000263	67,712
1000265	267,744

### First 10 AMPs for the PHAs Eligible Unit Months (EUM) -B15

Total Eligible Unit Months (B15)

PHA Code	Unit Months
240	240
187	187
384	384
1,440	1,440
1,404	1,404
396	396
84	84
480	480
2,136	2,136
2,316	2,316

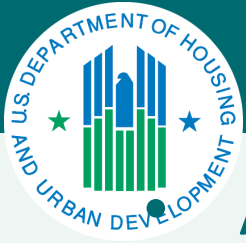
Go 1. Primary Report Actions ▾

Calendar Year Section 1	PHA Code Section 1	Development No. Section 1	PHA Name Section 1	Fiscal Year End Section 1	Total Eligible Units Months (EUM) Section 2 B14	PUM PEL Section 3 A1	Inflation Factor Section 3 A2	PUM Inflated PEL Section 3 A3	Adjusted PEL Section 3 A4	PUM UEL Section 3 A5	Adjusted UEL Section 3 A6	Self-Inspection Section 3 A7	Energy Loan Amortization Section 3 A8	PILOT	Audit Fee	Resident Participation Fee	Asset Mgmt. Fee	IT Fee	APF	Other Costs	Total Add-Ons Section 3 A16
2017	AK001	1000213	n	06/30/2017	240	632.89	1.022	646.81	155234	202.35	48564	0	0								6456

Ability to search, view, export and analyze data.



# Annual Funding Process



## Annual Processing Cycle: Estimated Eligibility

At the beginning of each calendar year, HUD funds projects based upon estimated eligibility based on data it pre-populates into the electronic Forms 52722 and Form 52723 for projects deemed eligible

- Only units that have been validated by PHAs in HUD's inventory will receive estimated funding.
- If the estimated funding is inaccurate, PHAs should contact their local FO.
- PHAs should not draw down funds for a project if it is not eligible for funding. HUD will de-obligate such funds once the 52722 and 52723 forms are collected.



## Funding Based on Interim Eligibility Data

Around April of each year the HUD field office will have finished determining funding eligibility and HUD Financial Management Division (FMD) will begin funding PHAs based on actual eligibility data as determined by 52722s and 52723s submitted by PHAs



## Proration: Estimated Funding and Continuing Resolution

**Proration Rate:** Every year Congress appropriates funding to the Operating Fund. The amount of appropriations may or may not fully fund the program (may be equal to or less than the combined eligibility of all projects). Each year HUD calculates a proration rate, which is the percentage of eligibility funded.

- If Congress passes its budget on time, the proration rate is determined based upon appropriation amount and eligibility (based upon estimated eligibility, or initial determination of eligibility, or final eligibility).
- While the program is under a continuing resolution, and during the period HUD is obligating funds to projects based upon estimated eligibility, HUD uses conservative methodology to determine the proration rate.





# Actual Eligibility and Full Year Appropriations

- HUD obligates Operating Subsidy at the beginning of the calendar year and works with PHAs through the year to make any needed updates to eligibility to determine final funding eligibility.
- HUD publishes obligation reports on the Operating Fund Web Page, which identify the amount of funds obligated throughout the calendar year.
- Obligation reports include a detailed calculation report for every obligation that can help a PHA understand fluctuations it may experience in funding amounts. Amounts can fluctuate because:
  - When funding transitions from a continuing resolution to a full year budget.
  - As HUD transitions from funding projects based upon estimated eligibility to actual eligibility
  - If a project's eligibility changes during the year due to the revision of a 52722 or 52723



## Key Takeaways

- Submit timely information in IMS/PIC and FDS
- Check the Calendar Year Subsidy Processing schedule for Operating Subsidy deadlines
  - [https://www.hud.gov/program\\_offices/public indian housing/programs/p  
h/am/funding](https://www.hud.gov/program_offices/public_indian_housing/programs/p<br/>h/am/funding)
- Ensure staff is familiar with the Operating Fund Web Portal
- HUD funds projects at the beginning of the calendar year based on estimates and determines final eligibility later in the year