

Explanation of July – September Obligations under Calendar Year 2011 Estimated Eligibility

Public Housing Operating Fund

The Department has obligated additional funding for Operating Fund subsidies for the months of July through September 2011 in accordance with the information below. The fifth round of funding is available in eLOCCS. The final round of funding will be provided by October 1, 2011.

Estimated Project Eligibility Levels for CY 2011

The CY 2010 project eligibility was used as the basis for the CY 2011 estimate. In determining CY 2011 estimated project eligibility, the Department made five adjustments to the actual eligibility for CY 2010:

- Increased 2010 Project Expense Levels (PELs) by 2.9% (the average increase nationally for CY2011);
- Decreased 2010 Utility Expense Levels (UELs) by 5.72% (representing the national UEL inflation factor of -5.72% for CY 2011);
- Held constant add-on amounts, except that PHA projects that received Asset Repositioning Fees in CY 2010 had these fees decreased by 43% in the CY 2011 estimate;
- Adjusted Transition Funding to reflect 2011, year 5 amounts, while maintaining “Stop Loss” PHAs with appropriate treatment; and
- Increased formula income by 1.48% (based on a trend study of tenant rent growth);

No adjustment has been made for changes in unit count. Also, for any project that did not receive funding in CY 2010 (i.e., new projects for CY 2011), funding was calculated as follows:

$$\text{PUM CY 2010 Average Eligibility for the PHA} \times \text{Units} \times 12 \text{ months}$$

To avoid overfunding projects, PHAs should notify their Field Office if changes have occurred between CY 2010 and CY 2011 that will significantly impact CY 2011 eligibility. Significant impact (approximate decrease of 15% or more) to a PHA’s project eligibility may be the result of changes in number of projects, unit months, or other funding elements not adjusted for in the estimate. Where a PHA finds that the estimate may not reflect its actual eligibility for 2011, the PHA is expected to either not draw down the excess funds or to set the funds aside for recapture. If a PHA is aware of a project that will not be submitted for CY 2011, the PHA should notify its Field Office.

Interim Proration Levels for CY 2011

The July through September funding was provided at 95% proration. The increase in proration from 92% to 95% was made cumulative from January through September 2011. The program is

funding using estimated eligibility; and the Fund Control Plan provided that a conservative proration should be used during interim funding periods.

The final proration level may be higher or lower than the interim proration level based on final PHA/project subsidy eligibility.

Months Funded Adjustment based on Interim Proration

The 95% interim proration is applied to total estimated eligibility. The July through September funding is equal to the nine months (January through September) funding minus previous obligation(s).