

CHAPTER 4. HEADQUARTERS ALLOCATION PROCEDURES

- 4-1. PURPOSE. This Chapter provides general information on the Headquarters allocation processes.
- 4-2. APPORTIONMENT AND THE ADVICE OF ALLOTMENT. Each fiscal year following enactment of the HUD Appropriation Act(s), the Office of Management and Budget (OMB) approves Apportionments of budget, loan, and grant authority which reflect Congressional action with regard to the Section 8, Section 202, Contractual Renewals, Flexible Subsidy, Housing Counseling Grants and other Programs. For Section 8, the estimated number of units, per unit costs, budget authority and contract term for programs funded (e.g., Certificates, Section 202, Project Reserve Amendments, etc.) are generally reflected in the budget table in the Conference Report for that fiscal year's appropriation legislation for HUD-Assisted housing.

The Department's Office of Budget conveys the Office of Housing's Apportionment(s) to the Assistant Secretary for Housing along with an "Advice of Allotment" (form [HUD-158](#)), which may include additional restrictions on the use of apportioned authority. These documents, which form the administrative basis for preparation of fund assignments to Regional Offices, are then forwarded to Housings Funding Control Division.

The Advice(s) of Allotment includes authority released in the current year Appropriation Act, as well as any authority released since 1976 and available in the previous fiscal year for which project fund reservations were not achieved by the end of that same fiscal year (commonly referred to as "carryover" authority). Based on laws, apportionments, allotments and any administrative restrictions on the use of funds, the Funding Control Division prepares a Fund Assignment Plan for the National distribution of assisted housing funds and units. Program staff prepare a Fund Assignment Plan for Section 202 Loan Authority.

- 4-3. DETERMINATION OF HOUSING NEEDS. In order to assure a "fair share" or equitable distribution of budget and loan authority for those Section 8 and Section 202 programs subject to fair share, in accordance with Section 213(d)(1), of the HCD Act of 1974 (ACT), as amended, Headquarters Economic and Market Analysis Division (EMAD) establishes Housing need factors for each county and independent city in each Field Office jurisdiction. EMAD then aggregates the factors into metropolitan and nonmetropolitan totals for each Field Office. The total metropolitan and the total nonmetropolitan Factors for each Field Office are then divided by the respective national metropolitan and nonmetropolitan totals to provide initial metropolitan and nonmetropolitan housing need percentages. The initial metropolitan and nonmetropolitan housing need percentages are then weighted to provide revised metropolitan and nonmetropolitan housing needs percentages for each Field Office, using the following weights: population, 20 percent; poverty, 20 percent; housing overcrowding, 10

percent; housing vacancies, 10 percent; substandard housing, 20 percent; other objectively measurable conditions, 20 percent. For the Section 202 elderly program, the two criteria referred to in Section B., Population and other Objectively Measurable Conditions are weighted equally. Lastly, EMAD adjusts the housing needs percentages to reflect the relative cost of providing housing among the Field Office jurisdictions.

A. The "housing needs factors" for the Section 8 and Public Housing Programs are developed from the most recent US Census Bureau data available relating to the following six housing needs criteria identified in Section 213(d)(1) of the Act:.

1. Population - The renter population;
2. Poverty - The number of renter households with annual incomes at or below the poverty level, as measured by the Bureau of the Census;
3. Housing overcrowding - The number of renter-occupied housing units with an occupancy ratio of 1.01 or more persons per room;
4. Housing vacancies - The number of renter housing units that would be required to maintain vacancies at levels typical of balanced market conditions;
5. Substandard housing - The number of housing units built before 1940 and occupied by renter households with annual incomes at or below the poverty level, as defined by the Bureau of the Census; and
6. Other objectively measurable conditions - Data indicating potential need for rental housing assistance because of rent burden, such as the number of renter households with incomes below specified levels and paying a gross rent of more than 30 percent of household income.

B. For the Section 202 Elderly Housing program, the data elements used reflect relevant characteristics of the elderly population. The data elements used to determine the housing need factors for the Elderly Housing program are: (1) a measure of the total number of elderly renter households, and (2) a measure of the number of one- and two-person elderly renter households with incomes at or below the Very-low Income standard with housing deficiencies, consisting primarily of households paying more than 30 percent of their incomes for rent. These data elements use the criteria specified in A.1. and A.6. as modified to apply specifically to the needs of the elderly population.

- C. For the Section 202 Handicapped Persons Program, different data elements are used to determine the housing need factors. They are: (1) census data which provides a measure of the number of persons identified as having a public transportation disability, and (2) census data which provides a measure of the number of persons identified as having a work disability.
 - D. The Field Office housing needs percentages, as developed in 4-3., are forwarded by Headquarters EMAD to the Funding Control Division within 30 calendar days after an official request for the housing needs percentages.
- 4-4. ASSIGNMENT PLAN PREPARATION AND APPROVAL. After the beginning of a new fiscal year the Headquarters Funding Control Division prepares an Assignment Plan detailing the amount of budget authority available and the estimated national unit distribution for each program (if funds for that program can be distributed geographically). This Assignment Plan is submitted by the Assistant Secretary for Housing for the approval of the Secretary. Information copies of the approved Assignment Plan and any subsequent revisions requiring approval by the Secretary are provided to the Department's Office of Budget.
- 4-5. ESTABLISHMENT OF THE HEADQUARTERS RESERVE. An amount, not to exceed five percent (5%) of the total budget authority available for those programs applicable to fair share may be retained by the Assistant Secretary for Housing for allocations to specific areas and localities. This Budget authority and the associated contract and loan authority drawn from the Section 8 programs, is not subject to a "fair share" distribution. Amounts designated for this reserve may be allocated on forms HUD-185 at any time during the fiscal year to meet the following special housing needs:
- A. Unforeseen housing needs resulting from natural and other disasters, including hurricanes, tornadoes, storms, high water, winddriven water, tidal waves, tsunamis, earthquakes, volcanic eruptions, landslides, mudslides, snowstorms, drought, fires, floods or explosions, which in the determination of the Secretary cause damage of sufficient severity and magnitude to warrant Federal housing assistance;
 - B. Housing needs resulting from emergencies, as certified by the Secretary, other than disasters described in subparagraph A. above. Emergency housing needs that can be certified are only those that result from unpredictable and sudden circumstances causing housing deprivation (such as physical displacement, loss of Federal rental assistance, or substandard housing conditions) or causing an unforeseen and significant increase in lower income housing demand in a housing market (such as influx of refugees or plant closings);
 - C. Housing needs resulting from the settlement of litigation; and

D. Housing in support of desegregation efforts.

4-6. CALCULATION OF FAIR SHARE SECTION 8 BUDGET AUTHORITY. Section 8 Budget Authority available for a fiscal year is divided into budget authority for metropolitan and nonmetropolitan areas as required by Section 213(d) of the HCD Act of 1974, as amended, and pursuant: to 24 CFR, Section 791.403(a). This metropolitan/nonmetropolitan allocation requirement applies to the total of (1) funds subject to fair share allocation, and (2) funds retained in the Headquarters Reserve. However, the metropolitan/nonmetropolitan requirement does not apply to budget authority needed for uses incapable of geographic allocation by formula. Section 213(d) requires that "The amount of assistance allocated to nonmetropolitan areas pursuant to this Section 213(d) in any fiscal year shall not be less than 20 nor more than 25 percentum of the total amount of such assistance." This metropolitan/nonmetropolitan split applies to the National aggregate of amounts allocated to metropolitan and nonmetropolitan areas. However, there is no requirement to maintain this allocation break-out in allocations to individual Regions, Field Offices, or Allocation Areas.

The fair-share allocation of budget authority for each Field Office is determined as follows:

- A. The total budget authority available for any fiscal year is determined by adding any available, unreserved carryover budget authority to any newly appropriated budget authority for each housing program.
- B. Funds that have been determined to be incapable of geographic distribution, such as amendment funds, are not subject to fair share. Accordingly, these funds are deducted from the combined total for all programs.
- C. An amount of budget authority to be retained in the Headquarters reserve (Section 4-5) is deducted from the total amounts of Budget authority available for each Section 8 housing program. The amount of budget authority deducted from each program may vary so long as the total amount of budget authority retained in the reserve is not more than 5 percent of the combined total for all programs.
- D. The total amount of combined budget authority remaining, is then calculated for use in metropolitan and nonmetropolitan areas on the basis of 75-80 percent of the authority to metropolitan areas and 20-25 percent to nonmetropolitan areas.
 - 1. The metropolitan "housing needs factor" for each Field Office, derived in paragraph 4-3., is applied to the budget authority available for use in metropolitan areas. Similarly, the nonmetropolitan "housing needs factor" for each

Field Office is applied to the national amount of budget authority available for use in the nonmetropolitan areas.

2. The total amount of combined budget authority "fair shared" to each Field Office for each program subject to fair share is derived by adding the respective amounts of metropolitan and nonmetropolitan budget authority calculated in paragraph 1.
- 4-7. NON-GEOGRAPHICAL AUTHORITY. This is the Section 8 budget authority in each fiscal year needed for uses (as determined by HUD) which cannot be allocated geographically by formula. This authority, which cannot be allocated by formula, is neither subject to Fair share distribution, neither subject to metropolitan/nonmetropolitan control, nor part of the Headquarters Reserve. It includes (1) all Loan Management Set Aside Units, Property Disposition units, Certificates or Vouchers for Opt-Outs, Sec. 23 Conversions, and (2) all amendment categories. Amendments are funded on the basis of immediate or relative need, or as a result of field surveys of amendment needs originated by Headquarters.
- 4-8. FUND ASSIGNMENTS - FORMS HUD-185. Assignments of contract and budget authority for Section 8 Programs, Loan Authority for Section 202 Programs (including advertising and fee inspections), and Expense Funds for FHA processing and Single Family Property Disposition Advertising are prepared by the Headquarters Funding Control Division. Assignments of Section 8 and Section 202 funds are usually transmitted to Regional Offices with instructions on use of the funds. The forms HUD-185 are then submitted for validation to the Office of Finance and Accounting, under the Assistant Secretary for Administration. After approval by the Assistant Secretary for Housing, assignments and accompanying guidance are forwarded to the Departmental Office of Budget for distribution to the respective Regional Office(s). See Appendices 1 through 1.4 for sample forms HUD-185.

For ready reference, each type of fund assignment carries an initial program identifier as part of the assignment number. Initial program identifiers for currently active programs are shown in the following sample assignment numbers.

| Program | Assignment Number |
|---|-------------------|
| All Section 8 | HA-01-90-01 |
| Section 202 Loan Authority for Elderly and Handicapped | HE-01-90-01 |
| Fees and Advertising Expenses | FE-01-90-01 |

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|--|--------------|
| Contract Renewals (Certificate Renewals, Voucher Renewals and Loan Management Extensions) | REN-01-90-01 |
| Rent Rebate Subsidy | HS-01-90-01 |
| Housing Counseling Assistance | HC-01-90-01 |
| Moderate Rehabilitation Single Room Occupancy | SRO-01-90-01 |
| Flexible Subsidy | HT-01-90-01 |

- 4-9. REALLOCATION OF BUDGET AUTHORITY. Based on input from Regional Offices after the initial allocation, the Assistant Secretary for Housing may make a determination that budget authority allocated to a particular Region(s) is not likely to be used during the remainder of the fiscal year. In such cases, the authority may be reallocated in the same fiscal year to another Regional Office where it is likely to be used prior to the end of that fiscal year. In those cases involving the reallocation of authority between Regions, the Funding Control Division revises the forms HUD-185 for each Region affected by the reallocation action (See 24 CFR, Part 791, Section 405). The reallocation adjustment can only be accomplished after due consideration that the Field Office and the RAD have taken the action through the mechanized systems to allow the withdrawal of the funds. The assigned funds must be withdrawn/returned to Headquarters and reassigned to another Regional Office.
- 4-10. EXPIRATION OF AUTHORITY. The authorization for Regional Administrators and Field Office Managers/Supervisors to reserve contract, budget and loan authority assigned during a fiscal year on forms HUD-185 and 185.1 expires on September 30. Authority not reserved for specific projects or PHAs by close of business on September 30, based on the Assisted Housing Accounting System (AHAS), is not available for use after that date. Such funds may become "carryover" authority and may be reassigned to the Regional Offices in the next fiscal year.
- 4-11. CALCULATION OF SECTION 202 LOAN AUTHORITY. A Notice of Fund Availability (NOFA) stating the "fair share" Loan Authority for each Regional/Field Office (for the Section 202 Elderly Program) and a NOFA stating the Loan Authority for each Regional/Field Office (for the Section 202 Handicapped Program) are issued at the beginning of each fiscal year. The fair share for the Section 202 Elderly and handicapped Programs is based on formulas which consider separate housing needs for the elderly and handicapped and other objectively measured data, as stated in the respective NOFAs.