



# PUBLIC HOUSING: OPERATING SUBSIDY UPDATE

# New Operating Subsidy Forms Published by HUD

## Changes to Form HUD-52722:

- Under Section 1, “Frozen Rolling Base” has been removed and the items renumbered accordingly
- “Rolling Base Consumption Category” has been added as a new component to the table in Section
- Instructions for when a PHA/project has more than six utility types has been modified in the instructions’ General section

# New Operating Subsidy Forms Published by HUD (continued)

## Changes to Form HUD-52723:

- A new space to enter the total number of ACC units for the PHA is now included above the start of Section 1
- For items 03 and 04 in Section 2, the term “New Units” has been replaced with “Occupied New Units”
- In item 02 in Part B of Section 3, “PUM Change in Utility Allowances” has been changed to “Resident Paid Utility (RPU) Energy Performance Contract (EPC) Benefit”
- A clarification in the form’s instructions with respect to limited vacancies in Section 2, Column B, Line 14 has been included

# New Controversy: HUD's Estimates of Certain Items and Impact on Subsidy

- Formula Income (rents)
- Utilities Deflation
- Discussion regarding industry efforts in this regard
- Potential solutions
- What we can do as an industry

# New Requirements for Public Housing FSS Escrows

- FSS Escrow entries changed – the entry previously was:
  - Dr Rental Income (increases subsidy)
  - Cr FSS Escrow Liability
- Now entry (per REAC Accounting Brief 23) is to be as follows:
  - Dr Other General Expense
  - Cr FSS Escrow Liability

# Impact

- This results in a loss of subsidy unless the PHA adjusts Formula Income in accordance with HUD instructions:
  - Q1. Our residents participate in a HUD-approved FSS Program under 24 CFR 984. Is the escrow account portion of the family rent included in the rental income amount used to calculate subsidy?
  - **A1.** For operating subsidy eligibility purposes, rental income excludes the amount of the rent charge that is credited to the FSS escrow account. If the formula income pre-populated by HUD includes the FSS escrow portion, PHAs can change the pre-populated formula income and exclude the escrow portion. In this case, PHAs must include a comment on their HUD-52723 submission.

# Example

Total value of FSS escrows for the fiscal year that was utilized by HUD for calculating formula income for subsidy purposes (the fiscal that HUD used for formula income can be determined by reviewing formula income methodology once it is published on HUD OpFund website): \$24,000

Total number of eligible unit months: 2,400

Per Unit Month Formula Income reduction, to be subtracted from Formula Income line on Form 52723 (make sure to explain in comments): \$10 pum  
[calculated as follows:  $\$24,000/2,400$ ]