

<b>Streamlined Annual PHA Plan (High Performer PHAs)</b>	<b>U.S. Department of Housing and Urban Development Office of Public and Indian Housing</b>	<b>OMB No. 2577-0226 Expires: 02/29/2016</b>
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**Purpose.** The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

**Applicability.** Form HUD-50075-HP is to be completed annually by **High Performing PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, HCV-Only PHA, Small PHA, or Qualified PHA do not need to submit this form.

**Definitions.**

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, and that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment, and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A.	PHA Information.														
A.1	<p>PHA Name: <u>Worcester Housing Authority</u> PHA Code: <u>MA012</u></p> <p>PHA Type: <input type="checkbox"/> Small <input checked="" type="checkbox"/> High Performer</p> <p>PHA Plan for Fiscal Year Beginning: (MM/YYYY): <u>04/2022</u></p> <p>PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)</p> <p>Number of Public Housing (PH) Units <u>2473</u> Number of Housing Choice Vouchers (HCVs) <u>3787 (73 EHV Voucher)</u></p> <p>Total Combined <u>6260</u></p> <p>PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p><b>Availability of Information.</b> In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan, but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.</p> <p>The public may view the WHA proposed PHA plan and the PHA Plan elements on its website at <a href="http://www.worcesterha.org">www.worcesterha.org</a>. The PHA Plan is located by clicking on the Library tab and scrolling down to PHA Plan.</p> <p>If there are any questions relative to the PHA Plan or for general information, click on the Contact Us tab and email any questions to <a href="mailto:questions@worchesterha.org">questions@worchesterha.org</a>.</p> <p>The PHA Plan is also available at any of the WHA Property Management Offices. Please note that all WHA Property Management Offices are currently open to the public from 8:00AM to 4:30PM on Monday, Tuesday, Thursday and Friday and are closed on Wednesdays.</p> <p><input type="checkbox"/> <b>PHA Consortia:</b> (Check box if submitting a Joint PHA Plan and complete table below)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2">Participating PHAs</th> <th rowspan="2">PHA Code</th> <th rowspan="2">Program(s) in the Consortia</th> <th rowspan="2">Program(s) not in the Consortia</th> <th colspan="2">No. of Units in Each Program</th> </tr> <tr> <th>PH</th> <th>HCV</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV						
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	Lead PHA:					
<b>B.</b>	<b>Annual Plan Elements</b>					
<b>B.1</b>	<p><b>Revision of PHA Plan Elements.</b></p> <p>(a) Have the following PHA Plan elements been revised by the PHA since its last <b>Annual PHA Plan</b> submission?</p> <p>Y   N</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Significant Amendment/Modification</p> <p>(b) The PHA must submit its Deconcentration Policy for Field Office Review.</p> <p>It is the policy of the Worcester Housing Authority that prior to the beginning of each fiscal year, the WHA shall analyze the income levels of families residing in each of its federal family developments and the income levels of the families on the waiting list in accordance with 24 CFR 903.2(c). Based on this analysis, the WHA will determine necessary marketing strategies to comply with de-concentration requirements, if required. Although the WHA will affirmatively market its housing programs to all eligible income groups, it will take appropriate actions, if necessary, to de-concentrate poverty and encourage income mixing in developments by offering units in developments with higher average income levels to families with lower incomes and by offering units in developments with lower average income levels to families with higher incomes. To this end, the WHA may skip over families on the waiting list(s) to reach other families with lower/higher incomes in order to comply with de-concentration requirements.</p> <p>The WHA may offer one or more incentives to encourage applicant families whose income classification would help to meet the de-concentration goals of a particular development. Various incentives may be used at different times, or under different conditions, but will always be provided in a consistent and nondiscriminatory manner.</p> <p>(c) If the PHA answered yes for any element, describe the revisions for each element below:</p> <p><b>The Worcester Housing Authority chooses to utilize the Operating Subsidy for Capital Fund Purposes option as detailed in Notice PIH 2018-03. The WHA will use up to 20% of its Operating Subsidy Obligated for each funding year, not to exceed \$2,000,000. The utilization of operating subsidy for capital fund purposes will be for the FY23 Operating Subsidy period. The funds will be used for projects that are detailed in the WHA Operating Budget.</b></p> <p><b>Financial Resources – Please see Attachment A for a complete list of financial resources.</b></p>					
<b>B.2</b>	<p><b>New Activities.</b></p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?</p> <p>Y   N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Mixed Finance Modernization or Development.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Demolition and/or Disposition.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Tenant Based Assistance.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Conversion of Public Housing to Project-Based Assistance under RAD.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Project Based Vouchers.</p>					



- ☐ ☒ Units with Approved Vacancies for Modernization.  
☐ ☒ Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project based units and general locations, and describe how project basing would be consistent with the PHA Plan.

Listed below are the Project-based programs that WHA administers or will be administering in FY23.

*DMH/DDS project based program – 188 units*

Provides affordable housing opportunities in Worcester and throughout Worcester County to individuals and families with disabilities.

*Lincoln Village (RAD Conversion), January 2015 – 664 units*

HUD issued 1154 HCVs to continue to provide affordable housing options for residents of Lincoln Village

*Scattered Sites project based program, December 2015 – 100 units*

Provides affordable housing opportunities to individuals and families in Worcester and the surrounding communities. These units are located in non-poverty census tracts to de-concentrate poverty which is consistent with the goals of our PHA Plan

*Colony Retirement Homes – 31 vouchers*

HUD issued vouchers to provide for 31 families to continue an affordable housing option. These units are located in a non-poverty census tract to deconcentrate poverty, a major goal of our PHA Plan.

*East Side CDC - 8 project based vouchers*

The WHA has awarded the East Side CDC eight vouchers to be project based at a new construction development in the City of Worcester to assist chronically homeless individuals with decent safe and affordable housing in a non-poverty census tract, which is consistent with our PHA Plan in de-concentrating poverty. The Tiny Village development was set to break ground in the spring of 2021, however due to pandemic related delays, it should be ready for occupancy in 2022. Wrap around service will be available to all project based participants. The WHA continues to work with the City in developing permanent housing solutions for the City's homeless population.

**New Development Plans FFY23**

**1. Development of Affordable Housing Units – Building Futures Inc.**

In keeping with its mission to increase affordable housing opportunities, the WHA will develop these opportunities through the use of its non-profit entity Building Futures, Inc. (BFI). During FFY23 BFI will be performing marketing and outreach tasks in order to determine future development projects.

**2. Application and Administration of HUD Moving to Work designation and Other Funding Opportunities**

The WHA is committed to providing and expanding affordable housing and self-sufficiency opportunities to an ever increasing underserved population. Although MTW was paused by HUD during this past fiscal year, the WHA continues to review and apply for grant opportunities that will provide the WHA with the ability to provide innovative and dynamic opportunities to low income individuals and families.

**3. Development and Repositioning of Federal Assets – RAD Conversion**

**Instructions for Preparation of Form HUD-50075-HP Annual Plan for High Performing PHAs**

The WHA is committed to improving the quality of life for its current and future families. In order to accomplish this, the repositioning of federal assets through the Rental Assistance Demonstration (RAD) program is necessary. A RAD conversion allows for the stabilization, preservation and improvement of affordable housing units. The WHA is continuing to work with the Cambridge Housing Authority to identify the type of location of potential RAD sites in Worcester in an effort to create additional affordable housing opportunities.

**4. Expiring Section 202 Developments**

The preservation of affordable housing opportunities for all populations, especially our seniors, should be everyone's priority. Through its Leased Housing Department, the WHA will utilize Section 8 HCVs to preserve affordability and manage expiring Section 202 developments.

**5. Acquisition and Disposition of Assets**

As the WHA looks to the future to expand its operations, objective assessments of its real property and assets are essential components of the planning process. These assessments may result in both the disposition of obsolete assets and properties and also the acquisition of assets and properties that will meet its future needs through purchase or lease of properties. The WHA is reviewing opportunities involving the Section 18 Program that may involve disposition of current assets.

**6. Expansion of Services**

The reputation of the WHA as a well-run, efficient and innovative agency has resulted in other entities contracting with the WHA to provide essential managerial and operational services. As a result of its expertise and efficiencies, the WHA entered into a Management Agreement with a smaller PHA to run their operation. Cognizant that smaller agencies are challenged by budget constraints and regulatory requirements, the WHA will continue to actively seek out future management opportunities with smaller agencies.

**7. Mixed Finance Development**

The WHA continues to seek partnership opportunities that will assist in the creation of new affordable housing through Mixed Finance Development. The WHA is in communication with a number of entities that represent vacant land and existing structures that may lead to the increase of affordable housing in the City of Worcester.

**B.3 Progress Report.**

Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year Plan.

The Worcester Housing Authority ("WHA") continues its mission in providing decent, safe and affordable housing for low-income people; economic and educational opportunities to promote and sustain an environment in which families can achieve self-sufficiency and improve their quality of life.

Through various self-sufficiency programs, the WHA provides its resident with opportunities in employment, job training and education. Through its "Step-Up" Apprenticeship programs and its Family Self-Sufficiency program, the WHA has provided many residents with an opportunity of gaining meaningful employment, some for the first time in their lives. The WHA continues to believe that education is the key to success and HiSet and ESL classes are held on site, as are computer and homework centers in an effort to promote the importance of education. Due to the COVID-19 pandemic crisis, all in-person classes and meetings are being held virtually or by telephone. As of September 2021, all academic programming was held in-person provided that proper protocols were followed relative to safe practices. Facemasks were worn at all times and contact tracing logs were implemented in the event that a program participant was diagnosed with the COVID-19 virus or the Variant.

The success of our ROSS program provides both our family and elderly tenants needed support. Through the dedication of the case managers, participants are provided with an array of services tailored to their individual needs. Many participants who have benefited from this program have moved on into jobs and careers and have relinquished their dependency on public assistance and services as a means of survival. Our elderly ROSS Coordinator is a vital resource to our seniors; many who do not have anyone else to turn to in time of need rely upon the guidance and assistance provided by the Coordinator.

In May 2021, the WHA was awarded 73 Emergency Housing Vouchers to provide assistance and an opportunity to the homeless and chronically homeless population in and around Worcester in finding permanent housing. Working with the local COC applicants are processed through HUD's Coordinated Entry System and then referred to the WHA for continued processing.

The WHA continues to realize that resident satisfaction is a necessary component its success. The WHA has fostered great partnerships with its residents and encourages them to be active participants in their communities. The 13 formally recognized tenant organizations are the conduit through which ideas and issues are presented to the WHA administration and through which policy, operational and program changes and enhancements are presented to its residents. The Chief Executive Officer meets monthly with the Jurisdiction-wide Resident Council to discuss policy changes, program implementation and other areas of the WHA operation that have a direct effect on the people it serves. For the past 20 months, these meetings were conducted through Zoom and although they were not as personal as in person meetings, they were an effective way of communicating. The WHA hosted its first in person JWRC at its new administrative headquarters on November 10, 2021 and the WHA remains hopeful that it will continue to host in-person meetings. The WHA recognizes and appreciates the knowledge, life experiences and ideas that it receives from its resident population.

The WHA continues to revitalize its existing housing stock through its Capital Fund. These funds are instrumental and essential in ensuring that systems within the WHA communities are modernized and upgraded for the residents.

The WHA will continue in its proactive approach in providing decent, safe affordable housing and be innovative in its programming and services that it provides its residents. It will also explore new opportunities that will hopefully increase the numbers of affordable housing opportunities for its residents and the community at large. Through the incorporation of its non-profit, Building Futures, Inc., the WHA intends to develop affordable housing opportunities for low income families in its jurisdiction.\

In addition to the above, the WHA is working with HUD to renew its Elderly Designated Housing Plan. The Plan identifies four WHA sites, Lincoln Park Tower Apartments, Elm Park Tower Apartments and Webster Square East & West Apartments as elder only communities. Once the Plan is approved, it will be included as an amendment to the current WHA Agency Plan.

#### WHA Response to the COVID-19 Pandemic

Throughout the pandemic, the WHA has put the needs of its residents first and foremost. Below and in no particular order are the actions that the WHA has taken in an effort to assist its tenants through this crisis.

##### **2021 Update**

- The WHA coordinated 1<sup>st</sup> and 2<sup>nd</sup> dose vaccine clinics at all of its sites through partnerships with UMass Medical Group, the City of Worcester and Genoa Pharmacy. Close to 2,600 doses of the COVID-19 vaccine were administered to WHA residents.



	<ul style="list-style-type: none"> <li>• Establish a COVID-19 Task Force to address all COVID-19 matters facing the WHA residents and employees;             <ul style="list-style-type: none"> <li>◦ The COVID-19 Task Force still meets regularly to review reported COVID-19 outbreaks/cases in WHA developments</li> </ul> </li> <li>• Contacted over 3,000 WHA residents (2X) to check on their well-being;</li> <li>• Worked with community partners to establish a list of resources available to our resident;</li> <li>• Utilized social media platform to provide updated information relative to testing;             <ul style="list-style-type: none"> <li>◦ Provide PSA's relative to testing and booster site locations throughout the area</li> </ul> </li> <li>• Created text alert system to update residents on all COVID-19 related matters;</li> <li>• Delivered approximately 500 meals per week to numerous sites;</li> <li>• Distributed over 10,000 masks to resident households;</li> <li>• Provided food pantry pick-ups to 1,239 residents;             <ul style="list-style-type: none"> <li>◦ WHA personnel continue to visit food pantries on behalf of residents and distribute food to those residents that continue to experience food insecurity</li> </ul> </li> <li>• Created a food pantry, receiving over 10,375 donated items;</li> <li>• Distributed 1,672 entertainment bags to elderly households;</li> <li>• Distributed 64 personal care bags;</li> <li>• Contacted over 400 households Worcester Public Schools (WPS) students to ensure that the students were participating in remote learning;</li> <li>• Set up lunch distribution sites for WPS and assisted in the distribution of 3,500 lunches to students and other household members;</li> <li>• Set-up a WHA COVID-19 hot line for residents to call;</li> <li>• Contacted 177 residents on a weekly basis that needed support or just someone to talk to during the initial stages of the pandemic.</li> </ul> <p><b>As an agency that is much more than just bricks and mortar, the WHA is committed to enhancing the quality of life of its residents. During the pandemic and continuing to today, the WHA has realized that many of its residents are lacking healthcare that adequately addresses both their overall physical and emotional well-being.</b></p> <p><b>With this in mind, the WHA will be working with its community partners and will be developing and introducing an all-inclusive healthcare initiative. At selected sites, residents will have access to regularly scheduled nursing and physician visits and the opportunity to speak with certified mental health clinicians. Additionally healthy and nutritious meals will also be made available to all residents at the site. One of the intentions of these added services is to provide our residents, the ability and the opportunity to live more healthy and independent lives as they grow older and age in place. It is the intention of the WHA to phase in these initiatives during the latter part of FY23.</b></p> <p>This is only a snapshot of some of the services and initiatives that the WHA did and continues to do amidst the continuing pandemic.</p>
<b>B.4.</b>	<p><b>Most Recent Fiscal Year Audit.</b></p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y   N  <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>
<b>Other Document and/or Certification Requirements.</b>	
<b>C.1</b>	<p><b>Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan</b></p> <p><u>Form 50077-ST-HCV-HP</u>, <i>Certification of Compliance with PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>



<b>C.2</b>	<b>Civil Rights Certification.</b> <u>Form 50077-ST-HCV-HP</u> , <i>Certification of Compliance with PHA Plans and Related Regulations</i> , must be submitted by the PHA as an electronic attachment to the PHA Plan.
<b>C.3</b>	<b>Resident Advisory Board (RAB) Comments.</b> (a) Did the RAB(s) provide comments to the PHA Plan?  Y    N <input type="checkbox"/> <input checked="" type="checkbox"/>  Each Jurisdiction-wide resident council member received a written copy of the Plan and were provided with a two week comment period. No comments were received relative to the Plan.  If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.
<b>C.4</b>	<b>Certification by State or Local Officials.</b> <u>Form HUD 50077-SL</u> , <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i> , must be submitted by the PHA as an electronic attachment to the PHA Plan.
<b>D</b>	<b>Statement of Capital Improvements.</b> Required in all years for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).
<b>D.1</b>	<b>Capital Improvements.</b> Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD. <u>February 16, 2021</u>

**A. PHA Information.** All PHAs must complete this section.

**A.1** Include the full PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type, and the Availability of Information, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. (24 CFR §903.23(4)(e))

**PHA Consortia:** Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

**B. Annual Plan.**

**B.1 Revision of PHA Plan Elements.** PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the "yes" box. If an element has not been revised, mark "no."

☐ **Statement of Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA's strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. For years in which the PHA's 5-Year PHA Plan is also due, this information must be included only to the extent it pertains to the housing needs of families that are on the PHA's public housing and Section 8 tenant-based assistance waiting lists. (24 CFR §903.7(a)(1) and 24 CFR §903.12(b)). Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. For years in which the PHA's 5-Year PHA Plan is also due, this information must be included only to the extent it pertains to the housing needs of families that are on the PHA's public housing and Section 8 tenant-based assistance waiting lists. (24 CFR §903.7(a)(2)(ii) and 24 CFR §903.12(b)).

☐ **Deconcentration and Other Policies that Govern Eligibility, Selection and Admissions.** Describe the PHA's admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA's policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA's procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)) A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

☒ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

☐ **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

☐ **Homeownership Programs.** A description of any homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. For years in which the PHA's 5-Year PHA Plan is also due, this information must be included only to the extent that the PHA participates in homeownership programs under section 8(y) of the 1937 Act. (24 CFR §903.7(k) and 24 CFR §903.12(b)).

☐ **Safety and Crime Prevention (VAWA).** A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

☐ **Pet Policy.** Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))



☐ **Substantial Deviation.** PHA must provide its criteria for determining a “substantial deviation” to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

☒ **Significant Amendment/Modification.** PHA must provide its criteria for determining a “Significant Amendment or Modification” to its 5-Year and Annual Plan. Should the PHA fail to define ‘significant amendment/modification’, HUD will consider the following to be ‘significant amendments or modifications’: a) changes to rent or admissions policies or organization of the waiting list; b) additions of non-emergency public housing CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan); or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD’s website at: [Notice PIH 1999-51](#). (24 CFR §903.7(r)(2)(ii))

If any boxes are marked “yes”, describe the revision(s) to those element(s) in the space provided.

PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see [24 CFR 903.2](#). (24 CFR §903.23(b))

**B.2 New Activities.** If the PHA intends to undertake any new activities related to these elements or discretionary policies in the current Fiscal Year, mark “yes” for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark “no.”

☐ **Hope VI.** 1) A description of any housing (including project name, number (if known) and unit count) for which the PHA will apply for HOPE VI; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI is a separate process. See guidance on HUD’s website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

☐ **Mixed Finance Modernization or Development.** 1) A description of any housing (including name, project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD’s website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>. (Notice PIH 2010-30)

☐ **Demolition and/or Disposition.** Describe any public housing projects owned by the PHA and subject to ACCs (including name, project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD’s website at: [http://www.hud.gov/offices/pih/centers/sac/demo\\_dispo/index.cfm](http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm). (24 CFR §903.7(h))

☐ **Conversion of Public Housing.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD’s website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>. (24 CFR §903.7(j))

☐ **Project-Based Vouchers.** Describe any plans to use HCVs for new project-based vouchers. (24 CFR §983.57(b)(1)) If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan.

☐ **Other Capital Grant Programs** (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

**B.3 Progress Report.** For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA’s progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.7(r)(1))

**B.4 Most Recent Fiscal Year Audit.** If the results of the most recent fiscal year audit for the PHA included any findings, mark “yes” and describe those findings in the space provided. (24 CFR §903.7(p))

## **C. Other Document and/or Certification Requirements**

**C.1 Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.** Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 SM-HP.

**C.2 Civil Rights Certification.** Form HUD-50077 SM-HP, *PHA Certifications of Compliance with the PHA Plans and Related Regulation*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction’s initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o))

**C.3 Resident Advisory Board (RAB) comments.** If the RAB provided comments to the annual plan, mark “yes,” submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA’s decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)

**C.4 Certification by State or Local Officials.** Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15)

**D. Statement of Capital Improvements.** PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. (24 CFR 903.7 (g))

**D.1 Capital Improvements.** In order to comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan. PHAs can reference the form by including the following language in Section C. 8.0 of the PHA Plan Template: “See HUD Form 50075.2 approved by HUD on XX/XX/XXXX.”

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies,



rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Public reporting burden for this information collection is estimated to average 16.64 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. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

**Privacy Act Notice.** The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

**Planned Financial Resources (Revised)**  
**WHA FY23 Agency Plan**

<b>Source</b>	<b>FY23 Amount</b>	
1. Federal Grants		
Public Housing Operating Fund	\$11,721,508.00	
Public Housing Capital Fund	\$6,593,084.00	CF2021
Capital Fund Operating Subsidy	\$2,000,000.00	
Section 8 HAP	\$33,659,442.00	
Section 8 Admin	\$4,185,288.00	
ROSS	\$159,500.00	
CDBG	\$28,079.00	
FSS Grant	\$360,000.00	
MA06P012501-14	\$6,984,626.00	Open CF 2018, 2019 &
Public Housing Dwelling Rental Income	\$11,016,130.00	
Other Income	\$2,090,996.00	
Investment Income	\$602,426.00	
Tenant Revenue-Excess Utility	\$49,496.00	
S8 Port Fees and Fraud Recovery	\$394,508.00	
State and Local Revenue	\$9,561,790.00	
Total Resources	\$89,406,873.00	



Planned Financial Resources (Revised)  
WHA FY23 Agency Plan

2020



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

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**Special Attention of:**

Regional and Field Office Directors of  
Public Housing  
Public Housing Agencies  
Regional Administrators  
Responsible Entities

**Notice PIH 2018-03 (HA)**

Issued: February 28, 2018

This notice remains in effect until  
amended, superseded or rescinded.

**Cross Reference:**

PIH Notice 2015-18 (HA);  
PIH Notice 2016-18 (HA);  
PIH Notice 2016-21 (HA);  
24 CFR parts 903 and 905

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**SUBJECT:** Guidance on the Use of Operating Subsidy for Capital Fund Purposes for Subsidy Appropriated and Allocated for Calendar Year 2018 and Subsequent Years.

1. **Purpose.** This notice explains how public housing agencies (PHAs) operating public housing may use a portion of their Operating Subsidy for capital activities, subject to HUD requirements.
2. **Background.** In 2016, Congress passed P.L. 114-201, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Section 109(b) of HOTMA provides PHAs flexibility to use up to 20 percent of a PHA's Operating Subsidy appropriated each year for Capital Fund Program (CFP) activities included in Section 9(d) of the U.S. Housing Act of 1937 (the Act), provided that the PHA's public housing annual plan provides for such use.
3. **Applicability.** This notice applies to all PHAs operating the public housing program, except for PHAs participating in the Moving to Work (MTW) demonstration program and some PHAs that operate fewer than 250 public housing units. MTW PHAs had flexibility to use Section 9 funds for either operating or capital programmatic purposes prior to the enactment of HOTMA. As detailed in Section 10 of this notice, PHAs operating fewer than 250 public housing units that are not troubled and do not have significant capital needs may use their entire Capital and Operating Funds flexibly, and thus the requirements of this notice do not apply to those PHAs. This notice only applies to Operating Subsidy appropriated for and allocated to PHAs for Calendar Year (CY)



2018 and thereafter. HUD is considering how to effectuate the use of subsidy appropriated for CYs 2016 and 2017, and will provide further guidance on the use of these funds at a later date.

4. **Summary.** PHAs have the flexibility to use up to 20 percent of their annual Operating Subsidy for CFP activities beginning CY 2018. HUD will publish the maximum amount of Operating Subsidy allowable for CFP activities towards the end of each funding year. Operating Subsidy to be used for CFP activities must remain in e-LOCCS.

5. **Process and Procedures for PHAs Using CY 2018 and Subsequent Year's Operating Subsidy for CFP Activities.** A PHA may use up to 20 percent of the Operating Subsidy obligated for each funding year, starting with CY 2018 appropriated funds and each year thereafter, for CFP activities by utilizing the following six step process:

- a. Step 1: PHAs that are required to submit an Annual PHA Plan are required to indicate their intent to use Operating Subsidy for CFP activities in the plan. PHAs must include this information in the statement of financial resources in the appropriate Annual Plan template. Small PHAs, for years in which they are not also submitting a 5-year Plan, must check the appropriate box on form HUD-50077-CRT-SM, indicating that there has been a change to the statement of financial resources since the last Annual Plan submission.

Qualified PHAs, as defined in 24 CFR 903, who are not required to submit an Annual PHA Plan, must make information regarding the intent to use this flexibility available for the required annual hearing. PHAs that elect to use their Operating Subsidy for CFP activities must continue to follow statutory and regulatory requirements, including those related to the conduct of public hearings, Resident Advisory Board consultation, consideration of comments, board approval, and environmental reviews.

- b. Step 2: Prior to notification by HUD of the maximum amount of Operating Subsidy available for CFP activities (see step 3), at both the PHA-wide and the project level, the PHA will estimate, for planning purposes, the amount of Operating Subsidy to be used for CFP activities. Based on that estimate, PHAs should plan throughout the year for the amount of Operating Subsidy they intend to use for CFP activities. The PHA may estimate any amount of Operating Subsidy for CFP activities at any project provided the following conditions are met:

- (1) the Operating Subsidy to be used for CFP activities at all projects does not exceed the maximum amount of 20% allowed at the PHA-wide level; and
- (2) the Operating Subsidy to be used for CFP activities at any one project does not exceed that project's total amount of Operating Subsidy.

Operating Subsidy to be used for CFP activities must remain in e-LOCCS. If a PHA draws down too much of its Operating Subsidy from BLI 1000 each month, it may not have sufficient funds remaining in e-LOCCS when HUD calculates the maximum authority (as described in Step 3 below), which will take place towards the end of the

Calendar Year. PHAs should note that any Operating Subsidy drawn down from e-LOCCS prior to approval by HUD as described in Steps 4 and 5 may not be used for CFP activities.

*Step 2 Illustration. Estimate the amount of Operating Subsidy that can be used for CFP activities at the project level:*

<b>Table 1. Example – Allowable Project-Level Budgets of Operating Subsidy for CFP Activities</b>				
	Project A	Project B	Project C	PHA Total
Total Operating Subsidy Obligated for Year	\$200,000	\$150,000	\$50,000	\$400,000
Example 1	\$40,000	\$30,000	\$10,000	\$80,000
Example 2	\$80,000	\$0	\$0	\$80,000
Example 3	\$0	\$40,000	\$40,000	\$80,000
Example 4	\$30,000	\$10,000	\$20,000	\$60,000
Example 5	\$0	\$20,000	\$50,000	\$70,000

All the examples<sup>1</sup> in Table 1 would be allowable ways for a PHA to budget its projects' Operating Subsidy for CFP activities. In each example, at the PHA level (i.e., "PHA Total" column) the total amount of Operating Subsidy used across all projects for CFP activities is \$80,000 (which is 20% of the \$400,000 of total Operating Subsidy obligated to the PHA for all projects) or less. In addition, in each example, the amount budgeted at any one project for CFP activities is equal to or less than the amount of total Operating Subsidy obligated to the project; and at least that amount is assumed to be available in BLI 1000 in e-LOCCs.<sup>2</sup>

- c. Step 3 – Towards the end of each funding year, HUD will publish the total amount of Operating Subsidy obligated to each PHA for the funding year and identify the maximum amount (i.e., 20 percent) of Operating Subsidy allowed for CFP activities.<sup>3</sup> The Operating Subsidy obligation information will be posted on the Operating Fund webpage:  
([https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/ph/am](https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/am)).

*Step 3 Illustration. Determine the maximum amount of Operating Subsidy that can be used for CFP activities (as calculated and provided by HUD):*

<sup>1</sup> These examples are not an exhaustive list, as many other combinations are possible.

<sup>2</sup> No transfer of cash from one project to another project is needed or allowed for use of this authority as the amount a project can contribute to CFP activities is limited to its total obligated Operating Subsidy amount for the year.

<sup>3</sup> This information cannot be published sooner, because the total Operating Subsidy obligated is not determined until the final obligation of the year. Generally, HUD would anticipate publishing this information in October of each year.



The example in Table 2 below shows a PHA with three projects. Row 1 shows the total amount of Operating Subsidy obligated to each project. Row 2 shows the PHA-wide amount of Operating Subsidy that can be used for CFP activities (20 percent of the PHA total).

<b>Table 2. Example – Determination of Maximum Amount of Operating Subsidy That Can be Used for CFP Activities</b>					
Row	Description	Project A	Project B	Project C	PHA Total
1	Total Operating Subsidy Obligated for Year	\$200,000	\$150,000	\$50,000	\$400,000
2	PHA-wide Maximum Amount of Operating Subsidy That Can be Used for CFP Activities	N/A	N/A	N/A	<b>\$80,000</b>

- d. Step 4 – After HUD publishes the amount of Operating Subsidy that can be used for CFP activities (see Step 3), PHAs may need to update their original estimate of Operating Subsidy to be used for CFP activities and will be required to create a draft Annual Statement/Budget<sup>4</sup> (or multiple ones as described below) identifying the amount of Operating Subsidy the PHA will use for CFP activities for each project in the Activity Planning Module of HUD’s Energy Performance and Information Center (EPIC) system. A PHA must create a separate draft Annual Statement/Budget for each Operating Subsidy grant where the PHA will be using Operating Subsidy for CFP activities. The title for the draft Annual Statement/Budget must exactly match the grant number of the Operating Fund grant to which it corresponds without any dashes or other punctuation inserted.

*Step 4 Illustration. Table 3 provides an example of a PHA’s election to use Operating Subsidy for CFP-eligible activities:*

- Row 1 provides the total amount of Operating Subsidy each project was funded for a given year.
- Row 2 provides the maximum amount of Operating Subsidy this PHA can use for CFP activities.

<sup>4</sup> In the past PHAs submitted an Annual Statement on HUD Form 50075.1 that outlined how they intended to spend a given Capital Fund grant. In 2013 HUD published a revised Capital Fund rule that sometimes used the term “Annual Statement” and elsewhere the term “Budget” (24 CFR 905.300(b)(1)(ii)) to describe the same submission requirement. The EPIC system uses the term “Annual Statement/Budget” to acknowledge the historical usage as well as be compliant with the revised Capital Fund regulation.

- Row 3 shows that the PHA used \$70,000 of Operating Subsidy for CFP activities at Project B. At project C, the PHA used \$10,000 of Operating Subsidy for CFP activities.
- Row 4 shows the amount of the annual Operating Subsidy grant that will be used for eligible Operating Fund expenses.

<b>Table 3. Example – Use of Operating Subsidy for CFP Activities</b>				
Row	Description	Project A	Project B	Project C
1	Total Project Level Operating Subsidy Funded for Year	\$200,000	\$150,000	\$50,000
2	PHA-wide Authority	\$80,000		
3	Amount of Operating Subsidy PHA Spends on CFP Activities	\$0	\$70,000	\$10,000
4	Amount of Operating Subsidy PHA Spends on Operations (Line 1 Minus Line 3)	\$200,000	\$80,000	\$40,000

- e. Step 5 - Once the budget is created in EPIC, HUD will review the draft Annual Statement/Budget to ensure that it complies with the requirements outlined in this notice. If HUD concludes that the draft Annual Statement/Budget complies with the requirements of the notice, HUD will create a notional Operating Subsidy grant in the EPIC system using the grant number provided in the budget as well as the amount specified (i.e. the amount of Operating Subsidy to be used for CFP activities specified in the draft budget).

HUD will complete this process of adding a new notional grant in the EPIC system within 5 business days after the end of the month in which the Annual Statement/Budget is created in the system and passes the requisite review checks. HUD will send an e-mail notification of the creation of the grant item(s) in EPIC to the PHA. The PHA will then be able to link the draft Annual Statement/Budget to its corresponding grant and submit the budget. HUD will transfer Operating Subsidy in the amount listed in the submitted Annual Statement/Budget from BLI 1000 to BLI 1300.

If HUD determines that a draft Annual Statement/Budget does not comply with the requirements of this notice, it will send an e-mail notification to the PHA indicating the reason the draft budget did not comply with the notice requirements. HUD will provide further instructions on how to accomplish this in guidance that will be published separately.

- f. Step 6 - Once funds are transferred to BLI 1300, PHAs must adhere to CFP requirements related to drawdown and expenditure as detailed in 24 CFR 905.310, and other relevant HUD guidance for such funds. PHAs may not spend Operating Subsidy for CFP activities that are drawn from BLI 1000. PHAs that determine that they need to transfer back all or a portion of the previously transferred Operating Subsidy from BLI 1300 back to BLI 1000 to be used for Operating Fund-eligible activities may do so after creating a revised Annual Statement/Budget in EPIC that contains a lower amount than the original budget amount. In this instance, HUD will work with the PHA to make the necessary adjustments to EPIC and LOCCS.

6. **Eligible CFP Activities and Limits for Certain Budget Line Items Accounts.**

Allowable CFP activities include all eligible activities under Section 9(d) of the Act, with the following two exceptions.

1. PHAs may not use this Operating Subsidy flexibility as a mechanism to transfer Operating Subsidy from one project to another project, therefore the use of Budget Line Item “1406 – Operations” when budgeting this Operating Subsidy is not allowed.
2. For a PHA operating under an asset management model, using a central office cost center (COCC)/fee for service approach, this Operating Subsidy flexibility does not allow the PHA’s COCC to charge an additional and equivalent Capital Fund management fee on the Operating Subsidy used for CFP activities, since the PHA is already eligible for fees based upon its operations. A Capital Fund management fee may only be charged to the PHA’s Capital Fund grant. Operating Subsidy used for CFP activities under this notice, simply remains Operating Subsidy with expanded eligible uses. The rules around the PHA’s COCC charging of a public housing (i.e., Operating Fund) management fee, bookkeeping fee, and asset management fee remain unchanged.

However, for all other PHAs (i.e., non-asset management PHAs or asset management PHAs using the allocated overhead model), the PHA may recover administrative costs associated with using Operating Subsidy for CFP activities as defined under 24 CFR 905.314(a) Costs and Other Limitations: Eligible Administrative Costs, and 24 CFR 905.314(h)(1) Costs and Other Limitations: Administrative Costs for Non-Asset Management PHAs.

Currently, BLI accounts 1408 (Management Improvements), and 1410 (Administrative Costs) are limited to a percentage of the overall CFP grant. For Management Improvements, the same regulatory percentage limits apply to the total amount of the Operating Subsidy that a PHA has identified for use for CFP activities, not at the total Operating Subsidy level. The same applies to administrative costs for non-asset management PHAs or asset management PHAs using the allocated overhead model. For example: The total amount of a project’s 2018 Operating Subsidy is \$500,000 and the project is dedicating \$75,000 in Operating Subsidy for CFP activities, the maximum amount of funds that could be allocated to BLI 1410, which is currently limited to 10%, would be limited to \$7,500 [0.10 (10 percent regulatory limitation) X \$75,000 (amount of



Operating Subsidy used for CFP activity)]. It would not be \$10,000 [ $\$500,000$  (total Operating Subsidy) X 0.20 (20 percent allowed flexibility) X 0.10 (10 percent regulatory limitation)].

7. **Reporting Requirements.** PHAs utilizing Operating Subsidy for CFP activities will comply with standard Capital Fund reporting requirements except that they will not submit grant close out documents (i.e. Actual Modernization Cost Certificates or Actual Development Cost Certificates).
8. **Financial Management.**
  - a. Operating Subsidy that has been identified for CFP activities by the PHA is not subject to the two-year obligation or four-year expenditure requirements normally associated with a PHA's CFP grant. These funds remain Operating Subsidy with "expanded uses." As Operating Subsidy, they must be expended within seven years of the funding year from which they came.
  - b. In implementing this provision of HOTMA, HUD is not creating any threshold requirements for the use of this flexibility, such as meeting minimum financial ratios or maintaining appropriate reserve levels, which may impact a PHA's Public Housing Assessment System (PHAS) score and designation. PHAs are advised to analyze the impact of using this flexibility on their PHAS score prior to use.
  - c. For a PHA operating under a COCC/fee for service model, using this flexibility could result in less excess cash at a property which could limit the PHA's ability to transfer funds from one project to another project or charge an asset management fee. PHAs are advised to analyze the impact of using this flexibility on their projects' excess cash calculations prior to use.
  - d. The amount obligated to any PHA project will not change based on a PHA's decision to use Operating Subsidy for CFP activities. However, PHAs must follow the requirements related to drawing down such Operating Subsidy for CFP activities as detailed in Section 4 and 5 of this notice and below.

To be compliant with federal cash management rules, Operating Subsidy budgeted by the PHA for CFP activities may not be drawn down from eLOCCS until the PHA has incurred an eligible cost and the PHA is ready to make payment. In accordance with federal cash management rules, once the PHA has drawn these Operating Subsidy funds for a CFP activity, the PHA has three business days to disburse the Operating Subsidy (i.e., make payment to the vendor/contractor).

The Annual Contribution Contract (ACC) requires all Operating Subsidy and other program income to be deposited into the PHA's General Fund. The use of Operating Subsidy for CFP activities does not change this requirement. However, a PHA must separately account for the use of this Operating Subsidy flexibility in such a manner as to be able to support compliance with the notice. A PHA's records need to show that:

- 1) Only Operating Subsidy (not reserves/program income) was used for the allowed CFP activity;
- 2) No more than 20 percent of that year's Operating Subsidy was used to fund CFP activities; and
- 3) Operating Subsidy was spent in accordance with the PHA's approved budget in EPIC.

If a PHA uses this flexibility, it must ensure that its records support the CFP transaction(s) in all three ways described above.

HUD recommends that a PHA establish subsidiary accounts within its General Fund to account for the use of Operating Subsidy for CFP activities. The use of subsidiary accounts will help a PHA to track the amount, the funding year, the date when the Operating Subsidy was identified for CFP activities, and the date when the eligible CFP expense was paid. This recommended accounting is similar to that currently used for CFP accounting.

- e. Operating subsidy identified for CFP activities remains Operating Subsidy with expanded uses, however, PHAs must follow the requirements of 24 CFR Part 905 when using these funds.
  - f. As with capital funds, budget revisions for Operating Subsidy to be used for CFP activities may be necessary from time to time.
  - g. Operating Subsidy that is to be used for CFP activities carries a further restriction from Operating Subsidy used for operations. From the time the PHA draws down these funds and before payment is made, the funds must be reported as restricted on the PHA's financial data schedule and financial statements.
9. **Financial Data Schedule (FDS) Reporting.** Appendix A of this notice provides instruction for FDS reporting.
  10. **PHAs with Fewer Than 250 Units.** PHAs owning or operating less than 250 units that are not troubled and have no significant capital needs are still eligible to use full flexibility between the operating and Capital Funds. These PHAs may use up to 100 percent of operating funds granted in a fiscal year for capital improvements, or transfer 100 percent of Capital Funds to operations, and are thus exempt from the requirements of this notice. Please see PIH Notice 2016-18 "Guidance on Full Flexibility for Eligible Small PHAs" for more information on this flexibility for small PHAs.
  11. **Effective Date.** This notice is effective upon issuance.

12. **Paperwork Reduction Act.** The information collection requirements referred to in this notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3520) and assigned OMB control numbers 2577-0226, 2577-0157, 2577-0274 and 2535-0107.
13. **Further Information.** For further information about this notice, PHAs may send an email to [PIHOCI@HUD.gov](mailto:PIHOCI@HUD.gov).

/s/

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Dominique Blom  
General Deputy Assistant Secretary  
for Public and Indian Housing



## Appendix A - Financial Data Schedule (FDS) Reporting

The following provides instructions for the proper FDS reporting of Operating Subsidy used to fund allowed Capital Fund program items.

### General Reporting

1. Operating Subsidy revenue regardless of its final use will be reported in the Low Rent column of the project under which HUD obligated such funds using FDS Line 70600 (HUD PHA Operating Grants).
2. Operating Subsidy that has been budgeted, approved for use to fund eligible CFP activities, and drawn down but not yet paid will be reported as restricted cash using FDS Line 112 (Cash – Restricted – Modernization and Development) or FDS Line 115 (Cash – Restricted for Payment of Current Liability) on the project Balance Sheet.
3. If the Operating Subsidy used for CFP activities was spent on items that are capitalized, PHAs must enter the respective amounts into the capital activity memo accounts located at the bottom of the project's Low Rent Income Statement on the FDS. These FDS line items are completed when the project incurred capital costs funded with non-Capital Fund related monies. The list of the capital activity memo accounts for the Low Rent column on the FDS are provided below:
  - **FDS Line 11610 (Land Purchases):** Capitalized costs incurred during the current fiscal year related to the purchase of land and related costs to prepare the land for use. Land purchases should include the purchase price and the costs needed to prepare the land for its intended use. These additional costs typically include fees for an attorney, title search, clearing, filling, drainage, and the cost of removing buildings that are needed to prepare the land for its intended use. Note that any land purchases are subject to approval by HUD under 24 CFR part 905 development requirements.
  - **FDS Line 11620 (Building Purchases):** Capitalized costs incurred during the current fiscal year for buildings and related building improvement projects. Construction in Progress costs related to a building or improvement project should also be reflected on this line.
  - **FDS Line 11630 (Furniture and Equipment – Dwelling Purchases):** Capitalized costs incurred during the current fiscal year for purchases of furniture and equipment related to the dwelling units of the PHA, which includes costs of movable furniture, equipment, and machinery placed in the dwelling unit or common area.
  - **FDS Line 11640 (Furniture and Equipment – Administrative Purchases):** Capitalized costs incurred during the current fiscal year of movable furniture, equipment, and machinery used in the administration, maintenance, and other functions (i.e., protective services) of the PHA.

- **FDS Line 11650 (Leasehold Improvement Purchases):** Capitalized costs incurred during the current fiscal year on leased property, such as additions, alterations, remodeling or renovations. Construction in Progress costs related to a leasehold improvement project should also be reflected on this line.
- **FDS Line 11660 (Infrastructure Purchases):** Capitalized costs incurred during the current fiscal year includes long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include parking lots, drainage systems, lighting systems, and water and sewer systems. Construction in Progress costs related to an infrastructure project should also be reflected on this line.

**FASS-PH System Changes.** The FDS reporting guidance issued in this notice may be modified in future FASS-PH system changes and enhancements. Such FDS reporting guidance and changes typically are issued in a PIH Notice or a FASS-PH Accounting Brief.