

Special Attention of: Alaska State
Coordinator; Hawaii State Coordinator;
Caribbean Coordinator; Administrator,
Alaska Native American Programs;
Non-PFS Rental Housing Authorities (HAs)

SUBJECT: Application of the Simplified Delta Calculation to
non-Performance Funding System (PFS) Rental Housing
Authorities (HAs)

1. **PURPOSE.**

This Notice transmits instructions for applying the simplified delta calculation in the determination of operating subsidy eligibility for non-PFS Rental HAs.

2. **EFFECTIVE DATE.**

The simplified delta calculation will be used in the determination of operating subsidy for all non-PFS Rental HAs with fiscal years beginning January 1, 1997, April 1, 1997, July 1, 1997, and October 1, 1997.

3. **BACKGROUND.**

This Office recently reviewed the current structure of the PFS to determine if there were elements that could be applied to housing owned by the Puerto Rico Public Housing Administration (PRPHA) without doing harm to the integrity of the system. The review contemplated that if any elements were found feasible to be applied to the PRPHA, they would also be made applicable to other non-PFS Rental HAs, to the extent practicable. One of the elements examined was the simplified delta calculation.

The simplified delta calculation is available to all HAs under the PFS that experience little change in their dwelling unit inventory. The calculation was developed to recognize the generally higher operating costs of aging developments. Since the housing stock of the non-PFS Rental HAs is aging and there is no reason to believe that the operating costs have not gone higher, all non-PFS Rental HAs that have stable inventories should be eligible to use and benefit from the simplified delta calculation.

4. **SIMPLIFIED DELTA CALCULATION.**

To calculate the simplified delta for its budget year, a non-PFS Rental HA shall take its approved Allowable Expense Level (AEL) for its current fiscal year and multiply by .005. The result of the calculation will be entered on line 2 of form HUD-52523. The Department notes that the instructions given to non-PFS Rental HAs on using the HUD-52723 to determine operating subsidy eligibility in Chapter 10-10 of the PFS Handbook, 7475.13 REV, did not contemplate non-PFS Rental HAs using the simplified delta calculation

and, thus, did not allow line 2 to be used. This Notice changes those instructions to permit use of line 2.

5. **SPECIAL ROBOTS INSTRUCTIONS.**

ROBOTS screen NM:B was developed to allow entry of data from part A of the HUD-52723 used by the non-PFS Rental HAS. Since the instructions to the non-PFS Rental HAS did not allow for the simplified delta calculation, there was no data entry field established to receive data from line 2 of the HUD-52723.

Until such time as modifications can be made to ROBOTS, the results of the simplified delta calculation will be entered on screen NM:B in the data entry field labeled ADD-ONS TO AEL.

6. **APPROVAL OF SUBSIDY ELIGIBILITY IN FFY 1997.**

- A. Special instructions have been issued for those Field Offices that have non-PFS Rental HAS which have already received approval of their subsidy eligibility for fiscal years beginning January 1, or April 1, 1997. These HAS do not need to submit a revised calculation.
- B. If the calculation is still awaiting approval, the HUD Field Office will revise the calculation. The HA is not required to submit a revision in order to benefit from the use of the simplified delta calculation.
- C. Non-PFS Rental HAS that have not yet submitted subsidy calculations will use the simplified delta calculation in determining their subsidy eligibility.

If additional information is needed, please contact Steve Sprague of the Finance and Budget Division, Office of Public and Assisted Housing, at (202) 708-1872. Offices of Native American Programs should contact Debbie Lalancette, Director, Housing Management Division, Office of Native American Programs, at (303) 675-1600.

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