



Operating Fund Annual Report Calendar Year 2008

December 5, 2008

**Financial Management Division
Real Estate Assessment Center
Office of Public and Indian Housing**

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1.0 OVERVIEW

The Public Housing Operating Fund Program provides funding to public housing agencies (PHAs) for the operation and maintenance of public housing.¹ There are approximately 3,100 local PHAs that administer 1.2 million public housing units.² For Federal Fiscal Year (FFY) 2008, covering PHA Calendar Years (CY) 2008, the Congress appropriated \$4.2 billion for operating subsidies.

This Operating Fund Annual Report, Calendar Year 2008, presents key statistics on the Operating Fund Program.

2.0 DETERMINING SUBSIDY ELIGIBILITY

PHAs calculate their operating subsidy on form HUD-52723, *Operating Fund: Calculation of Operating Subsidy*. There are four major components to the calculation:

- **Project Expense Level (PEL).** The PEL is a model-generated estimate of the cost of operating each project, exclusive of utilities, taxes, and certain add-ons.
- **Utility Expense Level (UEL).** The UEL is the funding a project receives for utilities based on an estimate of current rates and historical consumption (with incentives for energy savings). The amount of the UEL is calculated on form HUD-52722, *Operating Fund: Calculation of Utilities Expense Level*.
- **Add-ons.** These are special funding amounts for certain items outside the PEL and UEL (nationally, they represent about 6.5% of total subsidy eligibility).
- **Formula Income.** This is the income recognized by the formula for subsidy purposes.³

Subsidy eligibility represents the difference between Formula Expenses (PEL, UEL, and Add-ons) and Formula Income, as shown in the diagram below.

$$\text{PEL} + \text{UEL} + \text{Add-ons} - \text{Formula Income} = \text{Operating Subsidy Eligibility}$$

Each PHA completes the forms HUD-52722 and 52723 and sends them to the local HUD Field Office for review and approval. The local Field Offices submit the approved forms to headquarters, where the data is summarized and matched against funding levels.

PHAs generally submit their operating subsidy request in the fall for the upcoming calendar year. In the event that the Congress has not completed work on the appropriations bill for the upcoming/subject year, the Department will award funds in increments based on prior year formula characteristics, to be adjusted once the final appropriation is enacted.

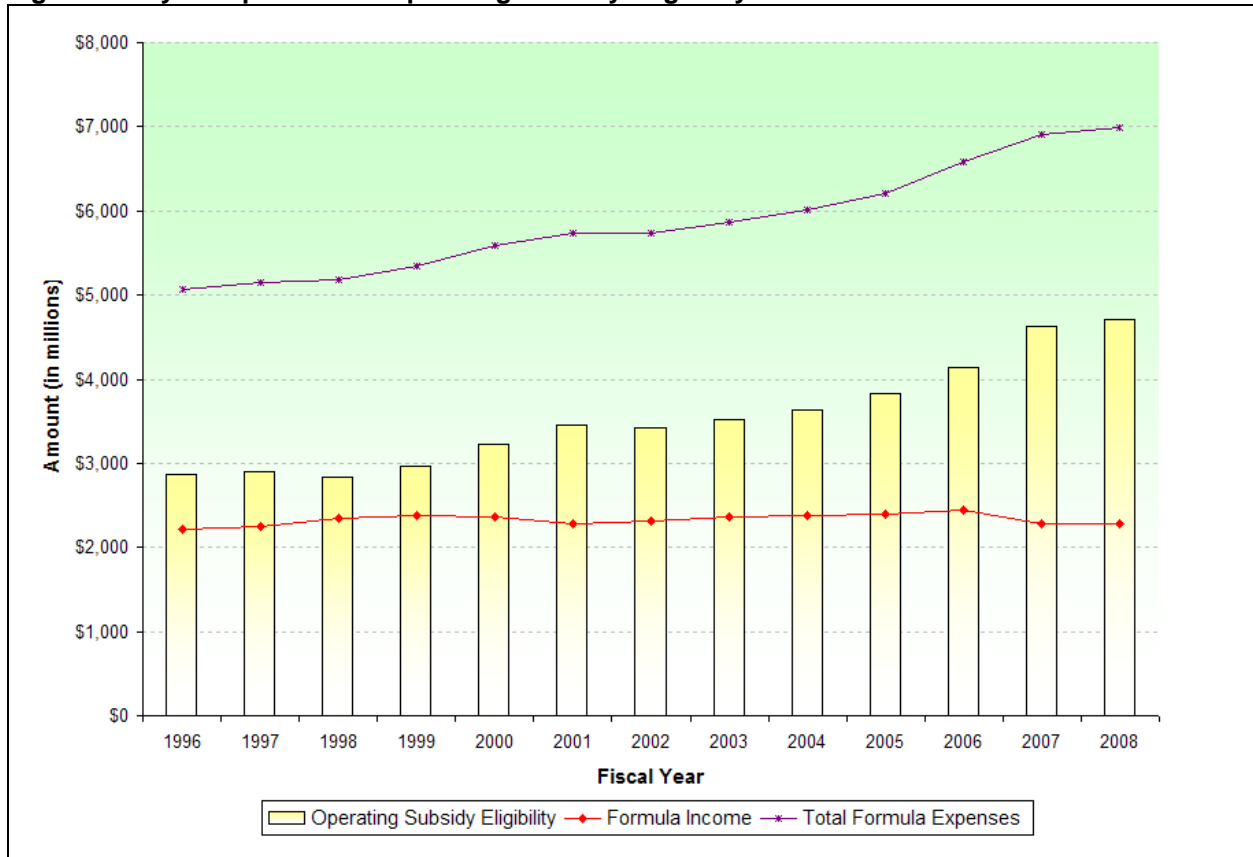
¹ See 24 CFR Part 990, Operating Fund Program.

² The total count of PHAs presented on different charts may differ due to the use of different data sources, e.g., the Financial Data Schedule (FDS), HUD-52723, etc.

³ To provide incentives to PHAs to increase rental incomes, Formula income, through 2009, is based on actual rental income in 2004.

Figure 1 presents the trend in Total Formula Expenses, Formula Income and Operating Fund Eligibility from 1996 to 2008.

Figure 1: Key Components of Operating Subsidy Eligibility Calculation



3.0 KEY PROGRAM CHANGES IN 2008

3.1 PROJECT-LEVEL FUNDING

For CY 2008, subsidy computation and disbursement were done at the project level for the first time. At the year end, HUD provided a reconciliation worksheet to all PHAs summarizing the subsidy computation. More details on the reconciliation methodology are available at:

<http://www.hud.gov/offices/pih/programs/ph/am/of/opfnd2008.cfm>

3.2 TRANSITION FUNDING

Overall, about 26% of PHAs experience a decline in funding under the new formula (versus the prior methodology) and 74% a gain. The net gain results in approximately \$271 million in increased eligibility (in 2004 dollars). To ease the impact on “decliners,” new funding levels are phased in over five years. For CY 2008, decliner agencies that had not qualified for stop-loss (see below) experienced a 24% decline in eligibility between the old and new formulas. In the case of gainers, the full amount of increase in subsidy level was realized in CY 2008.

Table 1 shows the total estimated impact of the new formula, by gainers and decliners, based on 2004 eligibility.

Table 1: Transition Funding and Count of Gainer and Decliner PHAs

	Number of PHAs	% of PHAs	Interim Rule Eligibility 2004	Final Rule Eligibility 2004	Difference Between Interim and Final Rule Eligibility
Gainers	2,304	74%	\$1,594,071,044	\$2,050,574,552	\$456,503,508
Decliners	814	26%	\$1,686,647,869	\$1,500,695,405	-\$185,952,464
Other PHAs*	14	0%	N/A	N/A	N/A
Totals	3,132	100%	\$3,280,718,913	\$3,551,269,957	\$270,551,044

*Excluded from this chart are (1) 8 Moving to Work “alternative funding” PHAs that would otherwise decline (their grant agreements hold them harmless) and (2) 6 PHAs where data was incomplete.

3.3 STOP-LOSS

Decliner agencies can apply to HUD to stop their losses by demonstrating successful conversion to asset management, i.e., stop-loss, in accordance with PIH Notices 2006-14, 2006-35, and 2007-16. Originally, the deadline for Year 1 applications was October 15, 2006. HUD issued two extensions, resulting in a final Year 1 deadline of October 15, 2007. The stop-loss application schedule is included in Table 2.

Table 2: Stop-Loss Demonstration Timeline and Effective Dates

Demonstration Date By	Applications Due	Reduction Stopped At	Reduction Effective For
September 30, 2007	October 15, 2007	5% of the PUM difference	CY 2007 and thereafter
April 1, 2008	April 15, 2008	24% of the PUM difference	CY 2008 and thereafter
October 1, 2008	October 15, 2008	43% of the PUM difference	CY 2009 and thereafter
October 1, 2009	October 15, 2009	62% of the PUM difference	CY 2010 and thereafter
October 1, 2010	October 15, 2010	81% of the PUM difference	CY 2011 and thereafter

A total of 422 stop-loss applications were received for Year 1, of which 246 were approved and 176 were denied.⁴ Where approved, transition funding was changed from 76% to 95%, for an impact of \$15,002,562 in CY 2008. Overall, these approved applications reduce the aggregate amount of decline from \$185.95 million (see Table 1) to \$170.95 million. Table 3 provides a summary of approved applications.

Table 3: Distribution of Year 1 Stop-Loss Approvals

PHA Size Category	PHA Count	Unit Count	Difference between 76% and 95%
Size 6 (More than 6,599 Units)	2	18,685	\$4,186,064
Size 5 (1,250 to 6,599 Units)	26	74,383	\$7,840,336
Size 4 (500 to 1,249 Units)	18	13,747	\$1,166,596
Size 3 (250 to 499 Units)	21	7,446	\$625,044
Size 2 (100 to 249 Units)	59	9,060	\$704,747
Size 1 (Less than 100 Units)	120	5,579	\$479,775
Total	246	128,900	\$15,002,562

3.4 ASSET MANAGEMENT ELECTIONS

Under 24 CFR 990.260(b), PHAs with fewer than 250 public housing units are exempt from asset management. Section 225 of the Consolidated Appropriations Act, 2008, increased, for CY 2008, the threshold to 400 units, except for PHAs eligible for stop-loss, who must implement asset management.

A total of 334 PHAs have between 250 and 400 units. Of these 183 (representing 404 projects) elected to opt-out of asset management for CY 2008. There were two financial implications for PHAs with 250 to 400 units that did not elect to implement asset management:

- 1) They lose the \$4 PUM asset management fee, which reduced the overall asset management fee by \$2,653,532; and
- 2) They may have experienced a change in its PEL if they had more than one asset management project. By electing not to implement asset management, all units were combined into one project. The PEL for these new, consolidated projects was reduced, on average, by about \$2.12 PUM (due to impact of formula coefficients when multiple projects were combined). The overall impact of asset management elections on the PEL was a reduction in the amount of \$1,404,758.

As a result of the asset management elections, operating subsidy eligibility for CY 2008 decreased by a total of \$4,058,290, as shown in Table 4.

⁴ PHAs that were denied stop-loss have an opportunity to submit a Management Response, many of which are currently under review. Figures pertaining to stop-loss or transition funding in this document do not include agencies whose Management Responses may be approved.

Table 4: Change in Operating Subsidy Eligibility for Asset Management Opt-Outs

Change in Operating Subsidy Eligibility	PHA Count	Change in Eligibility after Asset Management Opt-Outs
No Change	2	\$ -
Decrease in Operating Subsidy	161	\$4,403,649
Increase in Operating Subsidy	20	\$345,359
Total	183	\$4,058,290

3.5 PHA APPEALS

Subpart G of the Operating Fund Final Rule includes certain provisions for PHAs to appeal their PELs and associated operating subsidy calculations. PHAs could appeal their 2008 Operating Subsidy under one or more of the following categories:

1. Streamlined appeal. This appeal required PHAs to demonstrate that there is a blatant and objective flaw in the application of a specific Operating Fund formula component.
2. Appeal of formula income for economic hardship. PHAs could appeal to have their formula income adjusted from the level frozen in 2004 (in accordance with 990.195(c) of the final rule) in order to reflect a severe local economic hardship that is impacting the PHAs' ability to maintain rental and other revenue.
3. Appeal to substitute actual project cost data. PHAs could appeal to have their PEL changed when they can produce project cost data, derived from actual asset management as outlined in subpart H of the final rule, for a period of at least two years.
4. Appeal for specific local conditions. An appeal for specific local conditions required PHAs to demonstrate that the model-generated PELs failed to reflect local conditions. To be eligible for a change in subsidy for an appeal for specific local conditions, PHAs had to demonstrate a variance of ten percent or greater in their PEL.
5. Appeal for changing market conditions. PHAs could appeal to receive operating subsidy for vacant units due to changing market conditions after they had taken aggressive marketing and outreach measures to rent these units.

Appeals for categories 1, 3 and 4 were submitted directly to headquarters and appeals received under categories 2 and 5 were handled at the Field Office level.

No appeals received in categories 1, 3 and 4 were approved for CY 2008. Table 5 includes the count for each type of appeal.

Table 5: Count of CY 2008 Appeals

#	Type of Appeal	Number of Appeals
1	Streamlined Appeals	1
2	Formula Income for Economic Hardship Appeals ¹	N/A
3	Actual Project Cost Data Appeals	-
4	Specific Local Condition Appeals	10
5	Changing Market Condition Appeals ¹	190 ²
	Total	201

¹ Appeals received under categories 2 and 5 were handled by the Field Offices.

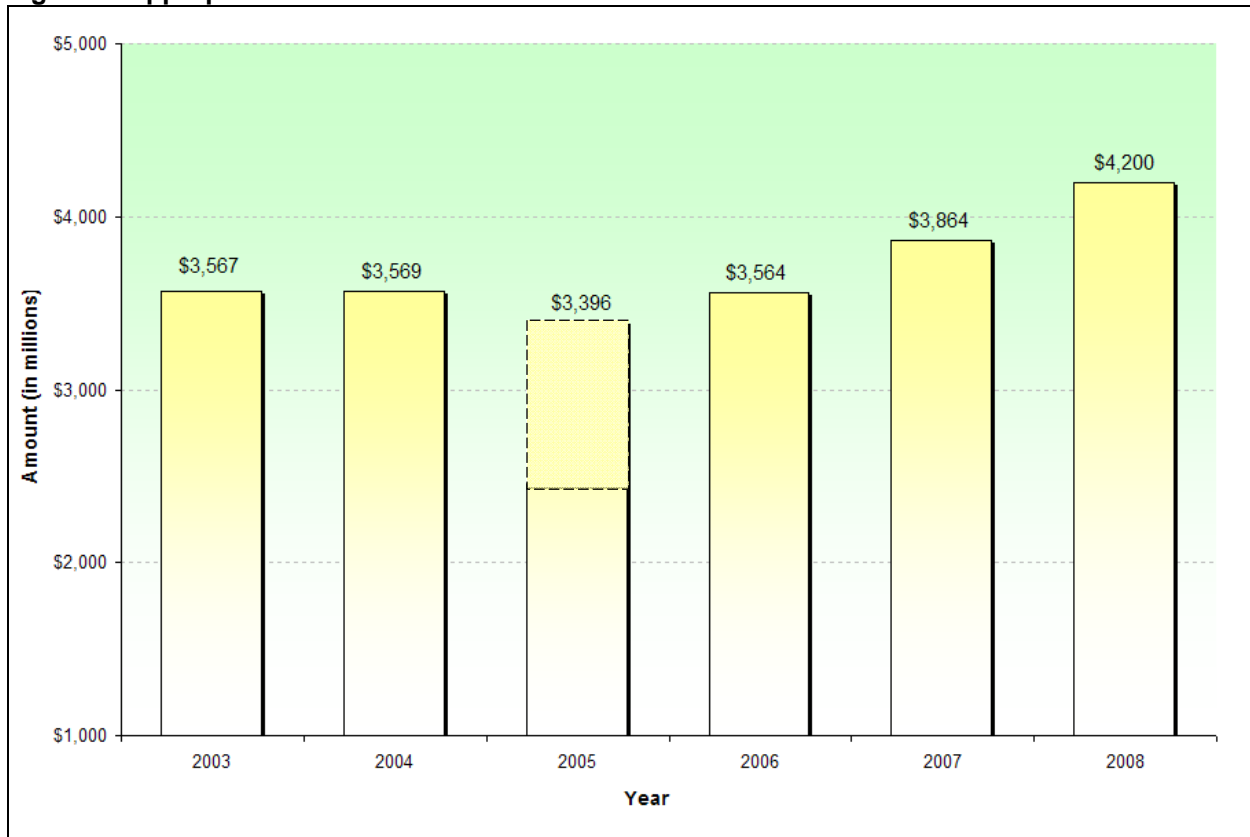
² Represents only approved appeals not number of appeals received. A total of 190 PHAs had approved appeals for Changing Market Condition, representing approximately 3,000 units.

4.0 CY 2008 FUNDING LEVELS, PRORATION AND ELIGIBILITY

4.1 CY 2008 APPROPRIATION

For 2008, Congress appropriated \$4.2 billion for the public housing Operating Fund. Of this amount, \$5.94 million was set aside for technical assistance to PHAs. Figure 2 presents the Operating Fund appropriation for the last six years.

Figure 2: Appropriation Levels from 2003 to 2008



* For 2005, Congress changed to “calendar year” funding for the Operating Fund program. For that year, lower levels of appropriations were needed. HUD funded PHAs with fiscal years that began in 2005 only for the number of months within each PHA’s fiscal year that were in calendar year 2005. PHAs with fiscal years beginning January 1, 2005, received twelve months of funding; PHAs with fiscal years beginning April 1, 2005, received nine months of funding; PHAs with fiscal years beginning July 1, 2005, received six months of funding; and PHAs with fiscal years beginning October 1, 2005, received three months of funding. Thus, while the amount appropriated in 2005 (\$2.42 billion) decreased by more than \$1.1 billion from 2004, it still resulted in proration of 88.8%. For consistency purposes, the figure reflects the equivalent level of funding, assuming 88.8% proration, had the Congress not made the shift in 2005 to calendar year funding, or \$3.396 billion.

4.2 CY 2008 PRORATION

When total eligibility exceeds appropriated amounts, the Department “prorates” the funding by dividing total eligibility by the amount appropriated. As shown in Table 6, proration for CY 2008 was 88.96%.

Table 6: Proration Calculation for CY 2008

#	Description	Amount (in \$)
1	CY 2008 Appropriation	\$4,200,000,000
2	Less: Set aside for technical assistance to PHAs	(\$5,940,000)
3	Net Operating Fund Allocation (1) – (2)	\$4,194,060,000
4	Less: Unavailable due to recaptures	(\$1,740,280)
5	Less: Other adjustment	(\$309,796)
6	Amount Available for Distribution (3) – (4) – (5)	\$4,192,009,924
7	CY 2008 Eligibility (Operating Fund)	\$4,711,131,005
8	CY 2008 Eligibility (HTK and MHP)	\$844,403
9	Total CY 2008 Eligibility (7) + (8)	\$4,711,975,408
10	Proration (6) / (9)	88.96%

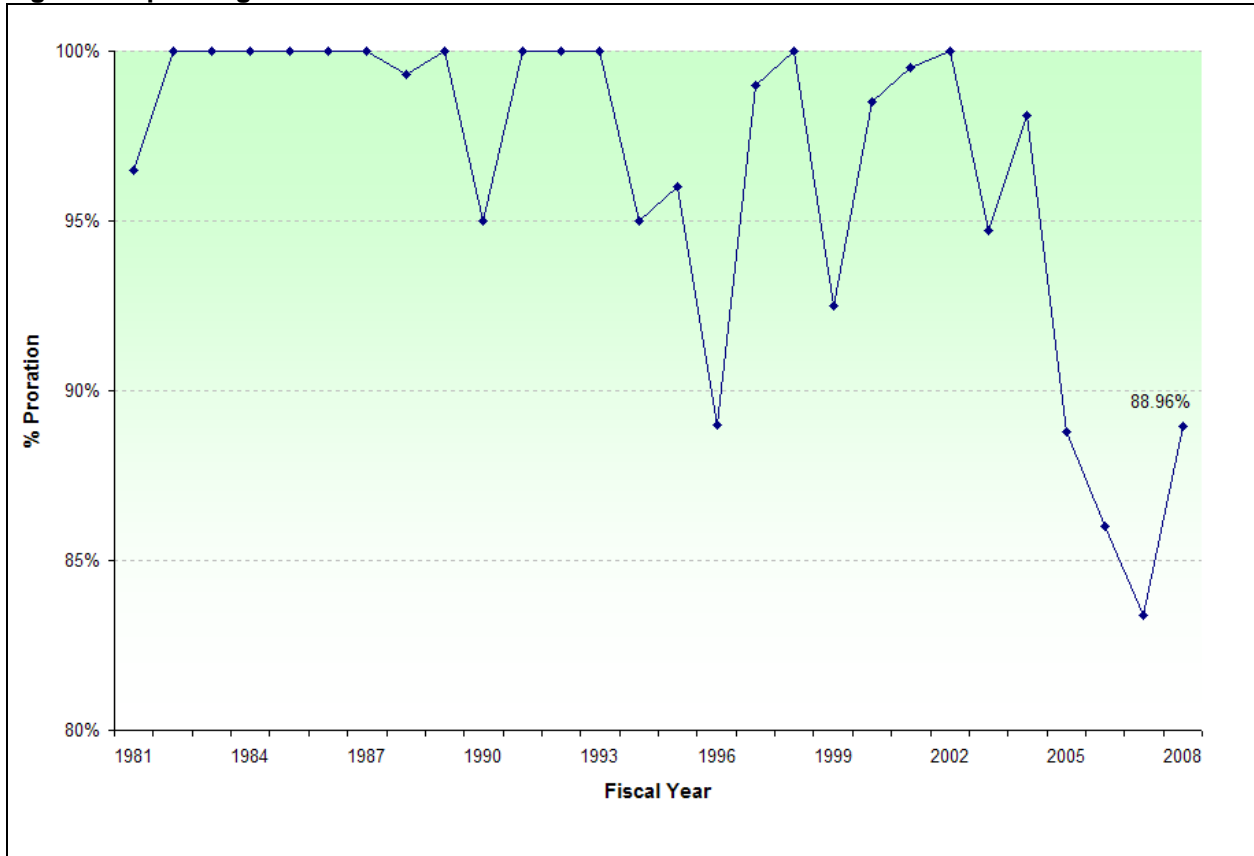
Table 7 shows proration levels from 1981 to 2008. Figure 3 presents this information in a line chart.⁵

Table 7: Proration Levels from 1981 to 2008

Year	Proration Level	Year	Proration Level	Year	Proration Level
1981	96.50%	1991	100.00%	2001	99.50%
1982	100.00%	1992	100.00%	2002	100.00%
1983	100.00%	1993	100.00%	2003	94.70%
1984	100.00%	1994	95.00%	2004	98.10%
1985	100.00%	1995	96.00%	2005	88.80%
1986	100.00%	1996	89.00%	2006	86.02%
1987	100.00%	1997	99.00%	2007	83.40%
1988	99.32%	1998	100.00%	2008	88.96%
1989	100.00%	1999	92.50%		
1990	95.00%	2000	98.50%		

⁵ 2007 is the first year of the implementation of the new formula.

Figure 3: Operating Fund Historical Proration Levels



4.3 CY 2008 ELIGIBILITY

For CY 2008, total eligibility was \$4.71 billion. Table 8 displays this amount, broken down by key formula components, and compares it with CY 2007.

Table 8: Key Formula Components

#	Description	CY 2007	CY 2008	\$ Variance	% Variance
1	Unit Count	1,191,110	1,214,746	23,636	1.98%
2	Eligible Unit Months (EUM)	12,807,344	12,729,120	-78,224	-0.61%
3	Project Expense Level	\$4,458,104,151	\$4,521,730,021	\$63,625,870	1.43%
4	Utility Expense Level	\$1,715,647,507	\$1,544,732,243	-\$170,915,264	-9.96%
5	Add-ons:				
6	Self-Sufficiency	\$14,582,988	\$14,904,151	\$321,163	2.20%
7	Energy Loan Amortization	\$17,319,044	\$21,042,957	\$3,723,913	21.50%
8	PILOT	\$95,361,226	\$94,709,635	-\$651,591	-0.68%
9	Cost of Independent Audit	\$17,322,220	\$19,151,951	\$1,829,731	10.56%
10	Funding for Resident Participation Units	\$25,203,825	\$25,200,275	-\$3,550	-0.01%
11	Asset Management Fee	\$43,657,092	\$41,321,190	-\$2,335,902	-5.35%
12	Information Technology Fee	\$26,648,226	\$26,732,930	\$84,704	0.32%
13	Asset Repositioning Fee	\$52,021,551	\$63,789,564	\$11,768,013	22.62%
14	Total Add-Ons (6 through 13)	\$292,188,189	\$306,852,653	\$14,664,464	5.02%
15	Total Formula Expense (3 + 4 + 14)	\$6,465,939,847	\$6,373,314,917	-\$92,624,930	-1.43%
16	Formula Income	\$2,296,129,409	\$2,329,318,149	\$33,188,740	1.45%
17	Change in Utility Allowance	-\$20,504,213	-\$50,146,010	-\$29,641,796	144.56%
18	Total Formula Income (16 + 17)	\$2,275,617,599	\$2,279,172,141	\$3,554,542	0.16%
19	Other Formula Provisions:				
20	Moving to Work (MTW) with Alternative Subsidy Calculation	\$483,894,624	\$459,916,839	-\$23,977,785	-4.96%
21	Transition Funding (Gainers)	-\$218,698,508	\$0	\$218,698,508	-100.00%
22	Transition Funding (Decliners) ¹	\$176,704,108	\$155,315,024	-\$21,389,084	-12.10%
23	Other	\$1,307,535	\$1,654,833	\$347,298	26.56%
24	Total Other Formula Provisions (20 through 23)	\$441,900,224	\$616,886,696	\$174,986,472	39.60%
25	Total Eligibility (15 – 18 + 24)	\$4,633,530,007	\$4,711,131,005	\$77,600,998	1.67%

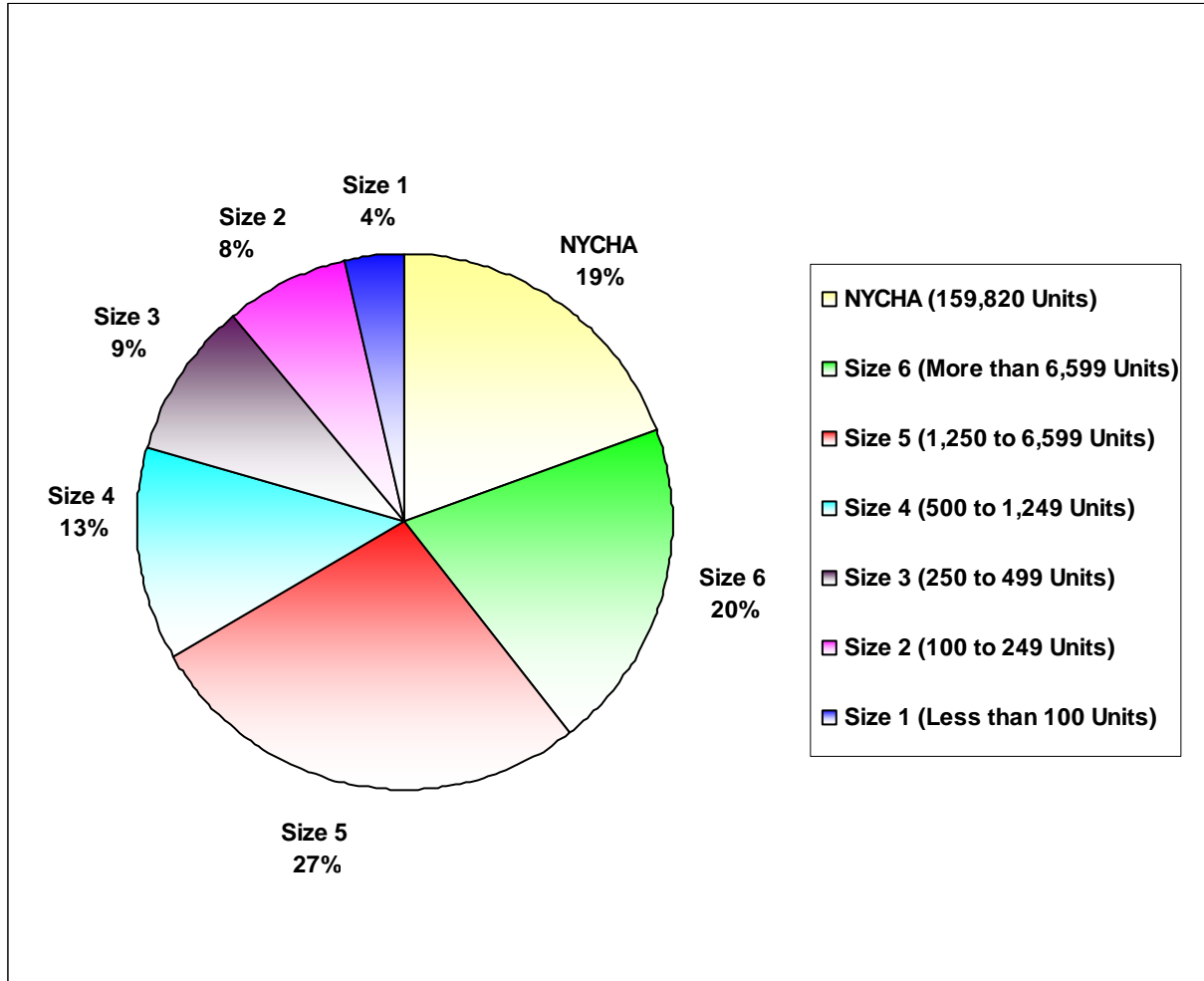
¹Amount reflects approved stop-loss submissions for Year 1.

Table 9 shows total eligibility by PHA size categories. Figure 4 presents this information in a pie chart. (See Appendix A for operating subsidy eligibility by state).

Table 9: Eligibility Amount Categorized by PHA Size

PHA Size Category	PHA Count	Unit Count	Eligibility	% of Total Eligibility
NYCHA (159,820 Units)	1	159,820	\$916,351,186	19%
Size 6 (More than 6,599 Units)	12	183,220	\$948,259,881	20%
Size 5 (1,250 to 6,599 Units)	131	330,042	\$1,273,811,914	27%
Size 4 (500 to 1,249 Units)	247	188,230	\$603,398,858	13%
Size 3 (250 to 499 Units)	427	148,624	\$443,463,385	9%
Size 2 (100 to 249 Units)	852	133,732	\$351,280,566	8%
Size 1 (Less than 100 Units)	1,462	71,078	\$174,565,215	4%
TOTAL	3,132	1,214,746	\$4,711,131,005	100%

Figure 4: Eligibility Amount Categorized by PHA Size



5.0 MUTUAL HELP AND TURNKEY III HOMEOWNERSHIP PROGRAMS

The Operating Fund appropriation includes funding for PHAs participating in Mutual Help and Turnkey III Homeownership programs as well. PHAs are required to complete and submit form HUD-53087, *Calculation of Subsidies for Operations: Non-Rental Housing*, to their respective Field offices. Table 10 presents the total eligibility of Mutual Help and Turnkey III Homeownership programs for CY 2008.

Table 10: Eligibility Amount of Mutual Help and Turnkey Programs

Program Name	Number of Projects	CY 2008 Eligibility
Turnkey III Homeownership (HTK)	14	\$828,841
Mutual Help (MHP)	1	\$15,562
Total	15	\$844,403

6.0 UNIT COUNTS

PHAs earn subsidies based on the number of months a unit is eligible for subsidy. Except in the case of new units/projects, PHAs earn subsidy based on unit status categories for the “reporting period”. For CY 2008, the reporting period was July 1, 2006 – June 30, 2007. Three key terms are defined below:

- **ACC Units:** All dwelling units under a PHA's Annual Contribution Contract (ACC) as of June 30 of the reporting period, i.e., the end of the reporting period. In CY 2008 there were 1,214,746 units reported.
- **Total Unit Months:** This figure reflects the total number of months that units were under ACC for the reporting period. For most PHAs, unit months are equal to total units *times* 12. However, in the case where units were added or deleted during the year, the number of ACC units reported as of June 30 will not equal one-twelfth of unit months. In CY 2008 there were 14,277,445 total unit months reported.
- **Eligible Unit Months (EUMs):** EUMs represent the number of unit months eligible for subsidy.⁶ A PHA receives funding for: (a) occupied units, (b) certain “allowable” vacancies, and (c) “unallowable” vacancies limited to three (3) percent⁷ of total units. In CY 2008 there were 13,596,662 EUMs reported.

Of the 14.28 million total unit months, PHAs included an estimated 13.6 million EUMs. This means that some 680,000 unit months, or 56,000 units, were not eligible and therefore did not receive operating subsidy in CY 2008, representing 4.7% of available unit months.

Table 11 summarizes ACC units, total unit months and EUMs from the CY 2008 approved HUD-52723 forms.

⁶ All units, though, are eligible for the asset management fees and IT fees add-on.

⁷ PHAs with 100 or fewer units are paid subsidy for up to five (5) vacant units.

Table 11: Count of PHAs and Units by PHA Size Category

PHA Size Category	PHA Count	Unit Count	Total Unit Months			Eligible Unit Months (EUMs)		
			All PHAs (Except MTW)	¹ Estimated MTW PHAs	Total	All PHAs (Except MTW)	² Estimated MTW PHAs	Total
NYCHA	1	159,820	1,899,324	-	1,899,324	1,886,694	-	1,886,694
Size 6 (More than 6,599 Units)	12	183,220	1,536,590	666,768	2,203,358	1,414,119	634,975	2,049,094
Size 5 (1,250 to 6,599 Units)	131	330,042	3,547,208	233,592	3,780,800	3,283,728	222,454	3,506,182
Size 4 (500 to 1,249 Units)	247	188,230	2,162,048	6,192	2,168,240	2,044,945	5,897	2,050,842
Size 3 (250 to 499 Units)	427	148,624	1,764,800	4,428	1,769,228	1,700,059	4,217	1,704,276
Size 2 (100 to 249 Units)	852	133,732	1,594,657	-	1,594,657	1,557,864	-	1,557,864
Size 1 (Less than 100 Units)	1,462	71,078	861,838	-	861,838	841,711	-	841,711
Total	3,132	1,214,746	13,366,465	910,980	14,277,445	12,729,120	867,542	13,596,662

¹Amounts presented are estimates for MTW agencies. For MTW agencies, unit months were calculated as Units *times* 12 months.

²EUMs for MTW agencies were calculated as 95 percent of unit months.

Table 12 presents a comparison of unit months reported in CY 2007 and 2008 on the form HUD-52723 unit status line items.

Table 12: Unit Status Categories

#	Unit Status	2007 ¹		2008 ¹	
		Unit Months	%	Unit Months	%
1	Occupied units by eligible families	12,075,517	92%	12,073,065	92%
	Vacancies				
2	Units undergoing modernization	310,786	2%	297,301	2%
3	Special use units	43,209	0%	39,889	0%
4	Units vacant due to litigation	6,980	0%	3,240	0%
5	Units vacant due to disasters	83,210	1%	46,940	0%
6	Units vacant due to casualty losses	9,508	0%	10,345	0%
7	Units vacant due to changing market conditions	24,905	0%	36,299	0%
8	Allowable Vacancies (2 through 7)	478,598	4%	434,014	3%
9	Unallowable vacancies ²	442,497	3%	467,449	4%
10	Total Vacancies (8+9)	921,095	7%	901,463	7%
11	Units Not Eligible for Subsidy ³	96,963	1%	80,543	1%
12	Total Available for Occupancy (1+10+11)	13,093,575	100%	13,055,071	100%
13	Units in Asset Repositioning ⁴	230,538		311,394	
14	Total Reported Unit Months	13,324,113		13,366,465	
15	Eligible Unit Months⁵	12,807,344		12,729,120	

¹Excludes MTW PHAs with alternative subsidy calculation that do not report unit status information.

²Of the unallowable vacancies, 253,411 and 222,041 unit months were funded as 'limited vacancies' in 2007 and 2008, respectively.

³These units could be occupied (by police officers, over-income families) or vacant.

⁴These units could be occupied or vacant.

⁵EUMs represent the number of unit months eligible for subsidy. A PHA receives funding for: (a) occupied units, (b) certain "allowable" vacancies, and (c) "unallowable" vacancies limited to three (3) percent.

Table 13 shows the count of units, PHAs and projects by the total number of projects within a PHA.

Table 13: PHA and Unit Counts by Number of Projects

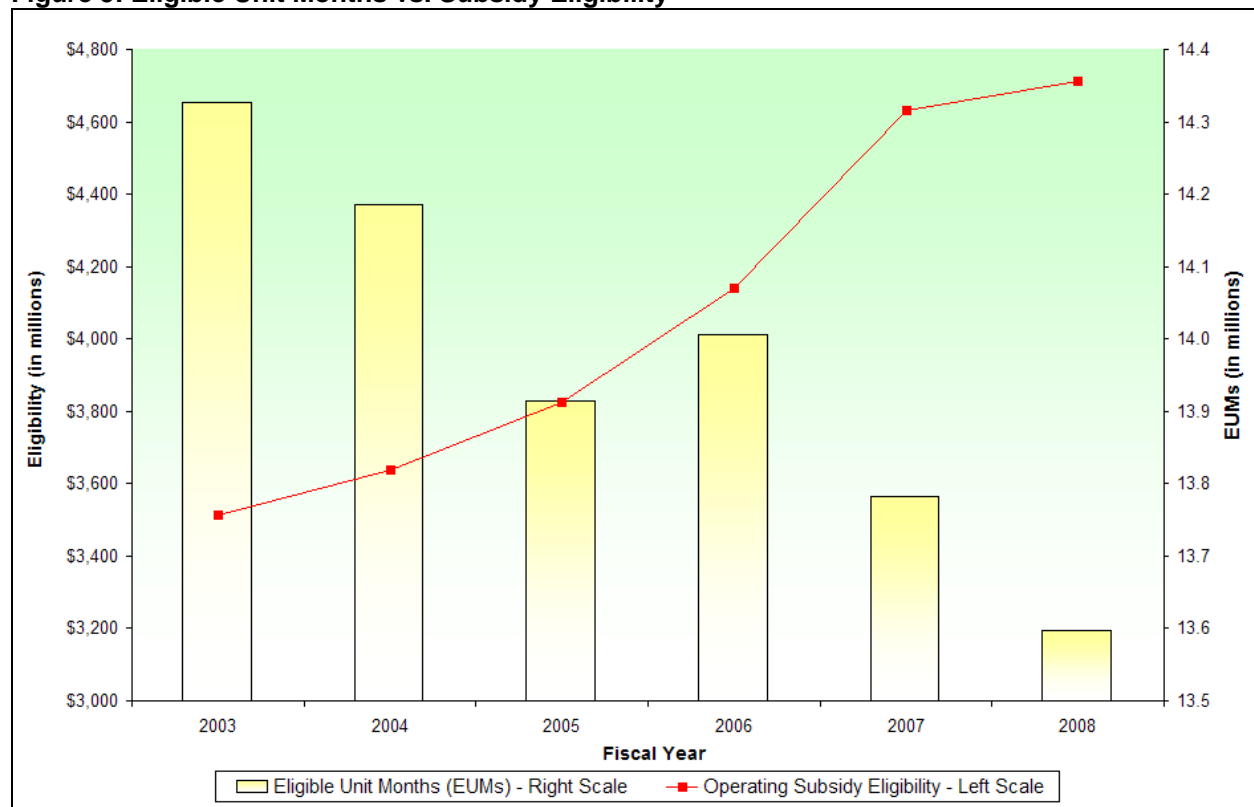
Count of Projects	PHA Count		Project Count		Unit Count	
	#	% of Total	#	% of Total	#	% of Total
One	2,296	73.3%	2,296	31.3%	228,151	18.8%
2 to 5	620	19.8%	1,777	24.2%	270,436	22.3%
6 to 10	131	4.2%	1,015	13.8%	167,202	13.8%
10 to 20	53	1.7%	774	10.6%	155,049	12.8%
More than 20	19	0.6%	623	8.5%	101,542	8.4%
NYCHA	1	0.0%	142	1.9%	159,820	13.2%
Puerto Rico	1	0.0%	292	4.0%	55,895	4.6%
MTW¹	11	0.4%	413	5.6%	76,651	6.3%
Total	3,132	100.0%	7,332	100.0%	1,214,746	100.0%

Note: Dataset includes only PHAs and projects that received operating subsidy for 2008.

¹There are 11 MTW agencies with alternative funding calculations, accounting for 413 projects and 76,651 units. Because of their MTW agreements, they do not prepare subsidy calculations on each project but rather prepare "consolidated" project worksheets. There are 13 project worksheets prepared for these 11 MTW agencies.

Figure 5 reflects the trend in EUMs and subsidy eligibility from 2003 to 2008.

Figure 5: Eligible Unit Months vs. Subsidy Eligibility



Note: Operating subsidy calculation from CY 2007 was based on EUMs. Prior to 2007, operating subsidy was based on total unit months.

7.0 NATIONAL AVERAGE PELs and UELs

Table 14 presents a percentile distribution of Per Unit Month (PUM) PELs and UELs by family and senior projects.

Table 14: Percentile Distribution of PUM PELs and PUM UELs

Percentile	CY 2008 PELs			CY 2008 UELs		
	Family Projects	Senior Projects	All	Family Projects	Senior Projects	All
10%	\$256	\$231	\$255	\$9	\$31	\$15
20%	\$275	\$234	\$272	\$23	\$51	\$29
30%	\$293	\$237	\$291	\$34	\$66	\$45
40%	\$311	\$240	\$308	\$47	\$76	\$59
50%	\$318	\$249	\$324	\$62	\$88	\$74
60%	\$334	\$263	\$346	\$80	\$99	\$90
70%	\$356	\$283	\$373	\$105	\$114	\$110
80%	\$383	\$314	\$394	\$141	\$135	\$138
90%	\$430	\$349	\$433	\$208	\$171	\$192
100%	\$550	\$493	\$519	\$663	\$610	\$663

In CY 2008, the unit-weighted average PEL was \$355 PUM and unit-weighted average UEL was \$121 PUM. Note that in Table 14 the PEL 50% percentile of \$324 and UEL 50% percentile of \$74 represent the median⁸ PUM, and therefore differ from the unit-weighted averages.

8.0 PHA REVENUE

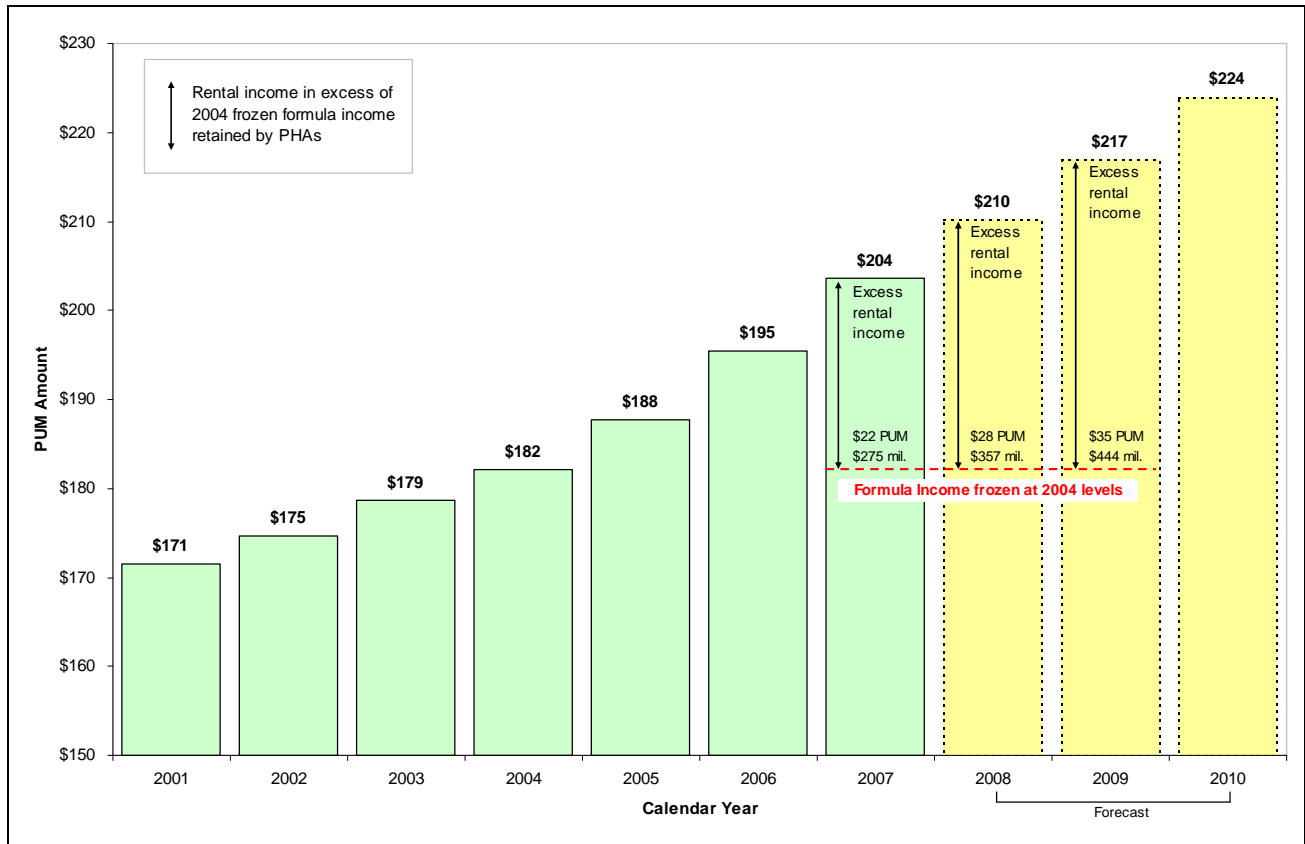
8.1 RENTAL INCOME

Formula income is derived from PHA financial statements for 2004 and is frozen at those levels for the operating subsidy calculations for CY 2007 through CY 2009. Figure 6 depicts the actual and projected PUM rental income since 2001, and the impact of the 2004 frozen formula income on PHAs' revenue, measured by the amount of rental income in excess of the 2004 frozen formula income.

Rental income is projected for 2008 through 2010 using the average growth rate for the last four years (or 3.3 percent). For instance, in CY 2008 rental revenue is projected to be \$210 PUM, as opposed to the frozen formula income of \$182 PUM. This results in a "savings" of \$28 PUM or approximately \$357 million (excluding MTW PHAs with alternative subsidy calculation). This savings is expected to be \$444 million for CY 2009. In CY 2010, the rental income is projected to be \$224 PUM.

⁸ The median is the number in the middle of a set of numbers, where half the numbers have values that are greater than the median, and half the numbers have values that are less than the median.

Figure 6: Average Per Unit Month Rental Income



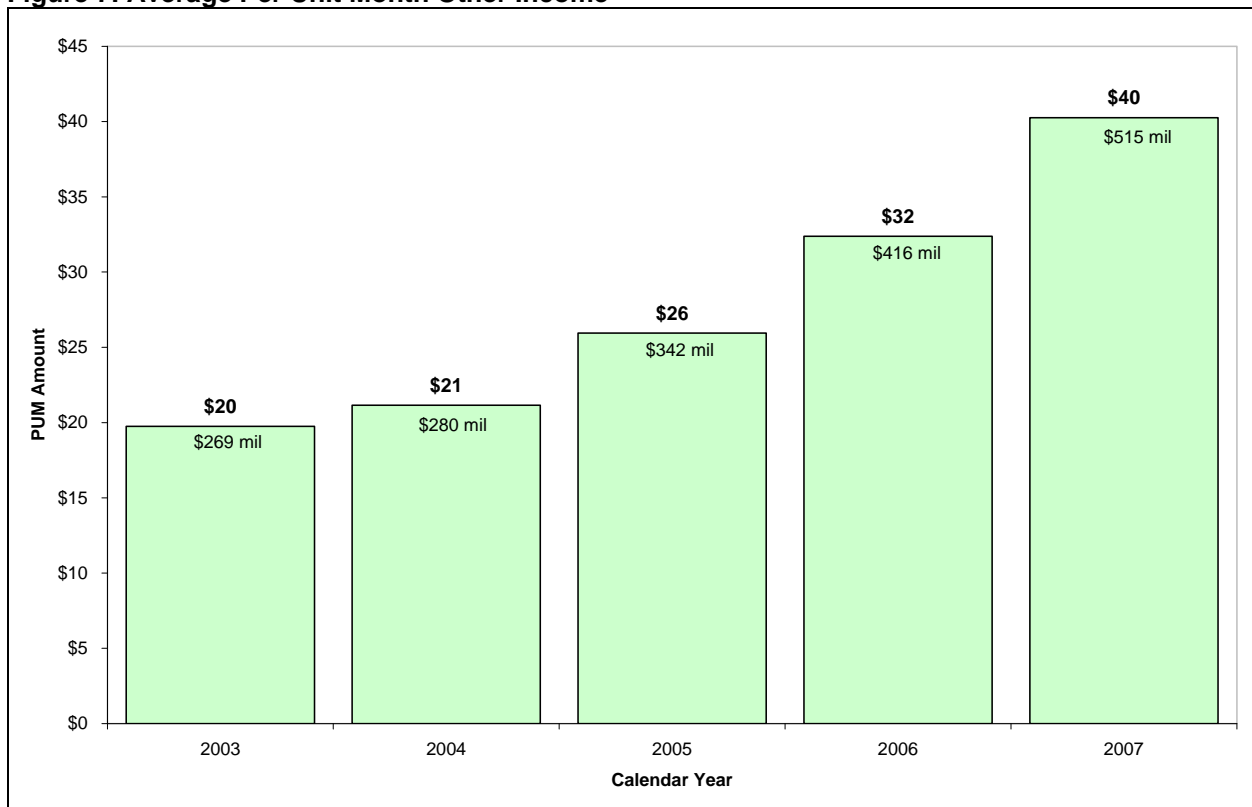
Note: PUM amounts are calculated based on unit months leased and differ from PUM Tenant Rental Revenue noted in Table 16 and Table 19, which is calculated using unit months available.

8.2 OTHER INCOME

Figure 7 presents the average PUM income other than tenant rental income. Other income is excluded from operating subsidy calculations. Other income includes the following line items from the FDS:

- Line 704 – Tenant Revenue – Other
- Line 711 – Investment Income – Unrestricted
- Line 712 – Mortgage Interest Income
- Line 713 – Proceeds from Disposition of Assets Held for Sale
- Line 713.1 – Cost of Sale of Assets
- Line 714 – Fraud Recovery
- Line 715 – Other Revenue
- Line 716 – Gain/Loss on Sale of Fixed Assets
- Line 720 – Investment Income – Restricted

Figure 7: Average Per Unit Month Other Income



9.0 PUBLIC HOUSING OPERATING RESERVES

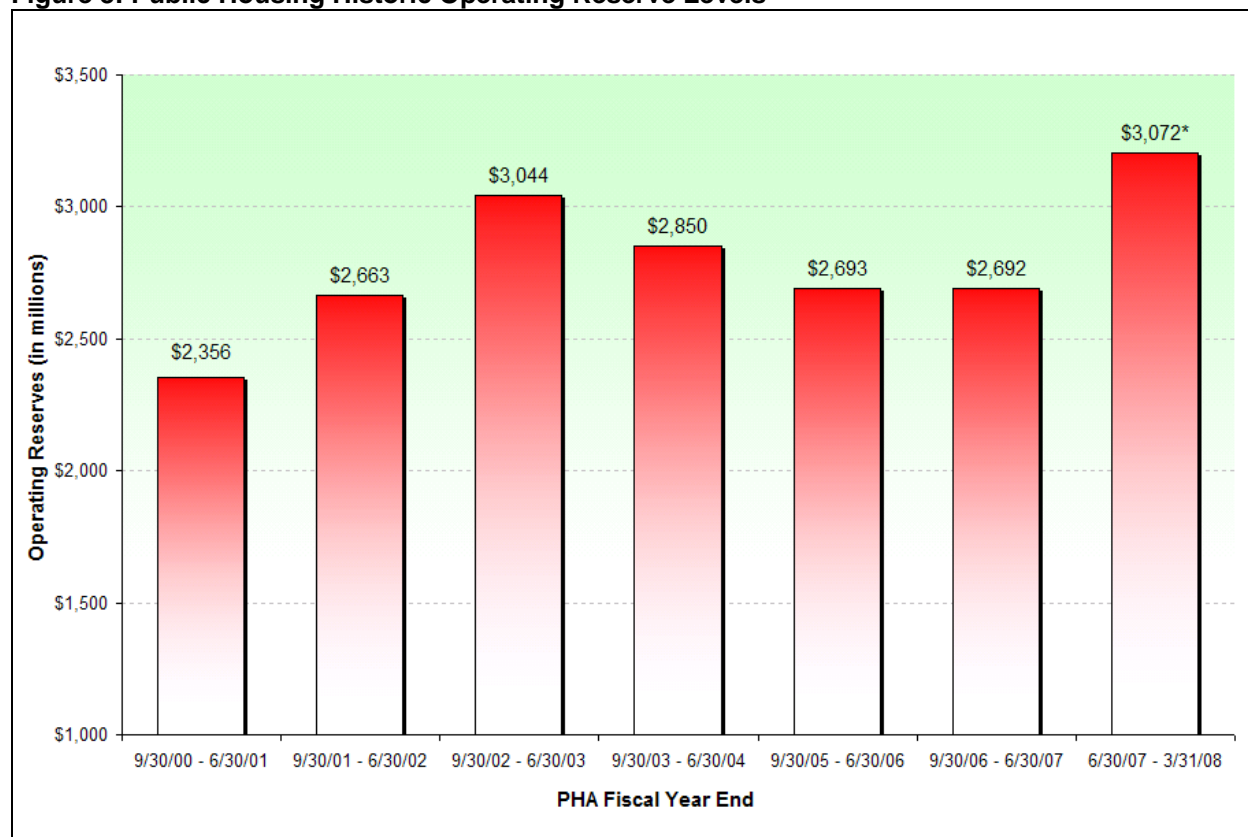
Table 15 includes public housing operating reserves, by PHA size category. (Please see Appendix B for an explanation of the method to calculate operating reserves.) Figure 8 shows overall public housing reserve levels since 2001.

Table 15: Public Housing Operating Reserves

PHA Size Category	Positive Reserve		Negative Reserve		Total	
	Count	\$	Count	\$	Count	\$
NYCHA*	1	\$696,172,664	0	0	1	\$696,172,664
Size 6 (More than 6,599 Units)	4	\$106,499,527	3	(\$44,880,847)	7	\$61,618,680
Size 5 (1,250 to 6,599 Units)	101	\$577,922,591	7	(\$38,565,001)	108	\$539,357,590
Size 4 (500 to 1,249 Units)	214	\$538,249,270	15	(\$15,400,407)	229	\$522,848,863
Size 3 (250 to 499 Units)	407	\$479,897,351	15	(\$6,134,002)	422	\$473,763,349
Size 2 (100 to 249 Units)	813	\$481,226,465	25	(\$5,316,276)	838	\$475,910,189
Size 1 (Less than 100 Units)	1,475	\$305,234,488	38	(\$2,717,577)	1,513	\$302,516,911
Total	3,015	\$3,185,202,356	103	(\$113,014,110)	3,118	\$3,072,188,246

* NYCHA transferred a liability of \$1.83 billion related to Other Post Employment Benefits (OPEB) from Operating Fund to Business Activities. This transfer is shown as a 'Inter-program Due From/To' and has been excluded for the purposes of calculating its operating reserves.

Figure 8: Public Housing Historic Operating Reserve Levels



* New York City Housing Authority (NYCHA) accounted for approximately 63% of the increase in operating reserves.

Note: Reporting periods 9/30/06 - 6/30/07 and 6/30/07 - 3/31/08 do not include 10 MTW agencies that did not submit financial data to REAC, and represent approximately 62,700 units. Using average reserves of \$2,600 per unit, the estimated operating reserves for MTW PHAs is \$163 million.

10.0 PUBLIC HOUSING FINANCIAL STATEMENTS

10.1 SUMMARIZED REVENUE AND EXPENSES (PUM)

Table 16 presents the PUM major revenues and expenses for the public housing program, categorized by PHA size. (Please see Appendix B for the methodology used in this analysis).

Table 16: PUM Revenues and Expenses

Description	Per Unit Month (PUM) Amount								
	All PHAs	All PHAs - Excluding NYCHA	NYCHA	More than 6,599 units (Excludes NYCHA)	1,250 to 6,599 units	500 to 1,249 units	250 to 499 units	100 to 249 units	Less than 100 units
Revenue									
Tenant Rental Revenue	\$ 199	\$ 174	\$ 343	\$ 112	\$ 173	\$ 194	\$ 190	\$ 185	\$ 184
Operating Subsidy	\$ 271	\$ 246	\$ 418	\$ 344	\$ 305	\$ 232	\$ 191	\$ 170	\$ 158
Other Revenue	\$ 38	\$ 36	\$ 48	\$ 40	\$ 42	\$ 34	\$ 28	\$ 31	\$ 34
Total Revenues	\$ 508	\$ 456	\$ 809	\$ 496	\$ 520	\$ 459	\$ 409	\$ 386	\$ 376
Expenses									
Administrative Expenses	\$ 137	\$ 128	\$ 189	\$ 165	\$ 140	\$ 115	\$ 109	\$ 114	\$ 125
Tenant Services Expenses	\$ 16	\$ 12	\$ 43	\$ 28	\$ 12	\$ 11	\$ 8	\$ 6	\$ 3
Utilities Expenses	\$ 118	\$ 100	\$ 227	\$ 102	\$ 120	\$ 107	\$ 91	\$ 77	\$ 64
Maintenance and Operations	\$ 175	\$ 159	\$ 273	\$ 194	\$ 181	\$ 157	\$ 134	\$ 131	\$ 122
General Expenses	\$ 41	\$ 39	\$ 52	\$ 30	\$ 40	\$ 42	\$ 43	\$ 38	\$ 36
Total Operating Expenses	\$ 488	\$ 437	\$ 784	\$ 519	\$ 493	\$ 433	\$ 385	\$ 366	\$ 351
Excess Operating Revenue over Operating Expenses	\$ 19	\$ 18	\$ 26	\$ (23)	\$ 26	\$ 26	\$ 24	\$ 20	\$ 25
Extraordinary Expenses	\$ 4	\$ 5	\$ -	\$ 6	\$ 6	\$ 3	\$ 5	\$ 6	\$ 6
Net Operating Income	\$ 15	\$ 13	\$ 26	\$ (28)	\$ 20	\$ 23	\$ 19	\$ 14	\$ 19

10.2 PUBLIC HOUSING BALANCE SHEET

Table 17 and Table 18 include the consolidated PHA balance sheet for the public housing program. (Please see Appendix B for the methodology used in this analysis).

Table 17: Total Assets

Line Item	Description	Amount	PUM
111	Cash - Unrestricted	\$ 1,955,383,253	\$ 153.31
112	Cash - Restricted - Modernization and Development	\$ 509,205,986	\$ 39.92
113	Cash - Other Restricted	\$ 181,065,566	\$ 14.20
114	Cash - Tenant Security Deposits	\$ 131,936,676	\$ 10.34
115	Cash - Restricted for Payment of Current Liabilities	\$ 42,291,093	\$ 3.32
100	Total Cash	\$ 2,819,882,574	\$ 221.09
121	Account Receivables - PHA Projects	\$ 4,389,445	\$ 0.34
122	Account Receivables - HUD Other Projects	\$ 29,969,831	\$ 2.35
124	Account Receivables - Other Government	\$ 18,243,289	\$ 1.43
125	Account Receivables - Miscellaneous	\$ 64,051,765	\$ 5.02
126	Account Receivables - Tenants - Dwelling Rents	\$ 98,381,449	\$ 7.71
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$ (58,437,285)	\$ (4.58)
126.2	Allowance for Doubtful Accounts - Other	\$ (17,294,806)	\$ (1.36)
127	Notes, Loans, & Mortgages Receivables - Current	\$ 10,799,006	\$ 0.85
128	Fraud Recovery	\$ 4,354,637	\$ 0.34
128.1	Allowance for Doubtful Accounts - Fraud	\$ (3,132,023)	\$ (0.25)
129	Accrued Interest Receivables	\$ 22,226,169	\$ 1.74
120	Total Receivables, net of allowance for doubtful accounts	\$ 173,551,477	\$ 13.61
131	Investments - Unrestricted	\$ 1,862,437,281	\$ 146.02
132	Investments - Restricted	\$ 249,205,844	\$ 19.54
135	Investments - Restricted for Payment of Current Liabilities	\$ 11,090,455	\$ 0.87
142	Prepaid Expenses and Other Assets	\$ 170,556,579	\$ 13.37
143	Inventories	\$ 91,681,593	\$ 7.19
143.1	Allowance for Obsolete Inventories	\$ (8,312,424)	\$ (0.65)
144	Interprogram Due From	\$ 434,325,371	\$ 34.05
145	Assets Held for Sale	\$ 9,294,008	\$ 0.73
146	Amounts to be Provided	\$ -	\$ -
150	Total Current Assets	\$ 5,813,712,758	\$ 455.82
161	Land	\$ 3,513,602,627	\$ 275.48
162	Buildings	\$ 46,640,566,694	\$ 3,656.84
163	Furniture, Equipment, & Machinery - Dwellings	\$ 718,323,896	\$ 56.32
164	Furniture, Equipment, & Machinery - Administration	\$ 1,145,117,083	\$ 89.78
165	Leasehold Improvements	\$ 2,532,779,629	\$ 198.58
166	Accumulated Depreciation	\$ (33,423,231,677)	\$ (2,620.54)
167	Construction in Progress	\$ 951,496,960	\$ 74.60
168	Infrastructure	\$ 458,896,884	\$ 35.98
160	Total Fixed Assets, Net of Accumulated Depreciation	\$ 22,537,552,096	\$ 1,767.05
171	Notes, Loans, & Mortgages Receivables - Non Current	\$ 347,803,345	\$ 27.27
172	Notes, Loans, & Mortgages Receivables - Non Current - Past Due	\$ -	\$ -
173	Grant Receivable - Non Current	\$ 697,622	\$ 0.05
174	Other Assets	\$ 59,441,812	\$ 4.66
176	Investments in Joint Ventures	\$ 58,659,722	\$ 4.60
180	Total Non-Current Assets	\$ 23,004,154,597	\$ 1,803.63
190	Total Assets	\$ 28,817,867,355	\$ 2,259.46

Table 18: Total Liability and Equity

Line Item	Description	Amount	PUM
311	Bank Overdraft	\$ 5,823,282	\$ 0.46
312	Accounts Payable <= 90 Days	\$ 331,037,215	\$ 25.95
313	Accounts Payable > 90 Days Past Due	\$ 26,175,400	\$ 2.05
321	Accrued Wage/Payroll Taxes Payable	\$ 83,204,237	\$ 6.52
322	Accrued Compensated Absences - Current Portion	\$ 66,765,710	\$ 5.23
324	Accrued Contingency Liability	\$ 9,275,577	\$ 0.73
325	Accrued Interest Payable	\$ 22,926,605	\$ 1.80
331	Accounts Payable - HUD PHA Program	\$ 7,300,629	\$ 0.57
332	Accounts Payable - PHA Projects	\$ 2,648,906	\$ 0.21
333	Accounts Payable - Other Projects	\$ 79,259,386	\$ 6.21
341	Tenant Security Deposits	\$ 146,828,558	\$ 11.51
342	Deferred Revenues	\$ 44,292,807	\$ 3.47
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$ 108,408,416	\$ 8.50
344	Current Portion of Long-term Debt - Operating Borrowings	\$ 3,337,038	\$ 0.26
345	Other Current Liabilities	\$ 58,488,546	\$ 4.59
346	Accrued Liabilities - Others	\$ 214,480,881	\$ 16.82
347	Interprogram Due To	\$ 2,392,424,330	\$ 187.58
348	Loan Liability - Current	\$ 1,027,292	\$ 0.08
310	Total Current Liabilities	\$ 3,603,704,815	\$ 282.55
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$ 1,838,740,710	\$ 144.17
352	Long-term Debt, Net of Current - Operating Borrowings	\$ 44,529,867	\$ 3.49
353	Noncurrent Liabilities - Others	\$ 174,259,115	\$ 13.66
354	Accrued Compensated Absences - Non Current	\$ 157,181,305	\$ 12.32
355	Loan Liability - Non Current	\$ 16,375,981	\$ 1.28
350	Total Noncurrent Liabilities	\$ 2,231,086,978	\$ 174.93
300	Total Liabilities	\$ 5,834,791,793	\$ 457.47
501	Investment in General Fixed Assets	\$ -	\$ -
502	Project Notes (HUD)	\$ -	\$ -
503	Long-term Debt - HUD Guaranteed	\$ -	\$ -
504	Net HUD PHA Contributions	\$ -	\$ -
505	Other HUD Contributions	\$ -	\$ -
507	Other Contributions	\$ -	\$ -
508	Total Contributed Capital	\$ -	\$ -
508.1	Invested in Capital Assets, Net of Related Debt	\$ 20,976,956,247	\$ 1,644.69
509	Fund Balance Reserved for Encumbrances/Designated Fund Balance	\$ -	\$ -
510	Fund Balance Reserved for Capital Activities	\$ -	\$ -
511	Total Reserved Fund Balance	\$ -	\$ -
511.1	Restricted Net Assets	\$ 407,629,710	\$ 31.96
512	Undesignated Fund Balance/Retained Earnings	\$ -	\$ -
512.1	Unrestricted Net Assets	\$ 1,598,489,605	\$ 125.33
513	Total Equity/Net Assets	\$ 22,983,075,562	\$ 1,801.98
600	Total Liabilities and Equity/Net Assets	\$ 28,817,867,355	\$ 2,259.46

10.3 PUBLIC HOUSING INCOME STATEMENT

Table 19 includes the consolidated Income Statement for the public housing program. (Please see Appendix B for the methodology used in this analysis).

Table 19: Income Statement

Line Item	Description	Total	PUM
703	Net Tenant Rental Revenue	\$2,455,311,755	\$192.51
704	Tenant Revenue - Other	\$81,280,983	\$6.37
705	Total Tenant Revenue	\$2,536,592,738	\$198.88
706	HUD PHA Operating Grants	\$3,456,732,087	\$271.02
706.1	Capital Grants	\$12,545,368	\$0.98
708	Other Government Grants	\$22,775,016	\$1.79
711	Investment Income - Unrestricted	\$171,017,316	\$13.41
712	Mortgage Interest Income	\$4,318,818	\$0.34
713	Proceeds from Disposition of Asset Held for Sale	\$27,232,911	\$2.14
713.1	Cost of Sale of Assets	-\$16,184,777	-\$1.27
714	Fraud Recovery	\$1,330,669	\$0.10
715	Other Revenue	\$207,277,562	\$16.25
716	Gain/Loss on Sale of Fixed Assets	\$24,117,431	\$1.89
720	Investment Income - Restricted	\$25,469,957	\$2.00
700	Total Revenue	\$6,473,225,096	\$507.53
911	Administrative Salaries	\$881,883,401	\$69.14
912	Auditing Fees	\$22,959,940	\$1.80
913	Outside Management Fees	\$54,301,952	\$4.26
914	Compensated Absences	\$24,643,820	\$1.93
915	Employee Benefit Contributions - Administrative	\$346,659,693	\$27.18
916	Other Operating - Administrative	\$421,541,020	\$33.05
N/A	Total Administrative Expenses	\$1,751,989,826	\$137.36
921	Tenant Services- Salaries	\$137,737,419	\$10.80
922	Relocation Costs	\$1,201,793	\$0.09
923	Employee Benefit Contributions - Tenant Services	\$16,490,272	\$1.29
924	Tenant Services- Others	\$54,562,648	\$4.28
N/A	Total Tenant Services Expenses	\$209,992,132	\$16.46
931	Water	\$320,923,964	\$25.16
932	Electricity	\$494,558,190	\$38.78
933	Gas	\$328,401,793	\$25.75
934	Fuel	\$230,706,605	\$18.09
935	Labor	\$19,055,199	\$1.49
937	Employee Benefit Contributions - Utilities	\$7,398,984	\$0.58
938	Other Utilities Expense	\$107,553,939	\$8.43
N/A	Total Utilities Expenses	\$1,508,598,674	\$118.28
941	Ordinary Maintenance and Operations - Labor	\$1,053,428,156	\$82.59
942	Ordinary Maintenance and Operations - Materials and Other	\$262,973,334	\$20.62
943	Ordinary Maintenance and Operations - Contract Costs	\$498,727,902	\$39.10
945	Employee Benefit Contributions - Ordinary Maintenance	\$260,306,967	\$20.41
N/A	Total Maintenance and Operations Expenses	\$2,075,436,359	\$162.72
951	Protective Services - Labor	\$20,514,281	\$1.61
952	Protective Services - Other Contract Costs	\$122,131,380	\$9.58

Line Item	Description	Total	PUM
953	Protective Services - Other	\$9,674,540	\$0.76
955	Employee Benefit Contributions - Protective Services	\$7,192,241	\$0.56
N/A	Total Protective Services Expenses	\$159,512,442	\$12.51
961	Insurance Premiums	\$294,960,434	\$23.13
962	Other General Expenses	\$70,928,593	\$5.56
963	Payments in Lieu of Taxes	\$76,922,206	\$6.03
964	Bad Debt - Tenant Rents	\$47,117,126	\$3.69
965	Bad Debts - Mortgages	\$801,546	\$0.06
966	Bad Debts - Other	\$6,977,950	\$0.55
967	Interest Expenses	\$18,699,167	\$1.47
968	Severance Expenses	\$3,560,266	\$0.28
N/A	Total General Expenses	\$519,967,288	\$40.77
969	Total Operating Expenses	\$6,225,496,721	\$488.11
970	Excess Operating Revenue over Operating Expenses	\$247,728,375	\$19.42
971	Extraordinary Maintenance	\$42,726,863	\$3.35
972	Casualty Losses - Non-Capitalized	\$11,633,392	\$0.91
973	Housing Assistance Payments	\$839,166	\$0.07
974	Depreciation Expense	\$1,762,918,009	\$138.22
975	Fraud Losses	\$288,907	\$0.02
976	Capital Outlays - Governmental Funds	\$0	\$0.00
977	Debt Principal Payment - Governmental Funds	\$0	\$0.00
978	Dwelling Units Rent Expense	\$1,656,713	\$0.13
900	Total Expenses	\$8,045,559,771	\$630.81
1001	Operating Transfers In	\$504,331,736	\$39.54
1002	Operating Transfers Out	-\$49,753,781	-\$3.90
1003	Operating Transfers from/to Primary Government	\$2,339,408	\$0.18
1004	Operating Transfers from/to Component Unit	-\$5,339,927	-\$0.42
1005	Proceeds from Notes, Loans, and Bonds	\$0	\$0.00
1006	Proceeds from Property Sales	\$0	\$0.00
1007	Extraordinary Items (net gain/loss)	-\$6,771,475	-\$0.53
1008	Special Items (net gain/loss)	-\$7,778,091	-\$0.61
1010	Total Other Financing Sources (Uses)	\$437,027,870	\$34.27
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	-\$1,135,306,805	-\$89.01
1101	Capital Outlays Enterprise Fund	\$0	\$0.00
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0.00
1103	Beginning Equity	\$22,865,862,970	\$1,792.79
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$1,252,519,397	\$98.20
1105	Changes in Compensated Absence Balance	\$0	\$0.00
1106	Changes in Contingency Liability Balance	\$0	\$0.00
1107	Changes in Unrecognized Pension Transition Liability	\$0	\$0.00
1108	Changes in Special Term/Severance Benefits Liability	\$0	\$0.00
1109	Changes in Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0.00
1110	Changes in Allowance for Doubtful Accounts - Other	\$0	\$0.00
1112	Depreciation Add Back	\$0	\$0.00
1120	Unit Months Available	12,754,343	
1121	Number of Unit Months Leased	12,007,369	

APPENDIX A: CY 2008 OPERATING FUND ELIGIBILITY BY STATE

#	State Code	State Name	Count of PHAs	Count of Projects	Total Units	Total Eligibility	% of Total Eligibility
1	AK	Alaska	1	15	1,329	10,230,119	0.2%
2	AL	Alabama	147	274	42,872	145,924,951	3.1%
3	AR	Arkansas	106	128	14,684	39,648,087	0.8%
4	AZ	Arizona	15	45	6,622	22,161,775	0.5%
5	CA	California	56	223	43,527	143,210,234	3.0%
6	CO	Colorado	46	75	9,074	28,233,283	0.6%
7	CT	Connecticut	34	107	15,898	74,775,551	1.6%
8	DC	District of Columbia	1	49	7,923	52,575,472	1.1%
9	DE	Delaware	4	16	2,729	12,073,387	0.3%
10	FL	Florida	81	215	39,317	143,010,393	3.0%
11	GA	Georgia	185	375	48,777	164,277,254	3.5%
12	GQ	Guam	1	4	750	4,420,388	0.1%
13	HI	Hawaii	1	16	5,363	20,929,889	0.4%
14	IA	Iowa	48	56	4,327	8,126,024	0.2%
15	ID	Idaho	10	11	3,094	1,661,247	0.0%
16	IL	Illinois	99	256	62,132	280,354,575	6.0%
17	IN	Indiana	41	103	16,693	53,271,867	1.1%
18	KS	Kansas	93	122	9,041	21,288,586	0.5%
19	KY	Kentucky	105	161	25,458	63,841,823	1.4%
20	LA	Louisiana	102	164	25,820	74,220,579	1.6%
21	MA	Massachusetts	68	197	33,453	163,784,384	3.5%
22	MD	Maryland	25	69	22,164	104,691,854	2.2%
23	ME	Maine	20	27	4,063	16,045,913	0.3%
24	MI	Michigan	123	200	24,541	65,390,498	1.4%
25	MN	Minnesota	124	159	21,761	55,759,081	1.2%
26	MO	Missouri	106	174	18,063	45,549,264	1.0%
27	MS	Mississippi	52	115	14,908	42,907,898	0.9%
28	MT	Montana	10	21	2,431	5,791,114	0.1%
29	NC	North Carolina	99	291	38,582	137,988,473	2.9%
30	ND	North Dakota	15	24	2,276	4,051,271	0.1%
31	NE	Nebraska	98	128	7,538	15,463,452	0.3%
32	NH	New Hampshire	15	31	4,330	13,590,473	0.3%
33	NJ	New Jersey	80	224	47,287	188,366,889	4.0%
34	NM	New Mexico	37	48	4,544	12,259,936	0.3%
35	NV	Nevada	4	34	3,991	18,198,196	0.4%
36	NY	New York	84	378	195,749	1,045,793,841	22.2%
37	OH	Ohio	52	239	49,482	208,478,191	4.4%
38	OK	Oklahoma	103	138	13,986	37,892,296	0.8%
39	OR	Oregon	18	43	5,865	19,478,564	0.4%
40	PA	Pennsylvania	82	310	66,686	307,054,771	6.5%
41	RI	Rhode Island	25	67	9,670	38,883,392	0.8%
42	RQ	Puerto Rico	1	292	55,895	226,438,193	4.8%
43	SC	South Carolina	41	112	15,331	51,141,580	1.1%
44	SD	South Dakota	26	34	1,663	3,278,215	0.1%
45	TN	Tennessee	85	177	36,674	117,083,533	2.5%
46	TX	Texas	352	538	61,771	196,291,531	4.2%
47	UT	Utah	12	19	2,204	5,377,121	0.1%
48	VA	Virginia	29	125	21,647	80,327,424	1.7%
49	VQ	Virgin Islands	1	10	3,588	20,680,238	0.4%
50	VT	Vermont	8	11	1,830	5,214,799	0.1%
51	WA	Washington	29	90	16,709	45,484,640	1.0%
52	WI	Wisconsin	93	128	12,506	25,464,784	0.5%
53	WV	West Virginia	31	52	7,414	20,885,616	0.4%
54	WY	Wyoming	8	12	714	1,808,096	0.0%

APPENDIX B: TECHNICAL NOTES TO BALANCE SHEET, INCOME STATEMENT AND OPERATING RESERVES

1. Analysis includes FASS-PH submissions for 6/30/07 – 3/31/08.
2. Where available, audited submissions were included. If audited submission is not available, unaudited submission is included. Only approved submissions are included.
3. Low Rent CFDA: 14.850a
4. Line items 1120 and 1121 represent unit months reported on the financial data schedule (FDS). Due to differing reporting sources, unit months do not match up with unit months reported on form HUD-52723.
5. NYCHA's 12/31/07 financial statement does not provide any employee benefits associated with Maintenance Labor on FDS line item 945 'Employee Benefit Contributions – Ordinary Maintenance'. These contributions might have been allocated to a different FDS line item, i.e. 'Ordinary Maintenance and Operations – Labor' line item 941.
6. A total of 3,120 PHAs were included in the operating reserves and financial statement analysis for CY 2008. The following table presents the list of PHAs that were not included:

#	PHA Code	PHA Name
1	AL133	Housing Authority of the Town of Hobson City
2	AZ021	Eloy Housing Authority
3	CA049	Housing Authority of the City of Soledad
4	CO006	Housing Authority of the City of Lamar
5	DC001*	D.C Housing Authority
6	DE004*	Delaware State Housing Authority
7	GA006*	Housing Authority of the City of Atlanta Georgia
8	KY001*	Louisville Metro Housing Authority
9	KY002	Housing Authority of Covington
10	KY044	Housing Authority of Whitesburg
11	LA103	Housing Authority of City of Slidell
12	MA003*	Cambridge Housing Authority
13	MD002*	Housing Authority Of Baltimore City
14	MN083	HRA of Henning, Minnesota
15	ND058	Nelson County Housing Authority
16	NJ037	Irvington Housing Authority
17	NM010	Housing Authority of the City of Espanola
18	NM035	Town of Bernalillo Dept of Housing Services
19	OR002*	Housing Authority of Portland
20	OR032	Northeast Oregon Housing Authority
21	PA002*	Philadelphia Housing Authority
22	TX451	Asherton Housing Authority
23	VA003	Newport News Redevelopment & Housing Authority
24	WA001*	Seattle Housing Authority
25	WA002*	HA of King County
26	WA008*	Housing Authority of the City of Vancouver
27	WV036	Kanawha County
28	WY004	Housing Authority of the City of Casper

* Moving-to-Work PHAs

7. The following table presents the methodology used to calculate the Operating Reserves for PHAs:

#	FDS#	Description
1	111	Cash – Unrestricted
2	114	Cash - Tenant Security Deposits
3	120	Total Receivables
4	131	Investments - Unrestricted
5	142	Prepaid expenses and other assets
6	144	Inter-program - due from
7	145	Assets held for sale
8	146	Amounts to be provided
9		Total (1+2+3+4+5+6+7+8)
10	310	Total Current Liabilities
11	343	Current Portion of Long Term Debt – Capital Projects
12		Total (10-11)
13		Total Operating Reserves (9-12)