

**§ 990.310 Project-based accounting.**

(a) PHAs identified in § 990.301(b) shall develop and maintain a system of accounting for operating income and operating costs for each project or operating cost center in a manner capable of generating information to meet HUD consolidated reporting requirements.

(b) Operating income and cost information to be accounted for at a project or cost center level shall include at least rental income and the administrative costs, utilities costs, maintenance costs, repair costs, and such other income and costs identified by the PHA as project-specific for management purposes. The minimum income and expense distribution requirements for project-based accounting information include:

(1) Project-specific operating income credited to a specific project or cost center which shall include, at a minimum, rental income and excess utilities income; and

(2) Project-specific operating expense to be charged to a specific project or cost center level which shall include, at a minimum, utilities expense and direct maintenance (material and labor) expense, in addition to any other operating expenses in the 4000 series of accounts which are identified by the PHA as project-specific for management purposes (for example, tenant services or protective services personnel assigned to a specific project).

(c) Indirect operating income and indirect operating expenses that are not project-specific are not required to be accounted for at, or allocated to, a project or cost center level. Indirect income and expense that is not required to be allocated to the project or cost center level includes non-project-specific income and expense, including PHA central office overhead expense, which is not identifiable with, or readily assignable to, a specific project or cost center.

(d) PHAs may establish operating cost centers on any reasonable basis that reflects the PHA management structure and that meets the financial information needs at the lowest level of line authority within that management structure. A PHA's determination of appropriate cost centers and

method of income and cost distribution shall be controlling unless HUD determines there is good cause for requiring some other frame of reference for aggregating financial information.

**§ 990.315 Records and reports.**

(a) Each PHA shall maintain fiscal year-end income and expense statements, which reflect the PBA information required by § 990.310, for each project or other cost center and shall make these available for review upon request by interested members of the public.

(b) Each PHA shall distribute such year-end financial statements to the Chairman and to each member of the Housing Authority Board of Commissioners, and to such other State and local public officials as the Secretary may specify. Project-based income and expense statements shall be made available to Board chairmen as soon as is practicable after the close of the fiscal period.

**§ 990.320 Certifications.**

(a) The PHA shall certify, by the effective date specified in § 990.325, in a form acceptable to HUD, that the PHA is aware of and is taking steps to implement project-based accounting and will produce the fiscal year-end reports required under § 990.315. The certification shall identify each project or other cost center, the basis upon which each project or other cost center has been established and determined to be in compliance with the definitions of § 990.305, above, and where a cost center consists of units in two or more projects (as identified by HUD-assigned development project number) the PHA shall identify the individual development project numbers, the number of units, and a characterization (i.e., high-rise family, mid-rise family, scattered-site, etc.) of each numbered project included in the cost center.

(b) A certification made in accordance with this section shall be updated if the PHA deletes units, adds additional units or projects (as identified by HUD-assigned development project numbers) to its inventory, or otherwise

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elects to reconfigure its system of cost centers.

(Approved by the Office of Management and Budget under control number 2577-0159)

**§ 990.325 Compliance dates.**

(a) The provisions of this subpart shall apply for PHA fiscal years beginning on or after January 1, 1993, for PHAs operating 500 or more public housing rental units.

(b) The provisions of this subpart shall apply for PHA fiscal years beginning on or after January 1, 1994, for PHAs operating fewer than 500 public housing rental units. In the case of PHAs whose housing programs expand to the point at which their inventory of rental units exceeds the threshold stated in §990.301(b), the provisions of §990.310 shall apply at the beginning of the PHA's first fiscal year after the date on which its inventory of rental units reaches that threshold.

**Subpart D—Resident Management Corporations Operating Subsidy**

SOURCE: 59 FR 43644, Aug. 24, 1994, unless otherwise noted.

**§ 990.401 Calculation of operating subsidy.**

Operating subsidy will be calculated separately for any project managed by a resident management corporation. This subsidy computation will be the same as the separate computation made for the balance of the projects in the PHA in accordance with this part, with the following exceptions:

(a) The project managed by a resident management corporation will have an Allowable Expense Level based on the actual expenses for the project in the fiscal year immediately preceding management under this subpart. These expenditures will include the project's share of any expenses which are overhead or centralized HA expenditures. The expenses must represent a normal year's expenditures for the project, and must exclude all expenditures which are not normal fiscal year expenditures as to amount or as to the purpose for which expended. Documentation of this expense level must be presented with the project budget

and approved by HUD. Any project expenditures funded from a source of income other than operating subsidies or income generated by the locally owned public housing program will be excluded from the subsidy calculation. For budget years after the first budget year under management by the resident management corporation, the Allowable Expense Level will be calculated as it is for all other projects in accordance with §990.105(e)(4).

(b) The resident management corporation project will estimate dwelling rental income based on the rent roll of the project immediately preceding the assumption of management responsibility under this subpart, increased by the estimate of inflation of tenant income used in calculating PFS subsidy.

(c) The resident management corporation will exclude, from its estimate of other income, any increased income directly generated by activities by the corporation or facilities operated by the corporation.

(d) Any reduction in the subsidy of a HA that occurs as a result of fraud, waste, or mismanagement by the HA shall not affect the subsidy calculation for the resident management corporation project.

[59 FR 43644, Aug. 24, 1994, as amended at 61 FR 17542, Apr. 19, 1996]

**§ 990.402 Calculation of total income and preparation of operating budget.**

(a) Subject to §990.403, the amount of funds provided by a HA to a project managed by a resident management corporation under this subpart may not be reduced during the three-year period beginning on February 5, 1988 or on such later date as a resident management corporation first assumes management responsibility for the project.

(b) For purposes of determining the amount of funds provided to a project under §990.402(a) of this section, the provision of technical assistance by the HA to the resident management corporation will not be included.

(c) The resident management corporation and the HA must submit a separate operating budget, including the calculation of operating subsidy eligibility in accordance with §990.401,