

Office of Public and Indian Housing

Explanation of Calendar Year (CY) 2026 Public Housing Operating Subsidy Obligations for January, February, March, April, May and one week in June**Interim Project Eligibility Levels for CY 2026**

The Department is in the process of obligating Operating Subsidy grants for the months of January, February, March, April, May and one week in June 2026, in accordance with the information below. January, February, March, April, May and one week in June 2026 obligations are based on the interim eligibility determined after processing the 2026 Operating Subsidy forms. This obligation will cover five twelfths of prorated eligibility in eLOCCS.

For PHAs that have not submitted their CY 2026 Operating Subsidy forms as of December 19, 2025, eligibility will be estimated based upon the data we use to prepopulate the Operating Subsidy forms. This data includes selected elements of final 2025 Operating Fund eligibility and 2026 HUD-52723 Prepopulated Data. PHAs are advised that once HUD can utilize HUD-52723 data for eligibility, funding for individual projects may fluctuate significantly. PHAs should be conservative in budgeting the receipt and expenditure of Operating Funds during this period. PHAs may consider the use of Operating Reserves to manage fluctuations in the receipt of Operating Subsidy during this period.

All Operating Subsidy obligations are cumulative. As such, to the extent that excess amounts were cumulatively obligated to a project previously, its next obligation (and possibly future obligations depending upon the amount of the overfunding) will reflect a relative decrease. To the extent that insufficient amounts were cumulatively obligated to a project previously, its next obligation will reflect a relative increase. This round of funding is expected to be available in eLOCCS no later than January 2, 2026. The next round of funding is expected to be made available in eLOCCS no later than June 1, 2026. Obligation Letters and project level Detailed Calculation Reports will be available on the FMD website for 2026:

[Calendar Year \(CY\) 2026 Operating Fund Grant Processing | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

These grants may be subject to the requirements of the Build America, Buy America Act (BABA) which was enacted on November 15, 2021, as part of the Infrastructure Investment and Jobs Act (Public Law 117–58), unless waived by the Department: refer to HUD's BABA webpage for further information (https://www.hud.gov/program_offices/general_counsel/build_america_buy_america).

Proration Levels for CY 2026 using an Interim and Estimated Eligibility

For the January, February, March, April, May and June (one week) months of funding, the Department considered 2026 interim eligibility to provide for an interim proration level of approximately 86%. The Department undertakes a conservative methodology in determining

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proration levels prior to a determination based on an Appropriation Act. For the January, February, March, April, May and June (one week) funding, the Department considered the lowest of the current Congressional Legislative bodies (House of Representatives and Senate) 2026 Budget Proposals and 2026 interim eligibility to provide for an interim proration level of approximately 86%. The final proration will reflect the difference in the amount of the final approved PHA eligibility and the 2026 Appropriation Act.