PIH 2025-22 Participant Guide

Operating Subsidy Eligibility & Processing: The Annual Notice, Decoded

HUD reissues the Operating Subsidy notice every year, and most of it carries over unchanged. This session uses PIH Notice 2025-22 (issued July 17, 2025, governing CY 2026) to teach the parts that carry over: the formula, appeals, RAD and cash management.

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Authority: PIH Notice 2025-22 (working example), 24 CFR Part 990, 2 CFR Part 200, 42 U.S.C. 1437g.

Segment 1: How to Read Any Year's Notice

Roughly 80–90% of each year's notice repeats. Read the Summary of Changes section first. Then read the SF-424 certification list yourself, line by line, every year.

Structure that repeats: statute (42 U.S.C. 1437g) → 24 CFR Part 990 → that year's PIH notice. Eligibility is submitted on Forms HUD-52722 and HUD-52723 through the Public Housing Portal.

What changed in PIH 2025-22	Why it matters
Expanded SF-424 certifications	Adds anti-discrimination materiality tied to False Claims Act liability, plus certifications on Executive Orders 14168, 14182 and 14218, whistleblower notice and fraud reporting. Whoever signs must read the current list.
New Expenditure Reporting section	HUD's new reporting tools will require vendor- and disbursement-level detail. Noncompliance can mean 100% review or halted disbursements. Likely to expand.
Permissive deductions guidance (§15.3.3)	Optional self-sufficiency deductions need a written policy; no added subsidy.
Board resolution sign-off (§25)	Board chair or executive director may sign.

Applicability: all public housing PHAs, including MTW. PHAs with 400 or fewer units may elect out of asset management but lose stop-loss eligibility.

Notes

Segment 2: CY 2026 Status and CY 2027 Outlook

CY 2026's procedural deadlines have passed. The work now is year-end close, Period of Performance tracking and watching for the CY 2027 notice.

Roughly when	What is typically due
About 3 months before the grant year (e.g., October)	SF-424, one per PHA, with that year's certifications. Miss it and subsidy is not obligated.
August–September before the grant year	Small and Rural Frozen Rolling Base election; Rate Reduction Incentive request
Spring of the grant year (e.g., April)	Revision requests to Forms HUD-52722/52723
Mid-grant year (e.g., June)	New project funding requests (email the field office first)

CY 2027 dates (fill in): SF-424 due _10/21 · Revision deadline _5/7/27 · Notice number _____

Before any SF-424: UEI from SAM.gov, active SAM registration, and a LOCCS TIN that matches SAM.

Form	Purpose
HUD-52722	Utility Expense Level (UEL)
HUD-52723	Total Operating Subsidy eligibility
SF-424	Application for Federal Assistance, with certifications
HUD-50071	Lobbying certification, if applicable

Cumulative funding: HUD funds each project cumulatively (February to 2/12ths, March to 3/12ths). If estimated eligibility exceeds actual, do not draw the excess; notify your field office.

The four allowed revision reasons:

1. Mathematical, clerical or system errors
2. Asset Repositioning Fee eligibility or new units in existing projects
3. New utility incentives or contracts
4. Appeals approved by HUD

Requests come from the Executive Director through the Public Housing Portal. Revisions that lower eligibility or fix a documented HUD error are required regardless of deadline.

Notes

Segment 3: How the Subsidy Formula Works

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Eligibility = (PEL + UEL) × EUM + Add-ons − (Formula Income × EUM)
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Component	Meaning
PEL, Project Expense Level	Model-generated per-unit-month cost, excluding taxes, utilities and add-ons
UEL, Utility Expense Level	Utility rate × consumption × utilities inflation factor
EUM, Eligible Unit Months	Qualifying units expressed in months
Formula Income	Estimated rental revenue, from FDS data about two years prior

Locked by HUD: project number, PHA identity, UEI, PEL and inflation factors. **Editable:** unit status, PILOT, audit cost, ARF and Formula Income.

Formula Income drives the biggest swings. Reduce the tenant rent portion by FSS escrow payments to avoid an unintended subsidy decrease.

Add-on	In brief
Independent audit	Actual audit cost, funded even with zero PEL eligibility
PILOT	10% of shelter rent, unless state law or local agreement sets less
Asset management fee	$4 PUM (250+ units); $2 PUM for smaller compliant PHAs; not for single-project PHAs
IT fee	$2 PUM across ACC units in management status
Asset Repositioning Fee	For units disposed or demolished under 24 CFR 970. **Locked after its first year: review it carefully.**
EDSC	Service coordinators for elderly/disabled residents, existing recipients only
Resident participation	$25 per occupied unit per year

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Segment 4: Appeals, RAD & Special Situations

Appeals cover the PHA's entire portfolio; a single-project appeal is denied. Formula Income hardship appeals are no longer available (PIH 2025-22 §§20–22).

Appeal type	When it applies
Streamlined	A clear, objective error applying a formula component
Changing market conditions	Vacancies from economic dislocation despite aggressive marketing
Specific local conditions	PEL misses local costs; independent cost assessment showing a 10%+ variance
Actual project cost data	Substitutes audited FDS cost data for at least two years; independent cost assessment required

RAD: converted units keep Operating Subsidy through the calendar year the HAP contract takes effect, prorated by units converting. The following year they receive none.

Notes

Segment 5: Cash Management Tie-In

PIH 2025-22 restates the same cash rules as PIH 2025-20: one compliance picture, not two.

- **General Depository Agreement (HUD-51999):** public housing funds must sit with an FDIC- or NCUA-insured institution; balances above insured limits must be fully collateralized.
- **$500 interest rule:** Operating Subsidy goes in an interest-bearing account; up to $500 a year of Federal funds interest may be kept, the rest goes to HHS. If reserves aren't tracked by source, HUD treats the whole reserve as Federal funds.
- **Exceptions:** under $250,000 in Federal awards a year; the account would not reasonably earn over $500; or a minimum balance isn't feasible.
- **Record retention:** the longer of 5 fiscal years after funds are received, or 3 years after the final SF-425.

Federal fiscal year	Period of Performance ends
FY 2021	12/31/2027
FY 2022	12/31/2028
FY 2023	12/31/2029
FY 2024	12/31/2030
FY 2025	12/31/2031

LOCCS locks 120 days after the end date. Unobligated funds go back to HUD; obligated funds must be liquidated within 120 days.

Notes

Five Things to Take Away

1. The notice has the same architecture every year. Read the Summary of Changes first, then the SF-424 certifications yourself.
2. CY 2026 deadlines have passed. The live work is year-end close, Period of Performance tracking and the CY 2027 notice.
3. Eligibility = (PEL + UEL) × EUM + Add-ons − (Formula Income × EUM). Know which fields HUD locks and which you can correct.
4. Appeals are portfolio-wide, and three of the four types challenge the PEL.
5. The GDA, $500 interest rule and record retention standard match PIH 2025-20. It is one compliance picture.
6. BONUS: 2027 Submission Schedule **https://www.hud.gov/sites/default/files/PIH/documents/CY-2027-PHA-Operating-Subsidy-Grant-Submission-Schedule.pdf**

Priority Actions for Your PHA

- ☐ **This week:** Confirm UEI, SAM.gov registration and LOCCS TIN are current and match. Check whether the CY 2027 notice has published.
- ☐ **This quarter:** Reconcile obligated-to-date subsidy against your records. Close any ARF, PILOT or audit-cost documentation gaps before year-end.
- ☐ **Ongoing:** Track each open grant's Period of Performance and LOCCS lock dates. Flag approaching deadlines to the Board early (FY 2021 ends 12/31/2027).
- ☐ **When the next notice publishes:** Read the Summary of Changes first and add its SF-424 and revision deadlines to your calendar.

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