



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

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**Special Attention of:**

Public Housing Agencies  
Public Housing Hub Directors  
Public Housing Program Center Directors  
Regional and Field Office Directors  
Resident Management Corporations

**Notice PIH 2024-02**

**Issued: January 5, 2024**

This notice remains in effect until amended, superseded, or rescinded. This notice amends Notice PIH-2020-16 and PIH-2021-12.

**Cross References:**

Notices: PIH-2020-16, PIH-2021-12, PIH-2022-17, PIH-2023-18

Regulations: 24 CFR Part 990; 2 CFR 200.328; 2 CFR 200.334(b)

Statutes: 42 U.S.C.1437g(e); 44 U.S.C.3520; Public Law 106-107

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**SUBJECT: Shortfall Grant SF-425 Reporting Requirements**

**I. PURPOSE**

This notice provides clarification, additional information, or correct information to public housing agencies (PHAs) regarding the reporting requirements related to the Federal Financial Report (FFR), also known as the Standard Form (SF-425).

**II. APPLICABILITY**

This notice applies to all federal award program grantees of Shortfall Funding during FY 2020 through FY 2023. The SF-425 must be completed to capture disbursements, expenditures, obligations, and unliquidated obligations.

PHAs can receive up to three grants, but a minimum of two grants of the Shortfall Funding. For example, Tier 1 would fund PHAs to raise their Months of Reserves (MOR) to zero. Tier 2 would support the amount needed to raise a PHA's MOR. Tier 2 funding is provided in two separate grants, known as Increment 1 and Increment 2. The PHA must submit a Federal Financial Report (FFR) SF-425 for each grant. The SF-425 must be submitted via HUD's Public Housing (PH) Portal.<sup>1</sup>

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<sup>1</sup> The Public Housing (PH) Portal is a web-based platform that serves as a resource to Public and Indian Housing (PIH) Field Offices (FOs) and Public Housing Agencies (PHAs), allowing Operating Fund processing to be accessed through their web browsers. The submission and certification of various forms (HUD-52722, 52723, and SF-425) are submitted through the PH Portal. FOs and PHAs can create ad hoc reports and access historical documentation in the portal. The web link to the Operating Fund Webpage with information about the PH Portal is posted on each calendar year's Operating Subsidy Processing web page.

### III. BACKGROUND

HUD awarded \$25,000,000 in Shortfall Funds to PHAs in FY 2020, FY 2021, FY 2022, and FY 2023. The PIH Shortfall Notices for FY 2022 and FY 2023 identified SF-425 reporting requirements; however, PIH Shortfall Notices for FY 2020 and FY 2021 did not. See cross-references of these Notices above. This Notice establishes reporting requirements related to the use of FY 2020 and FY 2021 Shortfall Funds, pursuant to 2 CFR 200.328. This Notice also reiterates reporting requirements related to the use of FY 2022 and FY 2023 Shortfall Funds previously identified in the applicable Shortfall notice so that reporting requirements for all Shortfall funding are consolidated in this Notice.

The SF-425 FFR form is a required Office of Management and Budget (OMB) financial reporting form to track the status of financial data tied to a singular Federal grant award. On October 9, 2008, the OMB published the SF-425. The Federal Financial Assistance Management Improvement Act of 1999 (P.L. 106-107) allows OMB to direct agencies to use the SF-425, which replaced the SF-269, SF-269A, SF-272, and SF-272A to report the financial status of grants and cash transactions using those funds. This requirement is in 2 CFR 200.328, and OMB standard data elements are included in OMB Form 4040-0014. While the submission of an SF-425 is required by regulation, HUD did not implement this requirement for FY 2020 or FY 2021 Shortfall Funding. HUD is implementing the requirement via this Notice. The changes related to FY 2022 and FY 2023 Shortfall Funding are procedural, as the initial notice for those years identified the SF-425 requirement.

The SF-425 requirements and process for the Shortfall Funds reporting are similar to that of the CARES Act<sup>2</sup> Supplement Operating Funds. For example, both require funds to be expended immediately. Similar to CARES Act Supplemental Operating Funds, Shortfall Funds are not anticipated to involve program income. HUD will deploy an SF-425 module for the Shortfall Funds in the Public Housing Portal, just as it did for the CARES Act Supplemental Operating Funds. As a result, PHAs should find the SF-425 Shortfall process familiar with a limited level of burden and complexity. Also, similar to the CARES Act Supplemental Operating Funds SF-425, HUD will provide robust support to PHAs in the rollout of the SF-425 for the Shortfall Funds, including clear written instructions and technical guidance, instructional videos, live training sessions, and support by email.

All references to days in this Notice are calendar days unless specified otherwise. All deadlines for submissions made through the Public Housing Portal are at 5:00 p.m. Eastern time on the date of the deadline unless specified otherwise.

### IV. STREAMLINING AND SIMPLIFICATION

- The following changes and additions in this Notice are to provide clarification, streamlining, and simplification: This Notice implements the requirement for PHAs that received FY 2020 or FY 2021 Shortfall Funds to report on the use of those funds via the submission of the SF-425.
- This Notice changes the reporting period for SF-425s pertaining to FY 2022 and FY 2023 grants from the PHA's fiscal year end to the period ending December 31<sup>st</sup>.

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<sup>2</sup> The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136) provided an additional \$685,000,000 for the Public Housing Operating Fund to "prevent, prepare for, and respond to coronavirus, including to provide additional funds for public housing agencies to maintain normal operation and take other necessary actions during the period that the program is impacted by coronavirus." The CARES Act also required that supplemental Operating Funds be distributed to PHAs following the Operating Fund formula under 24 CFR Part 990.

- For FY 2020 Shortfall Funds, this Notice eliminates the requirement for PHAs to expend funds by December 31, 2024. Instead, funds must be obligated by December 31, 2024. All obligations must be liquidated by April 30, 2025.
- For FY 2021 Shortfall Funds, this notice eliminates the requirement for PHAs to expend funds by December 31, 2025. Instead, funds must be obligated by December 31, 2025. All obligations must be liquidated by April 30, 2026.

**V. REPORTING REQUIREMENTS**

1. *Timing of Submissions*

An SF-425 for Shortfall Funds shall be submitted accordingly:

<b>Shortfall Funding Year</b>	<b>Annual Submission</b>	<b>1<sup>st</sup> Submission</b>
<b>2020</b>	No	<ul style="list-style-type: none"> <li>Report for Period Ending 12/31/24</li> <li>Report due 4/30/25</li> </ul>
<b>2021</b>	No	<ul style="list-style-type: none"> <li>Report for Period Ending 12/31/25</li> <li>Report due 4/30/26</li> </ul>
<b>2022</b>	Yes	<ul style="list-style-type: none"> <li>Report for Period Ending 12/31/23</li> <li>Report due 5/31/2024</li> </ul>
<b>2023</b>	Yes	<ul style="list-style-type: none"> <li>Report for Period Ending 12/31/23</li> <li>Report due 5/31/2024</li> </ul>

2. *Fiscal Year 2020 Shortfall Grants*

- The grant period (a.k.a. the period of performance) for FY 2020 Shortfall grants ends December 31, 2024. PHAs are not permitted to obligate any funds after this date. Any funds reported as not having been obligated by December 31, 2024, will be recaptured by HUD.
- All PHAs are required to submit an SF-425 for each FY 2020 Shortfall grant for the period ending December 31, 2024.
- The SF-425 for the period ending December 31, 2024, is due April 30, 2025.
- Grants reported as having any unobligated funds, unliquidated obligations, or cash on hand in their SF-425 for the period ending December 31, 2024, are required to have an SF-425 submitted by the PHA for the period ending August 30, 2025.
- When the PHA reports all funds obligated, all obligations liquidated, and no cash on hand, the Field Office will close out the grant in LOCCS.
- Shortfall Funds in LOCCS will be locked on April 30, 2025, and PHAs will not be able to draw down any additional funds.
- The SF-425 for the period ending August 30, 2025, is due December 30, 2025. Any funds reported as unobligated, unliquidated obligations, or cash on hand will be recaptured.

### *3. Fiscal Year 2021 Shortfall Grants*

- a. The grant period (a.k.a. the period of performance) for FY 2021 Shortfall grants ends December 31, 2025. PHAs are not permitted to obligate any funds after this date. Any funds reported as not having been obligated by December 31, 2025, will be recaptured by HUD.
- b. All PHAs are required to submit an SF-425 for each FY 2021 Shortfall grant for the period ending December 31, 2025.
- c. The SF-425 for the period ending December 31, 2025, is due April 30, 2026.
- d. Grants reported as having any unobligated funds, unliquidated obligations, or cash on hand in their SF-425 for the period ending December 31, 2025, are required to have an SF-425 submitted by the PHA for the period ending August 30, 2026.
- e. When the PHA reports all funds obligated, all obligations liquidated, and no cash on hand, the Field Office will close out the grant in LOCCS.
- f. Shortfall Funds in LOCCS will be locked on April 30, 2026, and PHAs will not be able to draw down any additional funds.
- g. The SF-425 for the period ending August 30, 2026, is due December 30, 2026. Any funds reported as unobligated, unliquidated obligations, or cash on hand will be recaptured.

### *4. Fiscal Year 2022 Shortfall Grants*

- a. The grant period (a.k.a. the period of performance) for FY 2022 Shortfall grants ends December 31, 2026. PHAs are not permitted to obligate any funds after this date. Any funds reported as not having been obligated by December 31, 2026, will be recaptured by HUD.
- b. All PHAs are required to submit an SF-425 annually for each FY 2022 Shortfall grant.
- c. The first SF-425 to be submitted is for the period ending December 31, 2023, and is due May 31, 2024.
- d. PHAs must submit an SF-425 annually for the period ending December 31<sup>st</sup> until the earlier of the end of the grant period or when their SF-425 reports no unobligated funds, unliquidated obligations, or cash on hand.
- e. The SF-425 is due April 30<sup>th</sup> of each year.
- f. Grants reported as having any unobligated funds, unliquidated obligations, or cash on hand in their SF-425 for the period ending December 31, 2026, are required to have an SF-425 submitted by the PHA for the period ending August 30, 2027.
- g. When the PHA reports all funds obligated, all obligations liquidated, and no cash on hand, the Field Office will close out the grant in LOCCS.
- h. Shortfall Funds in LOCCS will be locked on April 30, 2027, and PHAs will not be able to draw down any additional funds.
- i. The SF-425 for the period ending August 30, 2027, is due December 30, 2027. Any funds reported as unobligated, unliquidated obligations, or cash on hand will be recaptured.

### *5. Fiscal Year 2023 Shortfall Grants*

- a. The grant period (a.k.a. the period of performance) for FY 2023 Shortfall grants ends December 31, 2027. PHAs are not permitted to obligate any funds after this date. Any funds reported as not having been obligated by December 31, 2027, will be recaptured by HUD.
- b. All PHAs are required to submit an SF-425 annually for each FY 2023 Shortfall grant.
- c. The first SF-425 to be submitted is for the period ending December 31, 2024, and is due May 31, 2024.
- d. PHAs must submit an SF-425 annually for the period ending December 31<sup>st</sup> until the earlier of the end of the grant period or when their SF-425 reports no unobligated funds, unliquidated obligations, or cash on hand.

- e. The SF-425 is due April 30<sup>th</sup> of each year.
- f. Grants reported as having any unobligated funds, unliquidated obligations, or cash on hand in their SF-425 for the period ending December 31, 2027, are required to have an SF-425 submitted by the PHA for the period ending August 30, 2028.
- g. When the PHA reports all funds obligated, all obligations liquidated, and no cash on hand, the Field Office will close out the grant in LOCCS.
- h. Shortfall Funds in LOCCS will be locked on April 30, 2028, and PHAs will not be able to draw down any additional funds.
- i. The SF-425 for the period ending August 30, 2028, is due December 30, 2028. Any funds reported as unobligated, unliquidated obligations, or cash on hand will be recaptured.

## **VI. RECORD RETENTION**

HUD regulation at 24 CFR 990.325 requires PHAs to retain documents related to all financial management and activities funded under the operating subsidy grant for a period of five fiscal years after the fiscal year in which the funds were received. However, guidance in the Office of Management and Budget (OMB) regulations at 2 CFR 200.334(b)—allows Federal agencies (including HUD) to extend the record-retention period for non-Federal entities if this is done in writing. Therefore, HUD reserves the right to extend the record-retention period beyond five fiscal years and will notify the PHA in writing when such extensions are warranted.

## **VII. FURTHER INFORMATION**

All questions from PHAs are to be referred to the appropriate Field Office.

## **VIII. PAPERWORK REDUCTION ACT**

The information collection requirements contained in this notice have been approved by OMB under the Paperwork Reduction Act of 1995 (44 U.S.C. 3520) assigned OMB approval numbers 2577-0026, 2577-0029, 2577-0157, and 2577-0246. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to a collection of information unless the collection displays a currently valid OMB number.

## **IX. PENALTY FOR FALSE CLAIMS AND STATEMENTS**

Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).



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