



PRINCIPAL DEPUTY ASSISTANT SECRETARY  
FOR PUBLIC AND INDIAN HOUSING

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

**Special Attention of:**

Public Housing Agencies;  
Public Housing Directors;  
Field Office Directors

**Notice: PIH 2025-17**

**Issued:** May 29, 2025

**Expires:** This notice remains in effect until amended, suspended, or rescinded.

**Cross References:**

Regulations: 24 CFR Part 907; 2 CFR  
200.339; 24 CFR Part 905, Subpart H; 24  
CFR Part 990

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**SUBJECT: Requirements to Approve Vouchers via Manual Review in the Electronic Line of Credit Control System When Public Housing Agencies are in Noncompliance with Grant Terms and Award Conditions**

- I. **Applicability.** Public Housing Agencies (PHAs) receiving grants from the Department of Housing and Urban Development (HUD) are responsible for complying with the terms and conditions of their grant awards. HUD is committed to ensuring that such Federal funds are used effectively and in accordance with statutory and regulatory requirements, supporting the critical mission of providing safe and decent affordable housing. The conditions outlined in this notice apply to PHAs receiving assistance from any program under HUD's Office of Public and Indian Housing (PIH). HUD reserves the right to impose additional conditions for noncompliance and exercise any other enforcement authority permitted by law.
- II. **Purpose.** This notice outlines the procedure for setting a grant to PIH "manual review" in the electronic Line of Credit Control System (eLOCCS) when a PHA is noncompliant with grant terms or specific award conditions. Previously, HUD described the procedure as "automatic review," "auto review," or "zero-threshold" for enforcement. For clarity, HUD will now use the term "manual review" to describe the process when eLOCCS automatically sends a PHA's voucher requests to PIH for review prior to the PHA drawing funds, requiring documentation for each voucher to ensure the funding is used in compliance with statutory and regulatory requirements.
- III. **Legal Authority.** HUD has the legal authority to adjust or impose additional grant conditions when PHAs fail to comply with existing HUD requirements. This authority is derived from Section 6(j) of the U.S. Housing Act of 1937 (1937 Act); 24 CFR Part 905, Subpart H; 24 CFR Part 907; 24 CFR Part 990; and 2 CFR 200.339

HUD may implement a manual review process when PHAs are noncompliant with HUD's requirements. Under manual review, PHAs must obtain additional approvals before

Federal grant funds are disbursed through eLOCCS. Instances of noncompliance include but are not limited to:

- A. Failure to comply with the requirements of the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (2 CFR Part 200), unless HUD specifically grants a case-by-case exception;
- B. Noncompliance with statutory and regulatory requirements, for the Capital Fund Program, Operating Fund Program, supportive services grants, Choice Neighborhoods grants, and the National Standards for the Physical Inspection of Real Estate (NSPIRE), and;
- C. Noncompliance with the Annual Contributions Contract.

**IV. PIH Review Procedures.** HUD shall follow these procedures when manual review is to be imposed:

- A. Thirty (30) calendar days before manual review is imposed, notify a PHA in writing of its failure to meet the legal requirements; and
- B. The notification letter to the PHA shall include the following information:
  - 1. Specific program legal violations.
  - 2. Remedies to resolve the violations.
  - 3. Explanation of the appeal process, including HUD review, basis for appeal, and appeal time period, specifically:
    - a) All appeals are reviewed by HUD. The HUD official reviewing and adjudicating the appeal will be the Principal Deputy Assistant Secretary of Public and Indian Housing; or, in certain circumstances another official who is delegated this authority.
    - b) Appeals may be based upon a HUD mistake, error, or any other fact or circumstance the PHA wishes to assert (legal or factual) to avoid the imposition of manual review.
    - c) HUD must receive the PHA's written appeal via email or postage prepaid mail within 30 calendar days after the notification letter. HUD shall decide the appeal within 30 calendar days of receipt.

**V. PIH Procedures for Failure to Appeal, Denial of Appeal or Urgent Circumstances.**

- A. If no appeal is made within 30 calendar days after the notification letter, or at such time as an appeal is denied, HUD will place the PHA grant accounts on manual

review in eLOCCS, requiring HUD approval of all grant draws. The PHA will be notified by a second letter executed by the delegated HUD official that manual review has started.

B. If urgent circumstances at the PHA require immediate use of manual review without the offer of an appeal to the PHA, then HUD must make a written determination and inform the PHA in writing. Such a determination may be appealed as outlined in section IV above.

C. Denial of an appeal shall be the final agency action.

**VI. Funding Request Procedures.** When a PHA is on manual review, the following procedures apply:

A. The PHA may make voucher submissions no more than once per week.

B. The PHA must notify the Field Office via email of all requests to ensure timely review. eLOCCS does not notify Field Offices when a voucher is available for review.

C. Upon receipt of the request from the PHA, the Field Office will review and approve or reject the voucher submission within three business days.

**VII. Quarterly Review of PHA Manual Review Status.** HUD will re-examine the PHA's performance quarterly and determine whether to continue the manual review. HUD will communicate its decision in writing to the PHA.

A. If HUD decides to continue the manual review, the PHA may appeal and will have the same appeal rights as mentioned above in Section IV. The manual review will remain in place during the appeal.

B. If at any time HUD determines that manual review is no longer required, it shall end the manual review with notice to the PHA.



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Benjamin Hobbs  
Principal Deputy Assistant Secretary  
Office of Public and Indian Housing