



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

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention of:
Public Housing Agencies
Public Housing Directors
Regional Public Housing Directors

Notice PIH 2026-16

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Subject: Guidance on Eligibility for the Asset Repositioning Fee

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I. PURPOSE

This notice provides guidance on the eligibility for the Asset Repositioning Fee (ARF) in accordance with 24 CFR 990.190(h). ARF is an add-on subsidy amount, which is incorporated into the calculation of Operating Subsidy grant eligibility. A public housing agency (PHA) may be eligible for ARF when its public housing inventory removes some projects or entire buildings within a project as a result of demolition and/or disposition activities under section 18 of the U.S. Housing Act of 1937 (“1937 Act”). With the added ARF amount, Operating Subsidy grants support PHAs to manage the administrative costs of demolition and disposition activities as well as other administrative costs related to those efforts, such as the administrative costs of tenant relocation.

II. APPLICABILITY

This notice applies to all PHAs administering the Public Housing program, including PHAs participating in the Moving to Work (MTW) Demonstration. Alternative Operating Funding formula (AOFF) MTW PHAs should consult their MTW agreements, not this notice, regarding ARF eligibility for specific activities.¹

III. OVERVIEW OF CHANGES

This notice supersedes Notice PIH 2021-37. This notice defines key terms, clarifies guidance, and includes new sections. [Section VII](#) provides in-depth guidance on the ARF eligibility timeline and [section VIII](#) clarifies the beginning of ARF dates (“ARF Trigger Dates”) under various circumstances, including when units remain occupied.

Key terms are defined in [appendix A](#).

IV. ENSURING DATA ACCURACY AND ARF ELIGIBILITY

PHAs must comply with regulatory requirements at 24 CFR 990.190(h) and ensure that ARF-related data in the Inventory Management System/Public and Indian Housing Information Center (IMS/PIC) is accurate.

Each year, submission deadlines are published in the year’s Operating Subsidy Grant Processing Notice and accessible on the [Operating Fund webpage](#). HUD will review the submissions and supporting documentation. PHAs must comply with submission deadlines. If the IMS/PIC data is not accurate, the PHA should submit a correction request with appropriate documentation to their local HUD field office by the deadline.

V. ELIGIBLE PROJECTS/BUILDINGS

For ARF eligibility, a project or an entire building in a project must transition out of the PHA’s inventory.

¹ In the case of AOFF MTW PHAs that use Allowable Expense Level (AEL) in their Operating Subsidy eligibility calculation, the ARF calculation is also made by employing AEL instead of Project Expense Level (PEL). Some AOFF MTW Agreements allow PHAs to elect whether they claim ARF, in which case the PHA is responsible for claiming ARF or not, but may only do so in conformance with the MTW Agreement.

The following dwelling units are eligible for ARF:

- Projects (or entire buildings) approved by HUD under section 18 for demolition and/or disposition.² For this type of eligibility, all units in the building must be removed under section 18.
- Projects (or entire buildings) approved by HUD for demolition under a HOPE VI Revitalization Plan or a Choice Neighborhoods Initiative Implementation Plan.³
- Projects (or entire buildings) demolished in accordance with *de minimis* demolition authority (see [appendix A](#) for the definition).⁴ Note that failure to follow the requirements under 24 CFR part 970 for *de minimis* demolition will result in ARF ineligibility. ARF eligibility is only applicable when a *de minimis* demolition involves projects or entire buildings.

VI. INELIGIBLE PROJECTS/BUILDINGS

The following are not eligible for ARF:

- Projects (or buildings) converted to Project-Based Vouchers (PBV) or Project-Based Rental Assistance (PBRA) under the Rental Assistance Demonstration (RAD).
- Projects (or buildings) approved by HUD through voluntary or required conversion under section 22 of the 1937 Act (i.e., conversion of a public housing project to vouchers) or section 33 of the 1937 Act (i.e., conversion of a distressed public housing project to tenant-based assistance).
- Projects (or buildings) retained by a PHA under 24 CFR part 200 (i.e., units neither demolished nor disposed of) and used as affordable housing (with or without tenant-based or project-based assistance).
- Mixed-finance modernization projects, described under 24 CFR 905.604(a)(4). Although they are not eligible for ARF, these projects will retain regular operating subsidy throughout the rehabilitation period until they are placed under a Mixed Finance Annual Contributions Contract (ACC) Amendment.
- Projects (or buildings) sold pursuant to an Approved Homeownership Plan. If projects (or buildings) are transitioned to homeownership (i.e., sold and removed from inventory) under a homeownership plan pursuant under section 32 of the 1937 Act (or former section 5(h) of the 1937 Act), they are not eligible for ARF.
- RAD/section 18 blend units. When units in a single building are removed from inventory through a combination of eligible ARF methods (such as section 18 of the 1937 Act) and ineligible ARF methods such as RAD (i.e., removals done as part of a RAD/section 18 blend outlined in [Notice PIH 2025-03](#) or its successor notice), none of these units in the building are eligible for ARF. In the case of a removal action that spans multiple buildings, eligibility will be determined on a building-by-building basis: projects (or entire buildings) that are removed via section 18 will be eligible for ARF if all units in the building are removed from inventory pursuant to section 18.

² For the regulatory requirements regarding HUD approval of a PHA's application for demolition or disposition (in whole or in part) of public housing developments, see 24 CFR part 970.

³ These units will be treated as eligible "demolished" units; thus, ARF calculation will be conducted per 24 CFR 990.190(h)(3).

⁴ See previous footnote.

Note that when entire projects are removed from the public housing inventory by the methods listed above before the start of the “funding period,” those projects will not receive Operating Subsidy. On the other hand, when an entire project is not removed from the inventory before the start of the funding period, HUD will fund eligible units of the project as usual (i.e., based on unit/occupancy status during the Operating Fund “reporting period”). Therefore, the project will not receive ARF add-on (given that the methods listed above are ineligible for ARF) but will continue to receive Operating Subsidy for their eligible units. For background information regarding “funding period” and “reporting period,” see [section IX](#) and [appendix B](#).

Eligible projects (or entire buildings) receive ARF for a specified timeline. When projects (or entire buildings) have reached the end of their ARF timeline, any units remaining under the Annual Contributions Contract (thus, remaining in the inventory) cannot receive ARF beyond the end of ARF timeline. In such cases, the unit months that go beyond the timeline is prepopulated (i.e., automatically entered from IMS/PIC dataset) in section 2, column A, line 13 of form HUD-52723.

VII. ARF ELIGIBILITY TIMELINE

Per 24 CFR 990.190(h)(2), the clock starts ticking as soon as the first unit becomes vacant following “Relocation Start Date” in the approved Relocation Plan (see [section VIII](#) for the definitions of the terms regarding relocation). The vacancy of the first eligible unit is a “trigger” event for ARF. The ARF eligibility (“ARF Start Date”) begins “on the first day of the next quarter” that follows 6 months after the date of first vacancy (“ARF Trigger Date”).

Example 1. If the first vacancy occurred on July 16, 2025, the start date is calculated as: July 16 + 6 months = January 16; the first day of the next quarter is April 1, 2026 (the quarter beginning dates are January 1, April 1, July 1, and October 1). This ARF Start Date will be applicable to all ARF-eligible units in the entire Demolition/Disposition Approval (DDA).

<u>Action</u>	<u>Date</u>
ARF Trigger Date/First Vacancy Date	July 16, 2025
6 Months + ARF Trigger Date	January 16, 2026
ARF Start Date (i.e., start of next quarter)	April 1, 2026
ARF End Date if disposition action (24 months)	March 31, 2028
ARF End Date if demolition action (36 months)	March 31, 2029

Example 2. Imagine a PHA has HUD’s approval to demolish (or dispose of) a 100-unit project from its 1,000-unit public housing inventory. In accordance with the PHA’s approved Relocation Plan, a unit becomes vacant on January 12, 2025. Even if this is a single vacancy, this event will trigger the ARF timeline for the entire 100-unit project. In this case, January 12 + 6 months = July 12. The first date of the next quarter is October 1, 2025. Therefore, October 1, 2025, is the ARF Start Date for all ARF-eligible units in the DDA. In this example, for Calendar Year 2025 Operating Subsidy grant processing, the PHA will receive regular operating subsidy based on eligible unit months for 1,000 units

through September 30, 2025, and the Operating Subsidy calculations will be made based on 900 units for the rest of the year (October 1 to December 31) because the PHA will receive ARF for 100 units after October 1.

<u>Action</u>	<u>Date</u>
ARF Trigger Date/First Vacancy Date	January 12, 2025
6 Months + ARF Trigger Date	July 12, 2025
2025 Operating Subsidy for 1,000 units ends	September 30, 2025
2025 Operating Subsidy for 900 units	October 1-December 31, 2025
ARF Start Date (i.e., next quarter date) for 100 units	October 1, 2025
ARF End Date if disposition action (24 months)	September 30, 2027
ARF End Date if demolition action (36 months)	September 30, 2028

Once a PHA begins to receive ARF, the PHA cannot change the data elements used in the calculation (e.g., move-in date, number of units, PEL, or inflation factors). Thus, it is important that PHAs validate IMS/PIC data and ARF eligibility in the first year that a PHA claims ARF.

In the ARF timeline, the total number of ARF eligible months is determined based on the type of removal action. Per 24 CFR 990.190(h), the duration of ARF allocation is 36 months for demolitions and 24 months for dispositions (see [section XI](#)).

The ARF End Date is always the last day of the quarter that ends 24 months (disposition) or 36 months (demolition) after the ARF Start Date. ARF eligibility expires on the ARF End Date. If a PHA has no units under the ACC, but one or more of its projects are ARF eligible, those project(s) will remain eligible for Operating Fund grants as long as the units remain eligible for ARF (unless the PHA completes a program closeout or rejects the funding).

ARF eligibility may be triggered by events other than vacancy. The next section provides a list of those circumstances. For all instances, however, the ARF Start Date is determined by the same logic: the first day of the next quarter immediately after the end of the 6-month period that follows the ARF Trigger Date.

VIII. DETERMINATION OF THE ARF TRIGGER DATE

As described in [section XII](#), when units remain occupied as of the Relocation Start Date, the first move-out (i.e., the first vacancy) will determine the ARF Trigger Date. However, what happens if the units are all vacant by the Relocation Start Date? Or what would happen if the disposition occurred without resident relocations at all? Given complex circumstances, this section explains how to determine the ARF Trigger Date under various situations. Understanding the relocation planning and relevant terminology is the first step.

What is the “Relocation Start Date”?

When a PHA submits an application for demolition/disposition to HUD’s Special Applications Center (SAC), HUD records with a DDA number listing units to be demolished/disposed. For each DDA application, PHAs are required to enter a number in the “Days to Relocation” field, which indicates the estimated number of days between the SAC Approval Date and the beginning of the relocation process. The “Days to Relocation” field in the DDA application corresponds to the field “Number of Days to Relocation” in IMS/PIC’s Inventory Removals Module (IRM). HUD determines “Relocation Start Date” based on these records. For example, if the “Days to Relocation” field indicates “90” and SAC approved the application (i.e., “Approval Date”) on March 15, 2025, then, the “Relocation Start Date” will be June 13, 2025.

PHAs must follow all necessary regulations as well as SAC guidance materials in their planning, including the provision in 24 CFR 970.21(e) that requires PHAs to notify “each family residing in the development of the proposed demolition or disposition” at least 90 days prior to the displacement date, except in cases of imminent threat to health and safety. Accordingly, the “Days to Relocation” field entry cannot be less than 90 days.

Can PHAs Amend Their Relocation Plan?

When a PHA needs to change its relocation plan, HUD will review the PHA’s request to alter “Days to Relocation” field in their application for demolition/disposition. For DDAs with occupied units, this is the most critical and only data element that can be altered for the ARF timeline purposes. If there is a significant change in these dates, the PHA must provide a justification for the change. HUD encourages PHAs to request changes to the “Days to Relocation” field as needed so the number reflects the PHA’s realistic estimates; otherwise, there is a risk that the ARF timeline is triggered too early because PHAs cannot make any changes to the ARF allocation process once it is triggered. Operating Fund subsidy for the ARF-eligible units will stop at the end of the ARF timeline. Thus, PHAs need to ensure their relocation plans are realistically reflected in IRM.

To modify “Days to Relocation” for a submitted (but not yet approved) DDA, the PHA must email a request to SAC Technical Assistance at SACTA@hud.gov. If HUD already approved the DDA application, the PHA may request a modification to “Days to Relocation” by emailing their local HUD field office. The email must contain the DDA number, the new estimated number of days to relocation, and a brief justification for the change.

The field office will review the justification upon receiving the modification request. If HUD has local knowledge that conflicts with the justification (e.g., information from resident town halls that relocation has started), the request may be denied. The field office will also check if the modification request date is still within the Operating Subsidy grant processing Revisions timeframe for the first year of ARF eligibility (see [appendix A](#) for definitions of the terms regarding Operating Subsidy calendar). Form HUD-52723

cannot be revised beyond the Revisions Deadline provided in the applicable calendar year's Operating Subsidy Grant Processing Notice. Also, the request for modification cannot demand a change in Operating Subsidy form HUD-52723 for previous years.

If the PHA's request is approved, SAC will make the change in the DDA application and send a confirmation email to the PHA. HUD will process these modifications as a technical correction to an approved SAC application without a formal amendment of the application. After approval, the PHA must create a revision in the Public Housing Portal. Accordingly, the field office will process the revised form HUD-52723.

If the PHA's request is not approved, the field office will provide a written denial to the PHA and reject the revised form HUD-52723.

If the Units Remain Occupied on the Relocation Start Date, What is the ARF Trigger Date?

When units remain occupied as of the Relocation Start Date, the date of first move-out (i.e., the date of first vacancy) will be regarded as the ARF Trigger Date. The first move-out date (on or after the Relocation Start Date) will be recorded in form HUD-50058 as "The End of Participation (EOP) Date," which then will be noted as the ARF Trigger Date for the entire DDA in HUD's ARF MicroStrategy report.

If the Units are Vacant, What is the ARF Trigger Date?

If all units in the project are vacant on the date of the signed SAC approval letter (i.e., Approval Date), the Approval Date will be regarded as the ARF Trigger Date. However, if some units were occupied on the Approval Date but no units remain occupied on the Relocation Start Date, HUD will consider the Relocation Start Date as the ARF Trigger Date.

If the Units are Disposed Without Relocation, What is the ARF Trigger Date?

PHAs can convert units through section 18 without residents being physically relocated. If a PHA uses section 18 authority to convert from Public Housing to another eligible program, the tenants may choose to stay in their units if the option is provided. Under such circumstances in which all the units remain occupied, the ARF Trigger Date will be the Removed from Inventory Date from Public Housing program to the next program.

If the Residents Move Out Voluntarily, What is the ARF Trigger Date?

Voluntary move-outs before the Relocation Start Date do not constitute the beginning of the PHA's required relocation of the residents. Therefore, the Days to Relocation field in the DDA application should remain the same. In determining the ARF Trigger Date, the aforementioned protocols should be applied based on the circumstance.

IX. IDENTIFYING THE ELIGIBLE UNIT MONTHS IN OPERATING SUBSIDY

At the beginning of each calendar year (CY), HUD pre-populates forms for Operating Subsidy grant processing (form HUD-52722 and form HUD-52723). HUD uses unit status data for the reporting period July 1 (18 months before the CY beginning) through June 30 (6 months before the CY beginning), as reported in IMS/PIC to pre-populate the 22/23 forms. Therefore, it is important to highlight that the Operating Subsidy Reporting Period and Operating Subsidy Funding Period are not the same timeframe; rather, these two timeframes align with an interval of 18 months (see the Calendar Alignment visual in [appendix B](#)).

For example, for the CY 2026 subsidy, the Reporting Period is July 1, 2024, to June 30, 2025. Accordingly, the eligible units to receive Operating Subsidy for CY 2026 will be determined based on their eligibility status during the Reporting Period, i.e., July 1, 2024, to June 30, 2025. HUD’s prepopulated data for unit months appear in section 2, lines 1 to 11 of form HUD-52723.

Operating Fund Grant: Calculation of Total Program Expense Level PHA-Owned Rental Housing Date/Time Form ID		U.S. Department of Housing and Urban Development Office of Public and Indian Housing OMB Approval No. 2577-0029 (exp.01/31/2024)		
<small>Public Reporting Burden for this collection of information is estimated to average .75 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is required by Section 9(a) of the U.S. Housing Act of 1937, as amended, and by 24 CFR Part 990 HUD regulations. HUD makes payments for the operation and maintenance of low-income housing projects to PHAs/projects. The Operating Fund determines the amount of operating fund grant to be paid to PHAs/projects. PHAs/projects provide information on the Project Expense Level (PEL), Utilities Expense Level (UEL), Other Formula Expenses (Add-ons) and Formula Income – the major Operating Fund components. HUD reviews the information to determine each PHA's/project's Formula Amount and the funds to be obligated for the Funding Period to each PHA/project based on the appropriation by Congress. HUD also uses the information as the basis for requesting annual appropriations from Congress. Responses to the collection of information are required to obtain a benefit. The information requested does not lend itself to confidentiality.</small>				
Total number of ACC units for this PHA:				
Section 1				
1. Name and Address of Public Housing Agency:		2. Funding Period: 1/1/ to 12/31/		
		3. Type of Submission: <input type="checkbox"/> Initial Submission <input type="checkbox"/> Resubmission <input type="checkbox"/> QC Submission <input type="checkbox"/> Revision		
4. ACC Number:	5. Fiscal Year End:	6. Operating Fund Project Number:		
	<input type="checkbox"/> 12/31 <input type="checkbox"/> 3/31 <input type="checkbox"/> 6/30 <input type="checkbox"/> 9/30			
7. UEI:	HUD Use Only			
	8. ROFO Code:	9. HUD Staff:		
Section 2				
Line No.	Category	Column A Unit Months	Column B Eligible Unit Months (EUMs)	Column C Resident Participation Unit Months
Categorization of Unit Months: <input type="checkbox"/> First of Month <input type="checkbox"/> Last of Month				
Occupied Unit Months				
01	Occupied dwelling units – by public housing eligible family under lease			
02	Occupied dwelling units – by PHA employee, police officer, or other security personnel who is not otherwise eligible for public housing			
03	Occupied new units – eligible to receive operating funds during the funding period but not included on Lines 01, 02, or 05-13 of this section			
04	Occupied new units – eligible to receive funds from 10/1 to 12/31 of previous funding period but not included on previous Calculation of Operating Fund Grant			
Vacant Unit Months				
05	Units undergoing modernization			
06	Special use units			
06a	Units on Line 02 that are occupied by police officers and that also qualify as special use units			
07	Units vacant due to litigation			
08	Units vacant due to disasters			
09	Units vacant due to casualty losses			
10	Units vacant due to changing market conditions			
11	Units vacant and not categorized above			
Other ACC Unit Months				
12	Units eligible for asset repositioning fee and still on ACC (occupied or vacant)			
13	All other ACC units not categorized above			

Once ARF eligibility begins (“ARF Start Date”), the units eligible for ARF must be excluded from section 2, lines 1 to 11 of form HUD-52723. If these ARF eligible units are not removed from inventory (i.e., if they are still under the ACC), the unit month data for those units should be entered in line 12 of the form during the ARF eligibility period. If there are units still under the ACC after the ARF eligibility period ends, the unit month data must be reported in line 13 of the form.

	funding period but not included on previous Calculation of Operating Fund Grant			
Vacant Unit Months				
05	Units undergoing modernization			
06	Special use units			
06a	Units on Line 02 that are occupied by police officers and that also qualify as special use units			
07	Units vacant due to litigation			
08	Units vacant due to disasters			
09	Units vacant due to casualty losses			
10	Units vacant due to changing market conditions			
11	Units vacant and not categorized above			
Other ACC Unit Months				
12	Units eligible for asset repositioning fee and still on ACC (occupied or vacant)			
13	All other ACC units not categorized above			

Form HUD-52723

Operating Fund Project Number:				
Calculations Based on Unit Months:				
14	Limited vacancies			
15	Total Unit Months			
16	Units eligible for funding for resident participation activities (Line 15C + 12)			
Special Provision for Calculation of Utilities Expense Level:				
17	Unit months for which actual consumption is included on Line 01 of form HUD-52722 and that were removed from Lines 01 through 11, above, because of			

Before the deployment of form HUD-52723 in the Public Housing Portal, HUD’s prepopulated data is updated to reflect the corrections that are described above. Yet, what happens if ARF Eligibility changes after the deployment of the form, and, therefore, the prepopulated data does not reflect the latest updates? In this case, the PHA must take action and request the appropriate changes by contacting their field office, then resubmit form HUD-52723 before the Revisions Deadline in the Operating Subsidy Grant Processing Calendar.

Example 1. HUD deploys form HUD-52723 for CY 2026 in September 2025. A PHA receives HUD’s approval to demolish (or dispose of) 100 units (from 1,000-unit inventory) on October 5, 2025. In accordance with the PHA’s approved Relocation Plan,

a unit becomes vacant on January 5, 2026. Even if this is a single vacancy, this event will trigger ARF timeline for the entire 100 units in the DDA, impacting CY 2026 Operating Subsidy because the PHA will receive ARF add-on for 100 units for October, November, and December 2026 (for ARF timeline, see [section VII](#)): January 5 + 6 months = July 5. The first date of the next quarter is October 1, 2026. Therefore, October 1, 2026, is the ARF Start Date for all ARF-eligible units in the DDA. Given that the PHA will receive 3 months ARF allocation for 100 units in CY 2026 (October, November, December), form HUD-52723 must be resubmitted with the correct unit status data. Therefore, before the CY 2026 Operating Subsidy Revisions Deadline, the PHA must contact their field office and complete the revision submission in the Public Housing Portal. In this example, these 100 ARF units for 3 months (3 x 100 = 300) must be removed from section 2, lines 1 to 11 of form HUD-52723.⁵ Also, the correct numbers for line 12 (i.e., Unit months eligible for ARF and still on ACC) and line 17 (i.e., Unit months for which actual utility consumption is included on line 01 of form HUD-52722 and were removed from lines 01 to 11 of form HUD-52723) must be entered.

<u>Action</u>	<u>Date</u>
SAC DDA Approval Date	October 5, 2025
Resubmit form HUD-52723 for 900 units	Before the CY 2026 Subsidy Revisions Deadline
ARF Trigger Date/First Vacancy Date	January 5, 2026
6 Months + ARF Trigger Date	July 5, 2026
2026 Operating Subsidy for 1,000 units ends	September 30, 2026
2026 Operating Subsidy for 900 units	October 1-December 31, 2026
ARF Start Date (i.e., next quarter date) for 100 units	October 1, 2026
ARF End Date if disposition action (24 months)	September 30, 2028
ARF End Date if demolition action (36 months)	September 30, 2029

Example 2. A PHA receives HUD's approval to demolish (or dispose of) 100 units on September 10, 2025. In accordance with the PHA's approved Relocation Plan, a unit becomes vacant on December 21, 2025. Even if this is a single vacancy, this event triggers the ARF timeline for the entire 100 units in the DDA, impacting CY 2026 Operating Subsidy because the PHA will receive the ARF add-on for 100 units from July to December 2026: December 21 + 6 months = June 21. The first date of the next quarter is July 1, 2026, which is the ARF Start Date for all ARF-eligible units in the DDA. Given that the PHA will receive 6 months ARF allocation for 100 units, form HUD-52723 must be resubmitted with the correct unit status data. Therefore, before the CY 2026 Operating Subsidy Revisions Deadline, the PHA must contact its field office and complete the revision submission in the Public Housing Portal. In this example, these 100 ARF units for 6 months (6 x 100 = 600) must be removed from section 2, lines 1 to 11 of form

⁵ The monthly unit status data in IMS/PIC will be adjusted by removing the final 3 months in the Reporting Period. In this example, removal of three unit months of October 2026, November 2026, and December 2026 would correspond to the removal of the final 3 months of the Reporting Period for the CY 2026, i.e., April 2025, May 2025, and June 2025. See [appendix B](#) for the Alignment of the Calendars.

HUD-52723.⁶ Also, the correct numbers for line 12 (i.e., Unit months eligible for ARF and still on ACC) and line 17 (i.e., Unit months for which actual utility consumption is included on line 1 of form HUD-52722 and were removed from lines 1 to 11 of form HUD-52723) must be entered.

<u>Action</u>	<u>Date</u>
SAC DDA Approval Date	September 10, 2025
Resubmit form HUD-52723 for 900 units	Before the CY2026 Subsidy Revisions Deadline
ARF Trigger Date/First Vacancy Date	December 21, 2025
6 Months + ARF Trigger Date	June 21, 2026
2026 Operating Subsidy for 1,000 units ends	June 30, 2026
2026 Operating Subsidy for 900 units	July 1-December 31, 2026
ARF Start Date (i.e., next quarter date) 100 units	July 1, 2026
ARF End Date if disposition action (24 months)	June 30, 2028
ARF End Date if demolition action (36 months)	June 30, 2029

Regarding the corrections for utility consumption levels for the ARF units, see [section XIII](#).

X. SUPPORTING DOCUMENTATION

HUD prepopulates ARF eligibility in form HUD-52723 based on the eligibility indicated in IMS/PIC, therefore, PHAs bear the responsibility to correctly update IMS/PIC data on a regular basis. If a PHA believes that pre-populated numbers are not correct, they can request correction. In this case, the PHA must submit the following supporting documentation in the first year of ARF eligibility through the Public Housing Portal at the time of their submission of form HUD-52723:

- Development Project number and DDA number
- Copy of the DDA approval letter and any amendments to the letter
- If the PHA believes that there needs to be modifications of the prepopulated ARF amount, it needs to submit a spreadsheet showing the ARF eligibility calculation, including:
 - Approval Date of the letter for the DDA
 - The number of Days to Relocation after the Approval Date and the resulting planned Relocation Start Date issued
 - The first move-out after the Relocation Start Date (must be consistent with the End of Participation date in IMS/PIC) or a statement that all units were vacant on the date of the approval letter or on the Relocation Start Date
 - The number of ARF-eligible units as stated in the DDA approval letter
 - The number of ARF-eligible months

⁶ The monthly unit status data in IMS/PIC will be adjusted by removing the final 6 months in the Reporting Period. In this example, removal of six unit months from July 2026 to December 2026 would correspond to the removal of the final 6 months of the Reporting Period for the CY 2026, i.e., January 2025 to June 2025. See [appendix B](#) for the Alignment of the Calendars.

- The number of ARF unit months (the number of ARF unit months equals the number of ARF-eligible months multiplied by the number of ARF-eligible units)

XI. CALCULATION OF ARF AMOUNTS

Demolition Removals: Per 24 CFR 990.190(h)(3), for the units categorized for demolition that are eligible for ARF and Operating Subsidy, ARF is calculated as the following for a total duration of 36 months:

- 75 percent Project Expense Level (PEL) per unit for the first 12 months,
- 50 percent PEL per unit for the next 12 months, and
- 25 percent PEL per unit for the next 12 months.

The ARF eligibility period may or may not coincide with the Operating Subsidy funding year. If the 36-month ARF period for demolition begins on January 1 and coincides with the start of the Operating Subsidy funding year, then the ARF eligibility period spans exactly three Operating Subsidy funding years. If the ARF period for demolition begins April 1, July 1, or October 1, the funding period overlaps into a fourth year.

Disposition Removals: For disposition actions, however, the ARF eligibility period is shorter. Per 24 CFR 990.190(h)(4), for the units categorized for disposition that are eligible for ARF and Operating Subsidy, ARF is calculated as the following for a total duration of 24 months:

- 75 percent PEL per unit for the first 12 months and
- 50 percent PEL per unit for the next 12 months.

Similarly, if the 24-month ARF period for disposition begins on January 1 and coincides with the start of an Operating Subsidy funding year, then the ARF eligibility period spans exactly two Operating Subsidy funding years. However, if the ARF period begins on April 1, July 1, or October 1, the funding period overlaps into a third year.

For details of ARF calculation methodology, see [appendix C](#).

XII. PHASED DEMO/DISPO WITH DIFFERENT RELOCATION DATES

In general, PHAs enter all units eligible for ARF into a single form, form HUD-52860. However, if a PHA wants to demolish (and/or dispose of) different buildings in one project in multiple phases, the PHA may use a timeline with different relocation dates so the units in the later phases remain eligible for Operating Subsidy longer.

If the PHA's goal is to remove public housing units in a phased approach, the PHA must submit multiple SAC applications with different relocation start dates for each phase. If the same supporting documentation applies for multiple phases, the PHA may submit the same supporting documentation (e.g., board resolution, government consultation, environmental review) in each DDA application in IMS/PIC. HUD's SAC will identify each phase in IMS/PIC with a separate DDA number and will approve/reject a phased demolition and/or disposition actions in one SAC approval letter.

Note: For a building to qualify as an “entire building” transitioned out via multiple DDAs, all the DDAs that include the building must have the same Approval Date. The phases may, or may not, have consecutive DDA numbers.

XIII. ADJUSTING THE ROLLING BASES FOR UTILITY CONSUMPTION

For the units eligible for ARF and still under ACC (occupied or vacant), the number of unit months will be prepopulated in section 2, line 12 of form HUD-52723. ARF amount payable to the PHA is reflected in the “Add-Ons” section of the form (section 3, line 14). After the ARF eligibility period begins, if all units in a project are ARF eligible (i.e., “ARF-only project”), then the project cannot receive subsidy for the Utilities Expense Level (UEL), formula Income, and other Add-Ons in the Operating Fund formula.

When ARF-eligible units are under ACC and occupied, these units are already receiving the ARF add-on amount; therefore, they should not be receiving utility subsidies unless residents pay utilities. If the PHA’s utilities are not resident-paid, the PHA must make adjustments to avoid requesting utility subsidies for units receiving the ARF add-on (section 3, line 14 of form HUD-52723). Depending on the ARF Trigger Date (see [section VIII](#)), the PHA can adjust using section 2, line 17 of form HUD-52723 and/or adjusting the rolling bases of UEL reporting in form HUD-52722.⁷

11	Units vacant and not categorized above			
Other ACC Unit Months				
12	Units eligible for asset repositioning fee and still on ACC (occupied or vacant)			
13	All other ACC units not categorized above			

Form HUD-52723

Operating Fund Project Number:			
Calculations Based on Unit Months:			
14	Limited vacancies		
15	Total Unit Months		
16	Units eligible for funding for resident participation activities (Line 15C + 12)		
Special Provision for Calculation of Utilities Expense Level:			
17	Unit months for which actual consumption is included on Line 01 of form HUD-52722 and that were removed from Lines 01 through 11, above, because of removal from inventory, including eligibility for the asset repositioning fee		
Section 3			
Line No.	Description	Requested by PHA	HUD Modifications
Part A. Formula Expenses			
Project Expense Level (PEL)			

⁷ The form HUD-52722 instructions state the requirement as: “PHAs that are disposing or demolishing projects or entire buildings within a project shall exclude all data by utility (rate, consumption, rolling base, eligible unit months, etc.) for these projects or buildings once the actual consumption (see line 01) for the 12-month period ending June 30 (i.e., 6 months prior to the first day of the funding period) no longer contains a full 12 months of consumption for these projects or buildings. The PHA also shall make an appropriate adjustment to the rolling base.”

Example 1. A PHA's ARF Trigger Date is February 7, 2025. In this case, the ARF Start Date is October 1, 2025 (February 7 + 6 months = August 7; the first period following begins on October 1). For the CY 2025 Operating Subsidy, PHA needs to adjust form HUD-52723 before the Revisions deadline: October 1, 2025, is tied to April 1, 2024 (see [appendix B](#)).

Regarding form HUD-52722, the PHA's earlier submission of the Actual Consumption (line 01) for the reporting period July 1, 2023, to June 30, 2024, can remain because the full 12 months did not pass after April 1, 2024, for those units; therefore, the rolling base does not need to be adjusted for the CY 2025 Operating Subsidy. Yet, the PHA must take account of April to June (3 months) for those units and enter the total unit months in section 2, line 17 of form HUD-52723.

Notice that, when 12 months pass in the following subsidy cycle, e.g., CY 2026 Operating Subsidy, the PHA must adjust the rolling bases of utility consumption (section 3) when submitting form HUD-52722.

Example 2. Assume a PHA's ARF Trigger Date is July 5, 2025, and ARF Start Date is April 1, 2026. For the CY 2026 Operating Subsidy, the PHA will submit forms HUD-52722 and HUD-52723 in the initial submission period (given that HUD deploys these forms by September/October each year). The reporting period for CY 2026 Operating Subsidy is from July 1, 2024 to June 30, 2025. ARF Start Date in this example, April 1, 2026, corresponds to October 1, 2024 (see [appendix B](#)).

Regarding form HUD-52722, the PHA's submission of the Actual Consumption (line 01) for the reporting period July 1, 2024, to June 30, 2025, can remain because the full 12 months did not pass after October 1, 2024, for those units; therefore, the rolling base does not need to be adjusted for the CY 2026 Operating Subsidy. Yet, the PHA must take account of October 2024 to June 2025 (9 months) for those units and enter the total unit months in section 2, line 17 of form HUD-52723.

In the following year, for CY 2027 Operating Subsidy in this example, the PHA will need to adjust the rolling bases of utility consumption (in section 3 of form HUD-52722) following the form instructions.

Note: PHAs that are permanently disposing or demolishing units equal to or more than 10 percent of the total units within a building shall be required to adjust the rolling bases.

**Operating Fund Grant:
Calculation of Utilities Expense Level
PHA-Owned Rental Housing
Date/Time and Form - ID**

**U.S. Department of Housing and
Urban Development
Office of Public and Indian Housing**

OMB Approval No. 2577-0029 (exp. 01/31/2024)

Public Reporting Burden for this collection of information is estimated to average .75 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is required by Section 9(a) of the U.S. Housing Act of 1937, as amended, and by 24 CFR Part 990 HUD regulations. HUD makes payments for the operation and maintenance of low-income housing projects to PHAs/projects. The Operating Fund determines the amount of operating fund grant to be paid to PHAs/projects. PHAs/projects provide information on the Project Expense Level (PEL), Utilities Expense Level (UEL), Other Formula Expenses (Add-ons) and Formula Income – the major Operating Fund components. HUD reviews the information to determine each PHA's/project's Formula Amount and the funds to be obligated for the period to each PHA/project based on the appropriation by Congress. HUD also uses the information as the basis for requesting annual appropriations from Congress. Responses to the collection of information are required to obtain a benefit. The information requested does not lend itself to confidentiality.

Section 1 – General Information								
1. Name of Public Housing Agency:		2. Funding Period: 1/1/____ to 12/31/____		3. Type of Submission:				
				<input type="checkbox"/> Initial Submission		<input type="checkbox"/> Resubmission		
				<input type="checkbox"/> QC Submission		<input type="checkbox"/> Revision		
4. ACC Number:		5. Operating Fund Project Number:		6. Fiscal Year End:		7. ROFO Code (HUD Use Only):	8. UEI:	
				<input type="checkbox"/> 12/31 <input type="checkbox"/> 3/31 <input type="checkbox"/> 6/30 <input type="checkbox"/> 9/30				
Line No.	Description	Utility (e.g., Water, Gas, Electricity)	Utility (e.g., Water, Gas, Electricity)	Utility (e.g., Water, Gas, Electricity)	Utility (e.g., Water, Gas, Electricity)	Utility (e.g., Water, Gas, Electricity)	Utility (e.g., Water, Gas, Electricity)	Total
Rolling Base Incentive		<input type="checkbox"/> Non Frozen <input type="checkbox"/> Frozen EPC <input type="checkbox"/> Frozen Other <input type="checkbox"/> Flat Rate	<input type="checkbox"/> Non Frozen <input type="checkbox"/> Frozen EPC <input type="checkbox"/> Frozen Other <input type="checkbox"/> Flat Rate	<input type="checkbox"/> Non Frozen <input type="checkbox"/> Frozen EPC <input type="checkbox"/> Frozen Other <input type="checkbox"/> Flat Rate	<input type="checkbox"/> Non Frozen <input type="checkbox"/> Frozen EPC <input type="checkbox"/> Frozen Other <input type="checkbox"/> Flat Rate	<input type="checkbox"/> Non Frozen <input type="checkbox"/> Frozen EPC <input type="checkbox"/> Frozen Other <input type="checkbox"/> Flat Rate	<input type="checkbox"/> Non Frozen <input type="checkbox"/> Frozen EPC <input type="checkbox"/> Frozen Other <input type="checkbox"/> Flat Rate	
Section 2 – Current Consumption Level								
01	Actual consumption (12-month period 7/1/____ to 6/30/____)							
01a	Unit of consumption (e.g., gallons, kWh, therms)							
Section 3 – Rolling Base Consumption Level								
02	Rolling base year 1- actual consumption (12-month period 7/1/____ to 6/30/____)							
03	Rolling base year 2 - actual consumption (12-month period 7/1/____ to 6/30/____)							
04	Rolling base year 3 - actual consumption (12-month period 7/1/____ to 6/30/____)							
05	Total consumption during 3-year rolling base period (Line 02 + Line 03 + Line 04)							

XIV. 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).

XV. PAPERWORK REDUCTION ACT

The information collection requirements contained in this notice are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501, et. seq.). In accordance with the PRA, 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 Control Number. The active information collections in this notice include OMB Control Numbers 2577-0029 and 2577-0075.

XVI. CONTACT

For Operating Subsidy inquiries, contact your [local field office](#). For technical assistance related to section 18 demolition and/or disposition actions, contact SAC at (312) 353-6236 or SACTA@hud.gov.



Benjamin Hobbs
Assistant Secretary
for Public and Indian Housing

APPENDIX A: KEY TERMS AND DEFINITIONS

Annual Contributions Contract (ACC)	The ACC is the grant agreement between HUD and the PHA that governs public housing.
Asset Repositioning Fee (ARF)	ARF is an add-on to the Operations Subsidy, a formula component of the Operation Fund formula (see 24 CFR 990.190(h)(1)).
ARF-Eligible Months	The number of ARF-eligible months is 36 for demolition and 24 for disposition approved under section 18 of the U.S. Housing Act of 1937 (see 24 CFR 990.190(h)).
ARF Funding Eligibility	ARF funding eligibility begins on the first day of the next quarter after the ARF Trigger Date + six months. HUD field offices validate ARF eligibility every year that a PHA claims ARF on form HUD-52723.
ARF MicroStrategy Report	The ARF MicroStrategy Report is a tool that PHAs and field offices use to determine ARF eligibility. PHAs can access the MicroStrategy Report from the main menu of HUD Secure Systems. Critical data elements from IMS/PIC are used to streamline the calculation process for field offices to validate ARF eligibility.
ARF Start Date	The ARF Start Date is the first day of the next quarter immediately after the ARF Trigger Date + 6 months; this is when ARF eligibility begins.
ARF End Date	The ARF End Date is the last day of the quarter that ends 24 months (for disposition) or 36 months (for demolition) after the ARF Start Date.

<p>De Minimis Demolition</p>	<p>In any 5-year period, a PHA may demolish the lesser of five dwelling units or five percent of the total public housing dwelling units without the need to obtain HUD approval under 24 CFR part 970, provided the resulting space is used to meet the service or other needs of the residents or the PHA determines the unit(s) are beyond repair.</p> <p>Demolition criteria of 970.15 do not apply to “de minimis demolitions.” Prior to demolishing units under this authority, the PHA must submit information to HUD via IMS/PIC, including a description of the proposed units and other items required by 24 CFR 970.7(a)(1), (2), (12), (13), and (14); environmental review under part 50 or 58; and required resident consultation pursuant of 24 CFR 970.9.</p>
<p>Demolition and Disposition Application (DDA) Approval Date</p>	<p>The date of SAC approval letter as recorded in the IMS/PIC Inventory Removals Module.</p>
<p>Eligible Unit Months (EUMs)</p>	<p>EUMs are the number of project units in the categories deemed eligible for full Operating Subsidy.</p>
<p>End of Participation (EOP)</p>	<p>EOP refers to the action taken (uploaded to IMS/PIC) when a tenant exits the program.</p>
<p>form HUD-52722</p>	<p>HUD determines Operating Subsidy eligibility for a public housing project. Each year, PHAs report their utility expenses using form HUD-52722: Calculation of Utilities Expense Level.</p>
<p>form HUD-52723</p>	<p>HUD determines Operating Subsidy eligibility for a public housing project based on form HUD-52723, Calculation of Operating Subsidy. PHAs must complete form HUD-52722 to obtain the UEL input for form HUD-52723.</p>

Inventory Management System/Public and Indian Housing Information Center (IMS/PIC)	<p>IMS/PIC is HUD’s database for building and unit information entered by PHAs, along with monthly information about their residents and unit status.</p>
Number of Days to Relocation	<p>The term “Number of Days to Relocation” refers to the data element in the IMS/PIC’s Inventory Removals Module, which is the date by which the PHA plans to relocate residents.</p> <p>When PHAs submit a DDA application to SAC, they estimate the number of days after SAC approves the DDA application that they plan to start the relocation process, which is referred to as “Days to Relocation.” Under section 18 of the U.S. Housing Act of 1937 and HUD regulations at 24 CFR 970.21(e)(1), PHAs must give residents 90 days’ notice before relocation; thus, SAC requires this field to be not less than 90 days.</p>
Operating Subsidy Calendar	<p>The Operating Subsidy Processing runs on an annual cycle. The actual schedule varies from year to year; refer to each year’s Operating Fund Submission Schedule on HUD’s Operating Fund webpage for specific dates.</p> <p>The process begins when HUD publishes prepopulated forms HUD-52722 and 52723 in the Public Housing Portal using IMS/PIC unit status data and elements from the Financial Data Schedule. After the forms are posted, PHAs have a brief period to correct, confirm, and fill out additional data. After the initial submission cycle each year, HUD conducts quality control and allows PHA to correct mistakes during the Revisions period, generally after February each year.</p>
Project Expense Level (PEL)	<p>PEL refers to the amount of estimated non-utility operating expenses for each project (excluding utilities and add-ons) expressed as a Per Unit Month (PUM) cost.</p>

Relocation Start Date	The Relocation Start Date is determined by PHA, by adding the number of Days to Relocation to the Approval Date.
Unit Months	Unit Months are the total number of project units in a PHA's inventory expressed in months for a specified time period.

APPENDIX B: ALIGNMENT OF THE CALENDARS

At the beginning of each calendar year, HUD pre-populates forms HUD-52722 and 52723 for Operating Subsidy grant processing using unit status data for the reporting period beginning July 1 (18 months before the calendar year begins) through June 30 (6 months before the calendar year begins), as reported in the Inventory Management System/Public and Indian Housing Information Center (IMS/PIC).

Calendar Alignment of Operating Subsidy Reporting and Funding Periods												
Funding Period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓
Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun

APPENDIX C: CALCULATION OF ARF AMOUNTS

Project Expense Level (PEL) and PEL Inflation Factor

The PEL and PEL Inflation Factor from the first year of the Asset Repositioning Fee (ARF) timeline are used to calculate ARF.⁸ If a PEL is unavailable that year, then the PEL from the prior year is used. If that is unavailable, the process is continued until a PEL for the project is found. If a PEL cannot be determined using this approach, HUD will use other means to identify a PEL, such as using a PEL from a similar project, in accordance with 24 CFR 990.165. Once the ARF timeline is established, the following methodology is followed:

1. For each calendar year of the ARF timeline, the PEL is inflated for each year beginning with the year of the PEL using the PEL Inflation Factor. The table below shows a sample calculation for a demolition project where the ARF Start Year (i.e., Y1) PEL is \$400.00, and the PEL Inflation Factor is 1.032.

Year (Y)	Calculation	PEL (P)
Y1	\$400.00	P1= \$400.00
Y2	1.032 * \$400.00	P2 = \$412.80
Y3	1.032 * \$412.80	P3 = \$426.01
Y4	1.032 * \$426.01	P4 = \$439.64

2. The PEL does not account for the possibility of all units within a project being removed from inventory. When units remain in the project, the PEL could increase or decrease substantially due to the units being removed from inventory. Therefore, the PEL and the PEL inflation factor from the first year of ARF are used.
3. ARF eligibility prepopulated in form HUD-52723 can only be changed by submitting revisions to the source Inventory Management System/Public and Indian Housing Information Center (IMS/PIC) data. The relocation date (Days to Relocation) is the only field that may be changed (see [section VIII](#)). PHAs must confirm the Days to Relocation accurately represent the planned start of relocation. While the Days to Relocation will result in a planned Relocation Start Date, an actual date is not required.

Note that the ARF funding for disposition unit month reported in the form HUD-52723 section 2, column A, lines 12 and 13 may differ from those used to calculate ARF funding amounts, reflected in section 3, part A, line 14. This is because unit months used to calculate ARF funding amounts are not required to be under the ACC; however, only ACC units are included in section 2 regardless of their ARF status (i.e., a unit eligible for ARF that is already removed from inventory will not have unit months included in section 2 after the removal date during the reporting period).

⁸ Given that ARF calculations must be entered into HUD's ARF MicroStrategy report as the total ARF eligible amount (for 24 or 36 months in total) as soon as the eligibility begins, the inflation factors of the following years would not be available yet. That is why the PEL inflation factor from the first year of ARF is used.