



OFFICE OF PUBLIC AND INDIAN HOUSING

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

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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 2022-35**

Issued: November 29, 2022

This notice remains in effect until amended, superseded, or rescinded

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**Subject:** CARES Act Supplemental Operating Fund Close Out Procedures

**1. Purpose**

This Notice provides information on the following topics related to the end of the period of performance of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136) Supplemental Operating Funds.

**2. Changes to the Notice**

The initial publication of this notice on December 17, 2021 (PIH-2021-36), provided that public housing agencies (PHAs) would have until the account cancellation date to liquidate all CARES Act obligations. This updated notice revises the time available for PHAs to liquidate their CARES Act obligations to April 30<sup>th</sup>, 2023. This change reflects the requirement that drawdowns may only be made to pay for immediate eligible expenses and will not affect the vast majority of PHAs that have obligated and disbursed 100 percent of their CARES Act Funds during the period of performance, which expired on December 31, 2021. For PHAs that obligated CARES Act Supplemental Operating Funds by December 31, 2021, but have not disbursed them yet, they must now do so no later than April 30, 2023.

**3. Background**

On March 27, 2020, over \$2 trillion in emergency assistance and health care was made available for individuals, families and businesses affected by the COVID-19 pandemic, through emergency appropriations to support Executive Branch agency operations during the COVID-19 pandemic. The CARES Act provided \$685 million of supplemental Operating Funds to PHAs to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus. Notice PIH-2020-07 provided guidance to PHAs on how the funds were allocated, eligible uses of the supplemental funding, financial management requirements, and other program requirements necessary for PHAs to administer the funding. The notice also set the original deadline for obligation of funding on December 31, 2020. Due to the ongoing pandemic, the period of availability for the use of CARES Act Supplemental Public Housing Operating Funds was extended to December 31, 2021 (Notice PIH-2020-24).

For the Public Housing program, obligations incurred beginning on March 27, 2020, could have been paid for with CARES Act Supplemental Operating Funds, Public Housing Operating Funds, or Public Housing Capital Funds that were appropriated for Federal Fiscal Year 2020 or before. If a PHA used funds other than CARES Act Supplemental Operating Funds to pay expenses incurred on March 27, 2020, or later, it could have been reimbursed by the CARES Act funding. Drawdowns may only be made to pay for immediate eligible expenses. Expenses must be for eligible activities under the Operating Fund and the Capital Fund (Subsections (d)(1) and (e)(1) of Section 9 of the United States Housing Act of 1937 (1937 Act)) and other expenses related to preventing, preparing for, and responding to coronavirus as described in Notice PIH-2020-07.

#### **4. Applicability**

This Notice applies to PHAs, including Moving to Work PHAs, administering the Public Housing program, and only applies to close out procedures for supplemental Operating Funds provided through the CARES Act.

#### **5. CARES Act Close Out**

This Notice does not change the requirement that PHAs must have incurred all eligible CARES Act obligations (as described in Notice PIH-2020-07) by the end of the Period of Performance (POP), December 31, 2021. PHAs must liquidate all obligations incurred under the Federal award not later April 30, 2023.

PHAs were required to submit an SF-425 for each CARES Act grant via the Operating Fund Web Portal, reporting on the status of CARES Act Supplemental Operating Subsidy as of December 31, 2021. The deadline for this submission was May 31, 2022. Where a PHA's SF-425 reported that all CARES Act Supplemental Operating Subsidy had been obligated, and all those obligations liquidated by December 31, 2021, it is not required to submit additional SF-425s.

Some PHAs reported unliquidated obligations, where obligations that have already been incurred by a PHA that have not yet been paid. If a PHA reported unliquidated obligations as of December 31, 2021, it is required to submit another SF-425 reporting on the status of CARES Act Supplemental Operating Subsidy as of December 31, 2022. The deadline for this submission is April 30, 2023.

#### **6. Recapture or Return of Funds**

HUD recaptured funds reported by the PHA as unobligated on its SF-425 for the period ending December 31, 2021.

PHAs are required to report any obligated funds that the PHA de-obligated (for example through a rebate, credit, or partial or full refund) to HUD. Such funds may not be re-obligated, but instead must be returned to HUD.

HUD will recapture funds that were obligated but remain unliquidated as of April 30, 2023. Where a PHA reports unliquidated obligations on the SF-425 for the period ending December 31, 2022, in its review HUD will validate whether those obligations were liquidated by April 30, 2023.

## **7. How to Draw Down CARES ACT Close Out Funds After April 30, 2022**

On April 30, 2022, any funds remaining in LOCCS were locked. To draw down CARES Act funds after April 30, 2022, PHAs are required to follow the process outlined below to validate that the funds were obligated for eligible activities on or before December 31, 2021.

PHAs must submit a voucher in LOCCS as well as supporting documentation to establish that requested funds were obligated on or before December 31, 2021, and that those funds are for expenses that are immediately due and payable. The Field Offices will review the documentation and approve the voucher upon determining that the requested funds were for obligations for eligible activities incurred on or before December 31, 2021. Where, for any obligation included in the voucher, supporting documentation is insufficient to establish that the obligations have met these requirements, the Field Office will reject the voucher.

Supporting documentation emailed to the Field Office must include:

- Description of the expenditure, and justification of the eligibility of the use.
- Statement as to whether the draw down will reimburse prior expenditures. If so, an identification of the funds used to initially pay the expenditure.
- Invoice, contract, purchase order, cancelled check, or receipt as needed to establish the eligibility of the expense.

The Field Office may request additional documentation to verify the eligibility and timing of PHA expenses.

## **8. Further Information**

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

## **9. Paperwork Reduction Act**

The information collection requirements contained in this notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C.3520) and 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.

## **10. Penalty for False Claims and Statements**

HUD will seek civil, criminal, or administrative action against individual and entities who either make, present, submit, or cause to be submitted a false, fictitious, or fraudulent statement, representation, or certification. 18 U.S.C. §§ 287, 1001, 1010, 1012, 1014 and 31 U.S.C. §§ 3729, 3802.

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Dominique Blom  
General Deputy Assistant Secretary  
Office of Public and Indian Housing