



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

Notice PIH 2022-37 (HA)

Issued: December 14, 2022

Expires: This Notice remains in effect
until amended, superseded, or rescinded.

SUBJECT: Personal Property Requirements

1. Purpose: To present Personal Property requirements under 2 CFR part 200 and identify Equipment management and disposition obligations.

2. Background: The Federal Government's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented in 2 CFR part 200. On December 19, 2014, the U.S. Department of Housing and Urban Development (HUD) rescinded its previous administrative requirements at 24 CFR part 85 and simultaneously adopted 2 CFR part 200 via implementation regulation at 2 CFR § 2400.101. The Office of Management and Budget requires 2 CFR part 200 be followed. However, as provided by 2 CFR § 200.101(d), where HUD's program statutes or regulations differ from part 200, the provisions of HUD's program statutes or regulations govern. For example, 24 CFR part 970 supersedes part 200 and provides specific requirements concerning real property, namely the demolition or disposition of public housing. However, no 24 CFR requirements exist or supersede part 200 regarding Personal Property. Therefore, 2 CFR part 200 governs PHA activities with respect to Personal Property.

This Notice reemphasizes 2 CFR part 200 requirements with respect to two components of Personal Property: Equipment and Supplies.

3. Applicability: This Notice applies to all PHAs operating a public housing program.¹ For PHAs undergoing close-out of their public housing programs, PIH Notice 2019-13 – Public Housing ACC Termination and PHA Closeout provides additional explanation on disposal of Personal Property. *PHAs closing out their public housing programs thus should follow the guidance in PIH Notice 2019-13 rather than this Notice.*

4. Definitions: This Notice follows the definition of terms quoted from 2 CFR part 200 as follows:

“Personal Property means property other than real property. It may be tangible, having physical existence, or intangible.” 2 CFR § 200.1.

¹ As authorized under the United States Housing Act of 1937 (42 U.S.C. 1437g).

“Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000. See also the definitions of capital assets, computing devices, general purpose equipment, information technology systems, special purpose equipment, and supplies in this section.” 2 CFR § 200.1.

“Supplies means all tangible personal property other than those described in the definition of equipment in this section. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. See also the definitions of computing devices and equipment in this section.” 2 CFR § 200.1.

5. PHA Determinations: Given the above definitions, it is incumbent upon PHAs to determine whether items qualify as Equipment or Supplies. For those PHAs with capitalization levels below \$5,000, whether an item qualifies as Equipment or not is contingent upon the capitalization level established by the PHA. Thus, any item that costs more than the PHA’s capitalization level is to be treated as Equipment (per the definition of Equipment in 2 CFR § 200.1). Therefore, the lower a PHA’s capitalization level, the more items the PHA would be required to treat as Equipment. Correspondingly, the higher the capitalization level, the fewer items the PHA would be required to treat as Equipment.

PHAs establish capitalization levels at their own discretion. However, HUD recommends PHAs review their capitalization level to see whether it effectively balances Personal Property control with the associated administrative burden that might be imposed by a capitalization level below the upper-dollar limit for Equipment (i.e., \$5,000 as per the definition of Equipment quoted above from 2 CFR § 200.1). Should PHAs determine their current capitalization levels are either too low or too high, capitalization policies should be amended accordingly, and the associated changes must be carried through to the financial statements.

6. Equipment Requirements: For items qualifying as Equipment, the regulatory requirements are presented below:

- A. **Management Requirements for Equipment.** Per the definitions in Section 4 of this Notice, the determination of whether an item qualifies as Equipment is determined at the time of acquisition, and once an item is determined to be an item of Equipment, it carries that designation forever. Thus, even if an item of Equipment has been fully depreciated for accounting purposes, the following management requirements apply to every Equipment item (regardless of current book value or market value):
 - i. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal Award Identification Number (FAIN)), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and

condition of the property, and any ultimate disposition data, including the date of disposal and sale price of the property. (2 CFR § 200.313(d)(1)).

PHAs are encouraged to utilize the Tangible Personal Property Report – Supplemental Sheet Form SF-428S and that form’s instructions to maintain Equipment property records. Subject to future rulemaking by HUD, the SF-428S may become compulsory for maintaining Equipment property records.

- ii. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. (2 CFR § 200.313(d)(2)).
- iii. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. (2 CFR § 200.313(d)(3)).
- iv. Adequate maintenance procedures must be developed to keep the property in good condition. (2 CFR § 200.313(d)(4)).
- v. If the PHA is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return. (2 CFR § 200.313(d)(5)).

B. Replacement Equipment. When acquiring replacement Equipment, the PHA may use the Equipment to be replaced as a trade-in or sell the Equipment and use the proceeds to offset the cost of the replacement Equipment (per 2 CFR 200.313(c)(4)). Equipment that is sold where the proceeds are used to purchase replacement Equipment is not subject to the disposition requirements for Equipment outlined immediately below.

C. Disposition Requirements for Equipment. PHAs that dispose of Equipment will perform the following in accordance with 2 CFR § 200.313(e).

- i. Items of Equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to HUD as per 2 CFR § 200.313(e)(1).
- ii. For those items of Equipment with a current market value of greater than \$5,000, PHAs must compensate HUD for its interest in the Equipment as follows and as per 2 CFR § 200.313(e)(2):

HUD will be due an amount calculated by multiplying the current market value or proceeds from sale of the Equipment by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the Equipment is sold, HUD may permit the PHA to deduct and retain from

HUD's share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

When submitting payments, PHAs must follow the instructions outlined in Section 9 of this Notice.

- iii. On a case-by-case basis, PHAs that otherwise would be required to compensate HUD under section 6(C)(ii) of this Notice may request that HUD grant an exception to the compensation requirement, per 2 CFR § 200.102(b). Any PHA electing to request an exception pursuant to 2 CFR § 200.102(b) must follow the same process outlined in PIH Notice 2018-16 Regulatory Waivers.

7. The SF-428 Forms and Instructions: The SF-428 series of forms are available via the following weblink: <https://www.grants.gov/forms/post-award-reporting-forms.html>.

8. Supply Items – Regulatory Requirements: Because the Federal Government retains a Federal Interest in any item that was purchased with Federal funds, PHAs must develop a process which adequately manages, accounts for, and safeguards those items. (See 2 CFR § 200.1 for definitions for Federal Interest and Internal controls. See also 2 CFR §§ 200.302 (b)(4) and 200.303).

9. Wiring Instructions: When remitting funds, PHAs should detail what the remittance is for (i.e., proceeds associated with the sale of Equipment) and identify the grant number or numbers that supported the Equipment purchase. Finally, PHAs must maintain records associated with the disposition for no less than three years after the disposition as per 2 CFR § 200.334(c). Funds should be remitted to the following address:

US Bank
HUD FAD Collections – Ft Worth
PO Box 6200-05
Portland, OR 97228-6200

10. Further Information: Questions regarding this Notice may be directed to the local HUD Field Office.



for

Dominique Blom
General Deputy Assistant Secretary
for Public and Indian Housing