

Washington Report

September 26, 2025



Meet the Presenters

Tushar Gurjal
Senior Policy Manager
tgurjal@nahro.org

Will There be a Shutdown?

Two options - a CR or a budget.

- Dem. CR is until Oct 31.
- Rep. CR is until Nov 21.
- WH CR is until March.
- If there's a budget, we will definitely have funding (there won't be a budget before the end of the month).

If there's no budget (aka SHUTDOWN).

- Many programs operate on a calendar year, so the payments should still go out.
- We've heard that the same shutdown procedures that happened in the past will continue to happen.



Shutdown Processes



- We are still waiting for HUD to publish Shutdown contingency plan
- Nonetheless we know the following:
- **Operating Fund Payments** – these will be preloaded and you should be able to access them for Oct. and Nov.
- We may know more when HUD publishes its shutdown contingency plan

Public Housing



President's budget



- President's budget proposal would combine:
 - The Housing Choice Voucher program;
 - Public Housing;
 - Project-Based Rental Assistance;
 - Section 202 – Housing for the Elderly;
 - Section 811 – Housing for Persons with Disabilities.
- The administration would allocate \$36.2 billion for all the programs.

President's budget



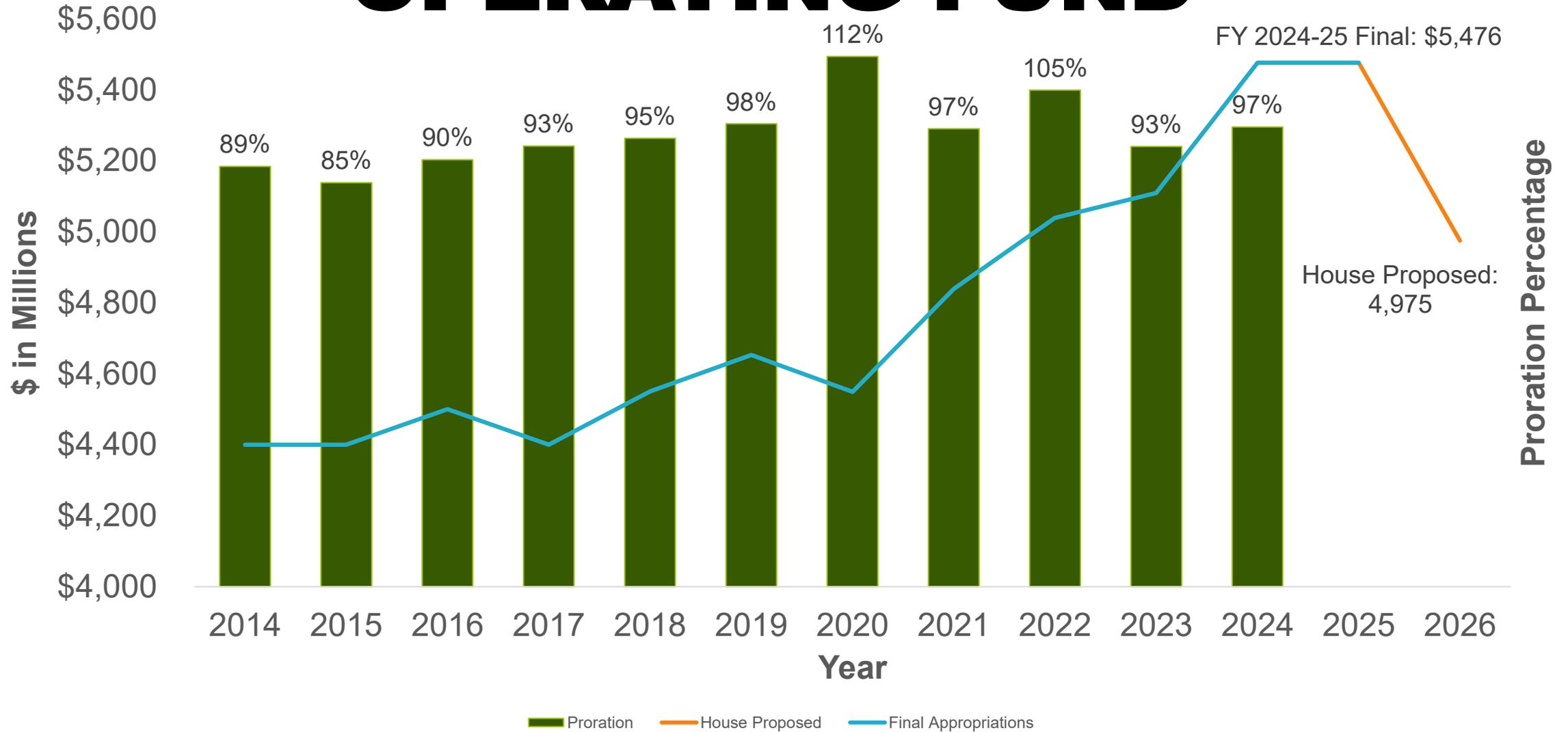
- State Rental Assistance Program (SRAP)
- The SRAP program would provide funding to states and the states would decide how to spend the money.
- It would require states to
 - Prioritize rental assistance for people with disabilities and the elderly;
 - Consider currently assisted households; and
 - Incentivize self-sufficiency among program participants who are non-elderly and non-disabled through the use of a **two-year time limit** and “any other appropriate means.”

President's budget

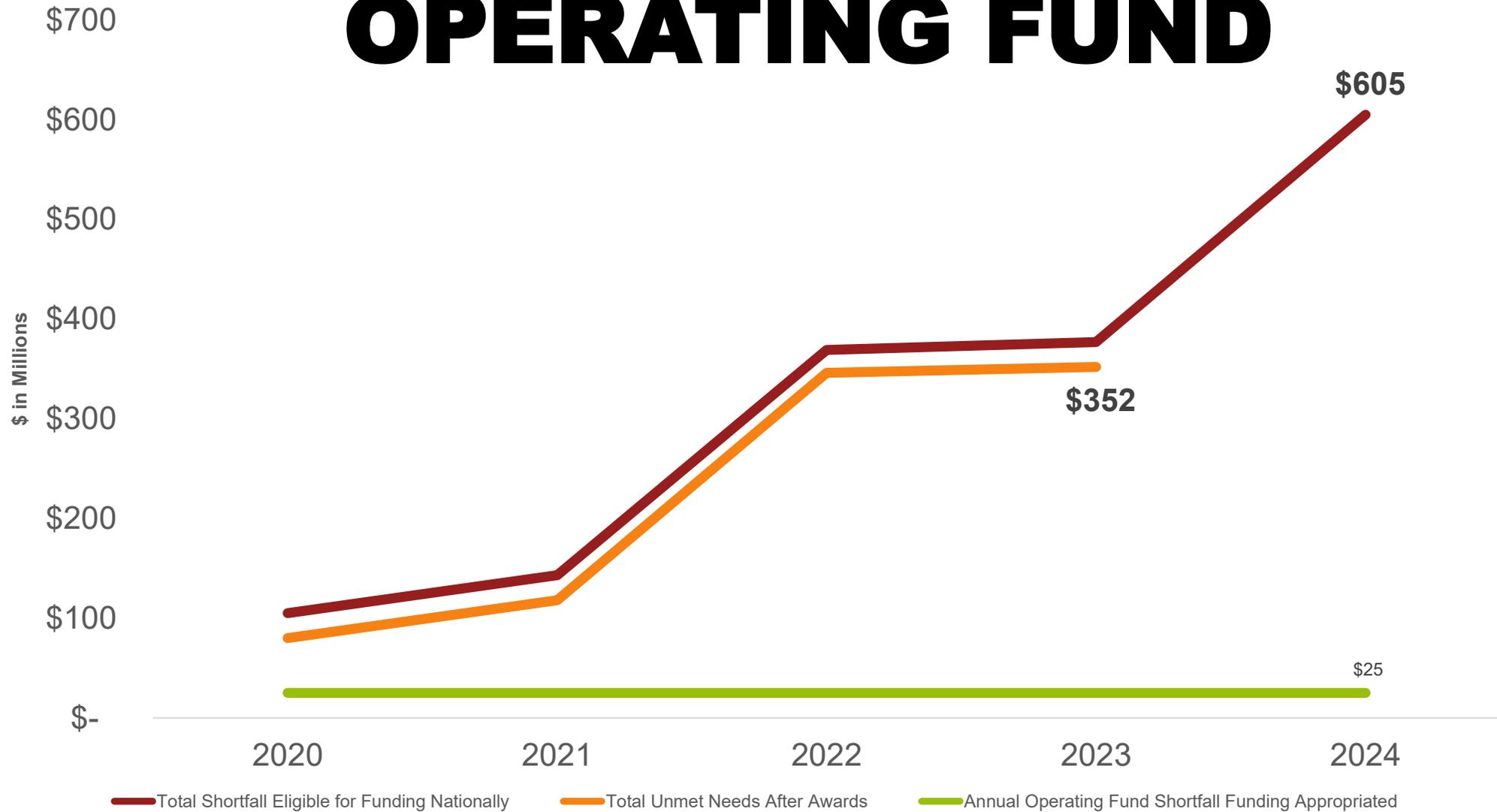


- Although the program would have drastically less funding, states would be “free to design a program that works best for their local needs. Examples of what states could do include:
 - Continue with a system like the current system;
 - Block grant to local governments; or
 - Provide direct cash grants to recipients.

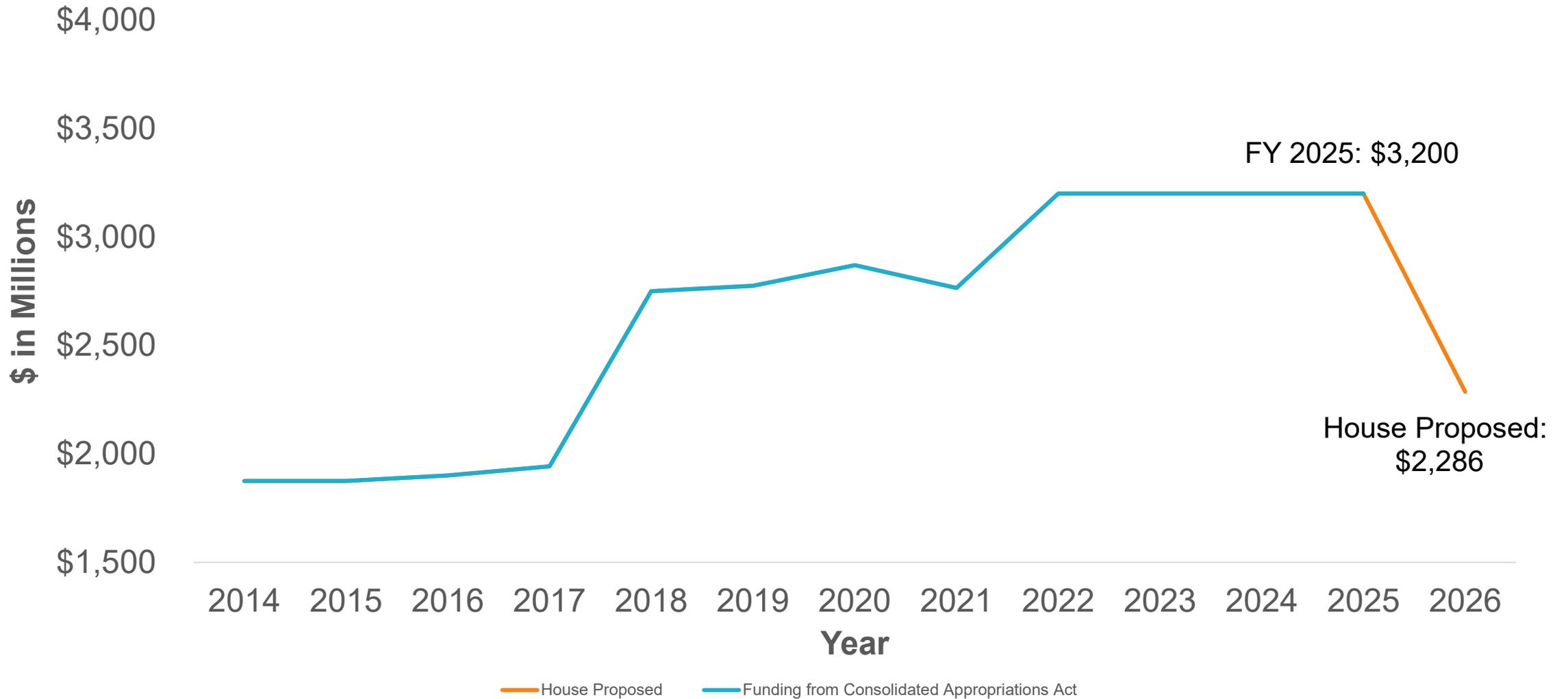
OPERATING FUND



OPERATING FUND



CAPITAL FUND



Public Housing

Program (in millions)	FY 23 Enacted	FY 24 Enacted	FY 25 Enacted	FY 26 President	FY 26 House	FY26 Senate
Operating Fund	\$5,109	\$5,476	\$5,476	--	\$4,975	\$4,873
Operating Fund Shortfall	\$25	\$25	\$25	--	\$25	\$214
Capital Fund Formula	\$3,200	\$3,200	\$3,200	--	\$2,286	3,200
Emergency Capital Needs	\$30	\$30	\$30	--	\$30	\$30
Housing Health Hazards	\$65	\$65	\$65	--	--	\$65

House Bill Policy Provisions



- SEC. 233: Process requirements for any ACC
- SEC. 238: Defund 30-Day Rule
- SEC. 239: Provision to allow HUD to develop a program to allow PHAs to create requirements around “total tenant payments, tenant rental payments, and housing assistance amounts”
 - HUD would not be able to rescind this custom payment/rent structure for at least 7 years
 - Would apply to PH and the HCV program
- SEC. 240: Public Housing, Operating, and Capital Funds fungible unless troubled and if units safe and sanitary

Senate Bill Policy Provisions



- SEC. 233: Process requirements for any ACC – at least 60 days to comment

Operating Fund Updates



- **PIH Notice 2025-17: Manual Review in eLOCCS**
 - This notice outlines the process by which a grant is set to “manual review” in eLOCCS when a PHA is noncompliant with grant terms or specific conditions
 - eLOCCs will automatically send a PHA voucher requests to PIH for review before a PHA can draw funds and will require documentation for each request

Operating Fund Updates



- **PIH Notice 2025-17: Manual Review in eLOCCS**
 - Non-compliance includes
 - Failure to follow OMB uniform administrative requirements, cost principles, and audit requirements for federal awards.
 - Noncompliance with statutory and regulatory requirements for the Cap. Fund, Op. Fund, NSPIRE, and certain other programs.
 - Noncompliance with the ACC.
 - HUD will inform the PHA thirty calendar days before manual review is imposed; PHA may appeal in that period

Operating Fund Updates



- **PIH Notice 2025-17: Manual Review in eLOCCS**
 - When a PHA is in manual review:
 - The PHA may make voucher submissions no more than once a week.
 - PHA must notify its Field Office via email of all request to ensure timely review.
 - The Field Office will review and approve or reject voucher submission within 3 business day.
 - Every quarter will re-examine the PHA's performance to determine whether to continue the manual review.

Operating Fund Updates



- **PIH Notice 2025-20**: SF-425 Guidance
 - Adds a requirement to **return unspent operating funds to HUD at the end of the program term**
 - Adds order of expenditures PHAs must use to pay for operating expenses
 - Must submit SF-425 in the Public Housing Portal every year for every individual grant received
 - PHAs must explain if their cash on hand is greater than the amount they will spend within three days of a form submission.
 - PHAs must liquidate all obligations by April 30 following the end of a program term; and
 - PHAs must retain records and are subject to enforcement actions.

Operating Fund Updates



- **PIH Notice 2025-22: Public Housing Operating Subsidy Grant Eligibility Calculations and Processing for Calendar Year 2026**
 - Most of this subsidy calculation notice is the same as it's been in the past.
 - Section 9 does add some new certifications.
 - Shall not use grant funds to promote “gender ideology,” as defined in Executive Order (E.O.) 14168, Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government;

Operating Fund Updates



- **PIH Notice 2025-22: Public Housing Operating Subsidy Grant Eligibility Calculations and Processing for Calendar Year 2026**
 - Section 9 does add some new certifications.
 - Shall not use any grant funds to fund or promote elective abortions, as required by E.O. 14182, Enforcing the Hyde Amendment;
 - Notwithstanding anything in the Notice of Funding Opportunity (NOFO) or application, this grant shall not be governed by Executive Orders revoked by E.O. 14154, including E.O. 14008, or NOFO requirements implementing Executive Orders that have been revoked.

Operating Fund Updates



- **PIH Notice 2025-22: Public Housing Operating Subsidy Grant Eligibility Calculations and Processing for Calendar Year 2026**
 - E.O. 14154 – Executive Order Unleashing American Energy
 - Rescinds many older Executive Orders on Climate change
 - States that E.O. 14008 titled “Tackling the Climate Crisis at Home and Abroad” should not be followed

Operating Fund Updates



- **PIH Notice 2025-22:** Public Housing Operating Subsidy Grant Eligibility Calculations and Processing for Calendar Year 2026
- I agree that the public housing agency must administer its grant in accordance with all applicable immigration restrictions and requirements, including the eligibility and verification requirements that apply under title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended (8 U.S.C. 1601-1646) (PRWORA) and any applicable requirements that HUD, the Attorney General, or the U.S. Citizenship and Immigration Services may establish from time to time to comply with PRWORA, E.O. 14218, or other Executive Orders or immigration laws.

Operating Fund Updates



- **PIH Notice 2025-14:** Guidance on the Administration, Accurate Reporting, and Use of Public Housing Operating Funds
- This Notice provides guidance on requirements and best practices for Public Housing Agencies (PHAs) when administering Public Housing Operating Funds, including guidance on options for the structure of centralized accounts from which to pay various program expenses.
- **Guidance on Interest Remittance** – discusses remitting interest over \$500 to the Department of Health and Human Services (HHS).

Operating Fund Updates



- **FAQs and TA** – HUD is working on FAQs and Technical Assistance to help PHAs implement these notices.
- **Letter to HUD** – NAHRO along with CLPHA, PHADA, and the MTW Collaborative have sent a letter to HUD saying that they are concerned about these notices. We believe that they are trying to do rulemaking through notices and the administrative burden of these notices is high.
- HUD is saying that there will be a new reporting system to report many of these changes by Jan. 1 2027.

NSPIRE:

Affirmative Requirements

October 1, 2026

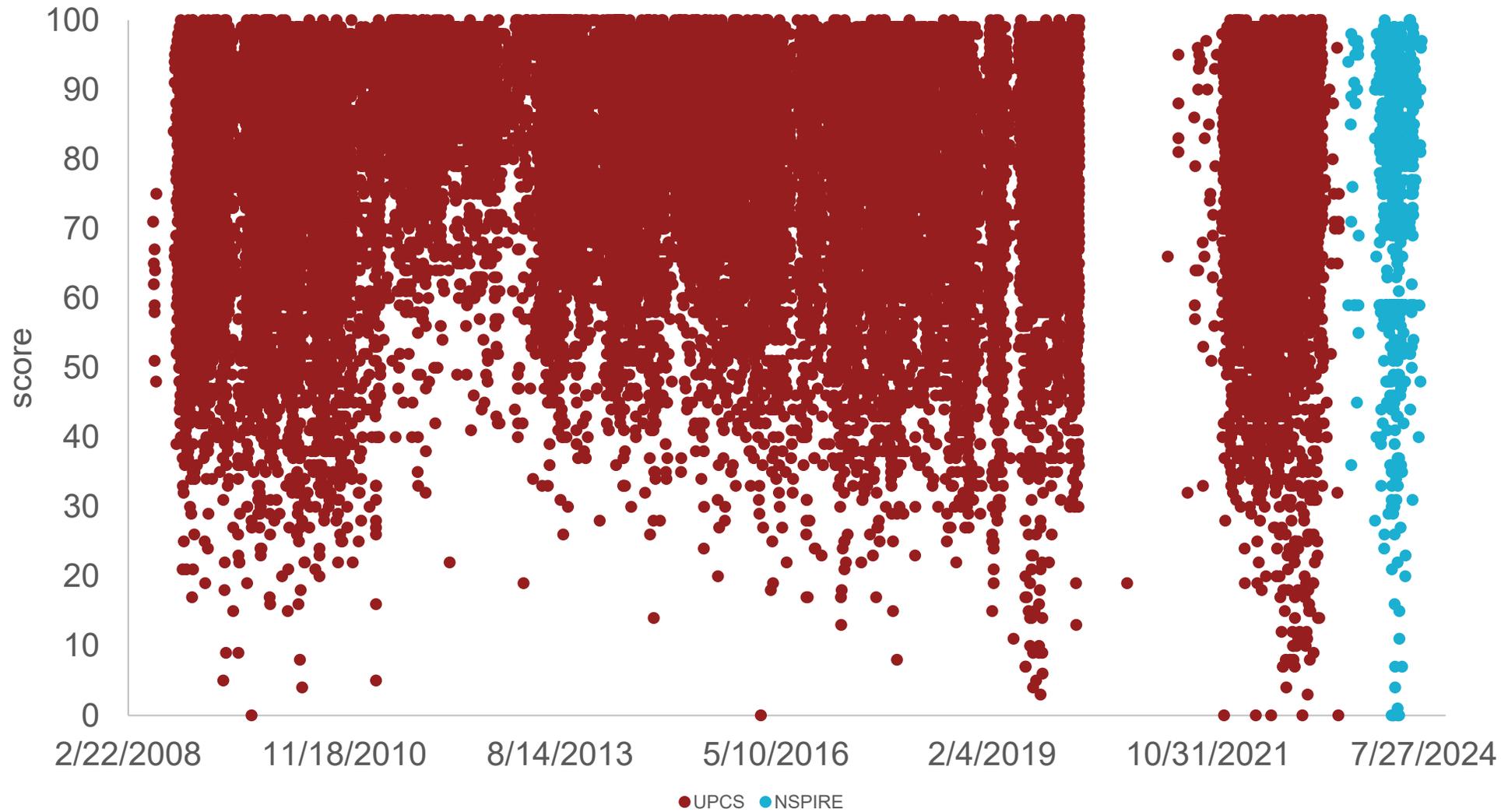
Currently affirmative requirements in NSPIRE are not scored. They will remain that way.

NSPIRE

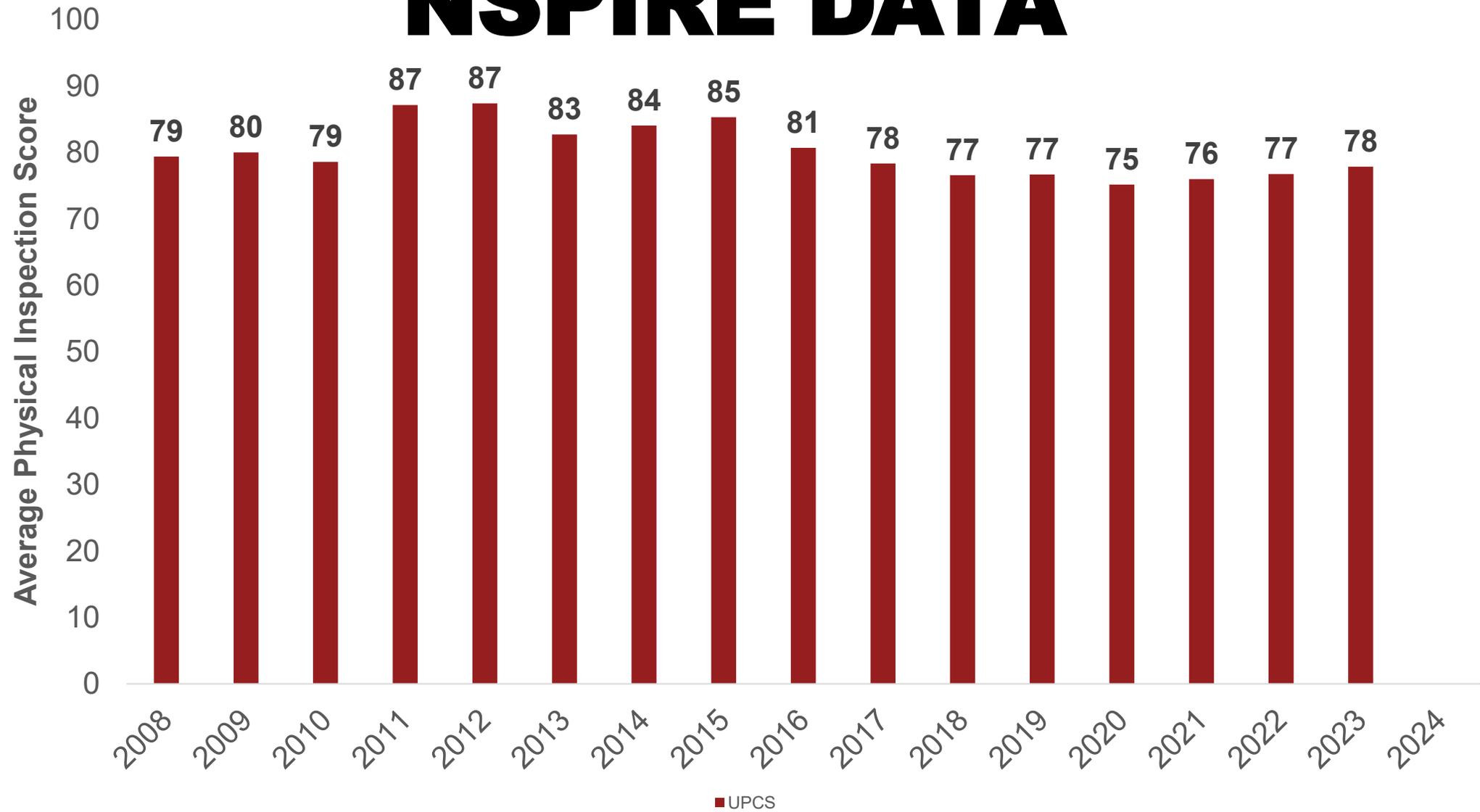
Standards Revisions

Tell us if there's anything you think needs revising in the NSPIRE standards.

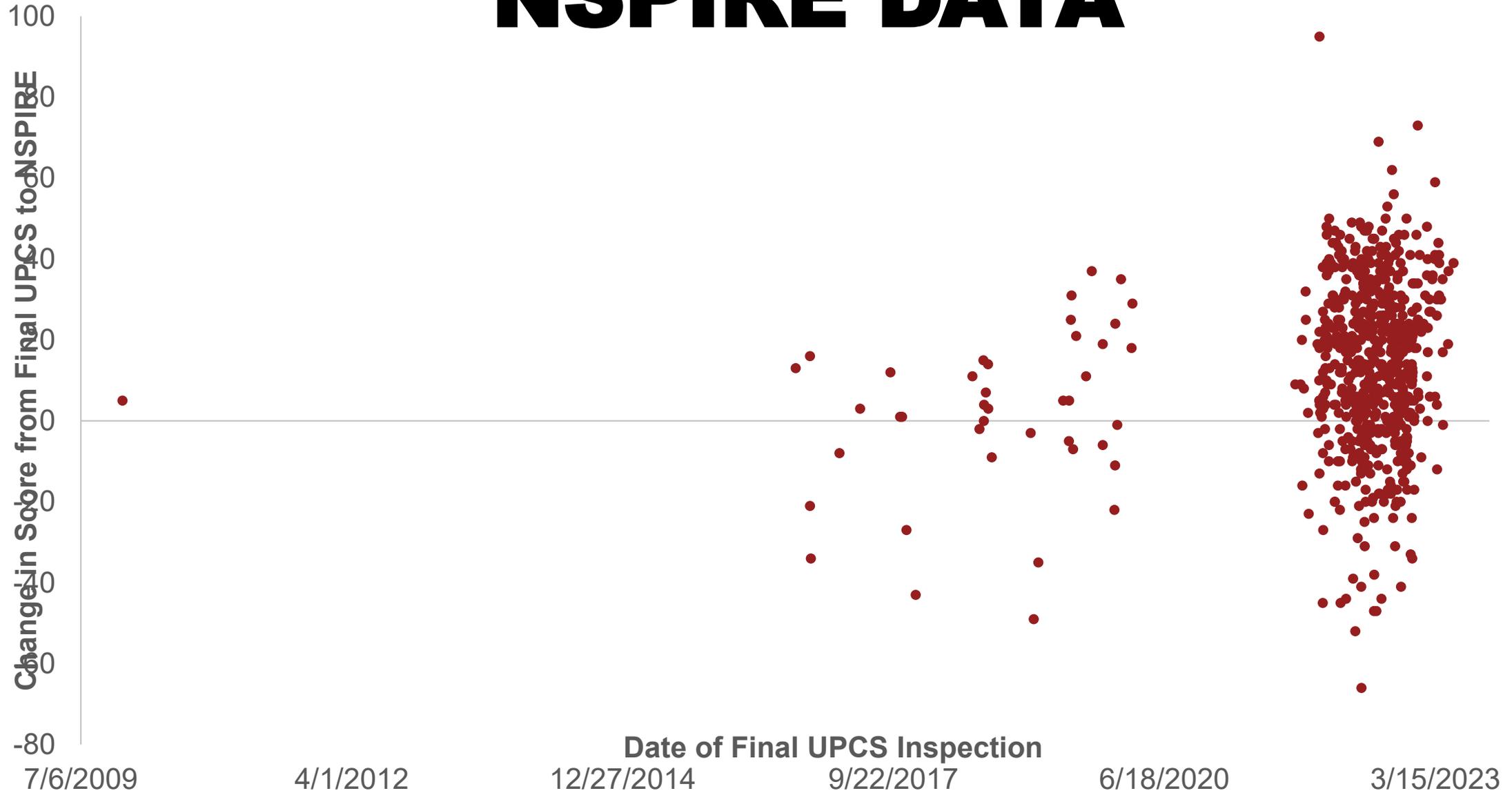
NSPIRE DATA



NSPIRE DATA



NSPIRE DATA



New Rules



- **Mixed Status Families Rule**

- PHAs received letter requesting information on mixed status families
- HUD OIG started investigations

- **Term limits and Work Requirements Rule**

- Discretionary for PHAs to apply
- Should exclude

Revisions to MTW Operating Notice



- Look for new notice to be published in mid-Nov., but there could be delays depending on things that happen.
- Revisions include:
 - Separating the supplement from the PHA plan;
 - Removing 10% cap on local non-traditional activities
 - Making compliant with EOs (esp. around disparate impact analysis)
 - Making some administrative edits.

BABA
Notice PIH 2025-06

**(supersedes 2024-
01pihn)**



Definitions

- Build America Preference (BAP): “the ‘domestic content procurement preference’ set forth in section 70914 of BABA, which requires the head of each Federal agency to ensure that none of the funds made available for a Federal award for an infrastructure project may be obligated unless all of the iron, steel, manufactured products, and construction materials incorporated into the project are produced in the United States”
- Covered Materials (see guidance for technical specifications):
 1. iron and steel
 2. construction materials
 3. manufactured items (must be 55% American-made)
- Date of Obligation for BABA: “for funds obligated by HUD after the later of November 14, 2022, or the expiration of any applicable waiver of the application of the BAP, the date of obligation of the funds by HUD to a Grantee or Funding Recipient for an Infrastructure Project”

Waivers Overview

Public Interest
Unreasonable Cost
Availability

Waivers can be general or agency-specific

Public Interest Waivers

General Public Interest Waivers—agencies can claim the following waivers without submitting a waiver application form

Exigent Circumstances

- Situations “necessary to protect life, safety or provide necessary security to residents or community members, or to prevent the destruction of property”
- Defects HUD would require to be remedied within 30 days or less **as an example**

Public Interest Waivers Cont.

General Public Interest Waivers—agencies can claim the following two waivers without submitting a waiver application form

Small Grants and De Minimis

- Project under Simplified Acquisition Threshold (SAT): \$250,000,
- Funding Amount under SAT, or
- 5% of covered amount, up to \$1,000,000

Public Interest Waivers Cont.

Project-Specific Public Interest Waivers:

- Project-specific waivers require a waiver application
- Note: HUD granted Delayed Implementation waivers under the general public interest category

Project-Specific Waivers

- **Public Interest**
 - Complying with the BAP is not in the public interest
 - Limited guidance
- **Unreasonable Cost**
 - Complying with the BAP increases the cost of the total project by 25%
- **Availability Waiver**
 - BAP-compliant goods are not available in sufficient quantities or of sufficient quality

PIH Notice 2025-06

2025-06 Updates:

- Exempts developments of four or fewer units
- Extends BABA to all MTW spending
- Certification of Product Compliance language

2024-01:

- Applies primarily to public housing
- Released by HUD's office of Public and Indian Housing
- Answers multiple pending questions posed by NAHRO—guidance more technical
- Provides grant agreement language

PIH Notice 2025-06

2025-06 Updates:

- Comments requested
- Email feedback to Andrew Van Horn at avanhorn@nahro.org

PIH Notice 2025-06: New Material

2025-06 Updates:

- Definition of “infrastructure” updated to exclude **buildings** of four or fewer units
- “Based on the above direction HUD has determined that buildings that have fewer than 5 dwelling units within them are considered private and therefore not Infrastructure.”

PIH Notice 2025-06: New Material

2025-06 Updates:

- **All MTW PIH funding used on infrastructure may be subject to BABA due to fungibility**
- “PHAs that are participating in the Moving to Work (MTW) Demonstration are potentially authorized to expend funds appropriated under the Tenant Based Rental Assistance account and the Public Housing Fund subaccounts of Operating Fund and Capital Fund for any of the eligible activities of any of the three programs. If a PHA participating in the MTW demonstration uses funds for an eligible activity that involves constructing, altering, maintaining or repairing Infrastructure (e.g. buildings or real property), the funding is subject to the requirements of BABA regardless of the source appropriation of the funding.

Ongoing Projects and Fungibility

- Consider type of funding (FFA/not)
- Consider program funding
- Consider obligation date
- Notice recommends contacting field office when mixing funding

If mixing funds covered by the BAP and non-covered funds, BAP applies to all funding used

Fungibility

“A Buy America preference applies to an entire infrastructure project, even if it is funded by both Federal and non-Federal funds under one or more awards. **In other words, if an infrastructure project receives a Federal award, the Buy America preferences applies to both the Federal funds and non-Federal funds used for the infrastructure project.**”

[M-24-02](#)

Ensuring Partner Compliance with BABA

- Agencies must comply with BAP or secure a waiver
- Should use specific language when working with contractor or partner
- Applies to “procurements, subgrants, cooperative agreements, and interagency agreements” as well as any force account labor

Determining the Scope of Infrastructure Projects

- Applies to “Construction, maintenance, or repair” of public housing
- Applies to “a procurement, a subgrant, a cooperative agreement or inter-agency agreement that will result in the expenditure of funds to construct, alter, maintain, or repair infrastructure”
- Collections of these projects apply

2025-06: Determining the Scope of Infrastructure Projects

The size and scope of an Infrastructure Project shall be determined as follows:

For all PIH programs engaged in the construction, alteration, maintenance or repair of Public Housing, the scope of an Infrastructure Project is:

- (1) A procurement, subgrant, a cooperative agreement or inter-agency agreement that will result in the expenditure of funds to construct, alter, maintain or repair infrastructure;
- (2) Where applicable, a collection of procurements/cooperative agreements/inter-agency agreements that will result in the expenditure of funds to construct, alter, maintain or repair infrastructure focused on the same specific objective (e.g., construction of a mixed finance phase of construction corresponding with a single real estate closing) or limited scope of work (e.g., lead based paint abatement pursuant to a Capital Fund Lead Based Paint grant); or
- (3) In the instance of the use of Force Account Labor, both the labor and the associated acquisition of materials required to accomplish the purpose of the work being accomplished by the Force Account Labor. The scope of the Force Account project shall be determined by the PHAs written authorization of the project.

Documenting Compliance

- Retain documentation for three years following completion of a project
- PHAs must retain the following:
 - records of purchases associated with a project that will allow tracking of the funding stream used
 - documentation for all purchases showing that either PHAs complied with BABA or had a waiver for specific purchases
- Reach out to field offices within one month of using previously obligated funds in conjunction with a disaster

2025-06: Updated Situations Not Requiring Documentation

- Presidentially Declared Disaster pre- or post-disaster spending where HUD has confirmed documentation not necessary
- Situations where all grants waived (save documentation you qualified for waiver)
- Situations where all spending waived (save documentation you qualified for the waiver)

PIH 2025-06: Updated Forms of Documentation

A PHA can provide adequate confirmation that a product was purchased in compliance with the BAP in the following ways:

1. A certificate from the manufacturer or reseller that the product complies with BABA as outlined in Appendix A;
2. A copy of a label that that complies with the requirements of Federal Trade Commission regulation 16 CFR Part 323-Made In USA Labeling; or
3. A PHA can submit a proposal for an alternative way to confirm product compliance with BABA to HUD by email to BuildAmericaBuyAmerica@hud.gov with the comment line “Alternate Product BABA Certification”: if HUD approves the proposal, the PHA can follow it to document BABA compliance.

Requirements Before Submitting a Waiver Application

Continue using standard search processes; if agencies cannot locate materials:

- Minimum due diligence requirements:
 - Insufficient quality or quantity waiver:
 - Screenshots of web searches
 - Records of phone contacts with producers (guidance includes specific requirements)

Requirements Before Submitting a Waiver Application

Continue using standard search processes; if agencies cannot locate materials:

- Minimum due diligence requirements:
 - Micro purchases: **search once** via major engine (top five) or website of top (five) home improvement retailers
 - Use “made in America” or “made in USA”
 - Review top 10 results
 - If find American-made product, contact producer
 - Wait for a response for **two** business days
 - Small purchases: **search twice**
 - Review top 20 results
 - Same additional requirements
 - Purchases above Simplified Acquisition Threshold: search three times
 - Review top 30 results
 - If find American-made product, contact producer
 - Wait for a response for **five** business days

Safe Harbors for Procurement

1. Designate BABA compliant products prior to procurement
2. Require bidders to submit both BABA compliant and non-BABA compliant proposals

Eric Oberdorfer
**Director of Policy and
Legislative Affairs**
eoberdorfer@nahro.org

Tushar Gurjal
Senior Policy Manager
tgurjal@nahro.org

Steven Molinari
Policy Analyst
smolinari@nahro.org

Gabriel Smith
**Legislative Affairs
Manager**
gsmith@nahro.org

Andrew Van Horn
**Policy and Research
Advisor**
avanhorn@nahro.org

Richa Goel
Data Analyst
rgoel@nahro.org

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