



COVID-19 Supplemental Payments (CSP) Round IV Notice (H 2021-5)

October 5, 2021

CSP Round IV

- On September 16, 2021, HUD issued Notice 2021-5 offering CARES Act Funds to Multifamily properties through the COVID-19 Supplemental Payment process.
 - Available to properties with Project Based Section 8 HAPs, 202 PRACs, SPRAC, PACs and 811 PRACs,
 - Section 811 Project Rental Assistance (PRA) administered through cooperative agreement with State agencies is not included.

What's New for CSP Round IV

- Timeframe to incur expenses will be extended for a 4th Operating Period, running from April 1 to October 31, 2021
 - 7 months long (versus four months in prior CSP Rounds) allowing owners more time to plan and complete expenditures (Request forms due November 19)
 - Owners can submit for expenses incurred in prior operating periods that were not previously reimbursed
- *Tier I/Tier II* rebranded as *Standard CSP/Exceeding the Standard CSP* amount
 - *Standard* payment formula similar to *Tier I* from Past Rounds
 - Base Property Amount and per/unit amount increased by 25% to \$2,500
 - Service Coordinator plus-up dropped to \$1,250
 - Elderly Property plus-up remains at \$1,000
 - Any request above \$25,000 will trigger additional review/documentation (same as *Tier II*)
- Financial Need requirements relaxed for smaller requests
 - HUD will waive the surplus cash/financial position requirements for *Standard CSP* requests for Operating Period 4 Expenditures only.

Category A –Operational Expenses

- 1) Increased frequency of cleaning and disinfecting common areas and property management offices as a preventative measure.
- 2) Intensive deep cleaning and sanitization services in response to presence of COVID-19 cases at the property, which may include treatment in units being prepared for re-occupancy, in addition to common areas.
- 3) Office technology and other equipment needs to facilitate social distancing.
- 4) Personal protective equipment (PPE) such as face masks and goggles, gloves, hand hygiene products for use by property management staff and for residents entering leasing offices or using common areas.
- 5) Facility and equipment expenses related to maintaining adequate social distancing, including but not limited to cough/sneeze barriers or modifying or limiting access to communal spaces.
- 6) Site control measures in support of shelter-in-place, stay-at-home orders, or visitor-restriction policies within properties.
- 7) Temporary staffing, contract services, overtime pay, and/or supply expenditures to maintain or enhance on-going service coordination in properties designated to serve the elderly or persons with disabilities (excludes service coordinator positions funded by a Multifamily Service Coordinator Grant).
- 8) Temporary staffing increases to process higher-than-normal volumes of interim tenant recertifications requested by tenants due to loss of income (includes overtime and new positions; excludes “hazard pay” or other bonuses).

Category A – Operational Expenses *continued*

- 9) *Incremental costs of upgrading disposable HVAC air filters to include those with higher MERV ratings. This should not include the full cost of routine replacement but may include the incremental cost of purchasing higher quality filters over basic ones that were previously used. Also permitted are minor equipment expenditures to improve air quality over a temporary period, i.e. rental or purchase of a window fan or portable air purifier in the leasing office or high-traffic common areas.
- 10) Property operating costs associated with facilitating *access* to COVID-19 vaccination and testing services for residents that are administered by 3rd-party healthcare providers. Overtime for property management staff and existing service coordinators, additional cleaning and PPE associated with conducting vaccination and testing events and temporary clinics at the property are among the eligible expenses. Also covered are owner reimbursements to residents for public transit fares and owner costs for transportation services, not to exceed the current IRS rate of \$0.56 per mile, to provide residents access to nearby vaccination sites. Expenses for tent, table, and chair rentals for outdoor events at the property will be permitted, within reason. Reimbursable expenses do NOT include the costs for provision of any medical care, such as the cost of individual tests, vaccinations, or clinical consultations.

**New for Round IV*

Category B – Eligible Capital Expenses

- *Incremental Costs for HVAC system upgrades that improve ventilation and filtration in building common areas. Must be consistent with virus mitigation measures identified by the CDC.
- *Emergency Generators to protect vulnerable elderly residents from the virus exposure risk associated with evacuations/displacement occurring due to power outages
- *Broadband Wi-fi Infrastructure (Excludes monthly service costs, which must be funded from other sources and may not be included in HUD rents). Not available when a property is already hard-wired for internet services except for areas where services not available, ie., common areas

**New for Round IV*

Deadline for Purchases

- CSP covers expenditures for goods and services benefiting the property during the defined operating period, with the exception of PPE Inventory for which an additional 90 days inventory may be included. All items purchased under the *Eligible Capital Expenses* must be delivered and installation work complete by October 31, 2021. A purchase order alone is not sufficient evidence of a property expenditure during the defined operating period.

Submission Requirements

- COVID-19 Supplemental Payment (CSP) Request Form HUD-52671-E including accompanying certifications and signature Page
 - Note: *This form is being revised for Round IV and will be available early October 2021. CSP Round IV requests will not be accepted on versions of the form dated 3/21 or earlier.*

Submission Requirements *continued*

- Additional Requirements for All Larger Requests
 - Supporting documentation for expenses and demonstrated level of need is required only for payment requests above the Standard CSP request level.
 - Receipts, payroll documentation or other record of payment must be provided for any form line item that totals that exceed \$500.
 - Brief Explanation of the conditions that necessitated the expenditures.
 - Number of residents reporting infection, any required quarantines, known exposure at the property, community infection rate, and local health directives and must describe specific activities taken in response to such conditions.
 - All properties that are not required to submit AFS must submit one (Owner-Certified allowed) with any request above the Standard CSP request level.
 - Properties showing positive cash flow on their most recent AFS or surplus cash calculation must also submit an explanation of recent or expected changes in financial position to establish that the property's financial needs are consistent with the requirements of Section VII of Notice 2021-05 (short-term cashflow concerns, ie, delayed tenant rent payments or delayed interim recertifications will not be accepted as sufficient justification)

Submission Requirements for Larger Capital Expenditures

- In addition to the documentation required for all requests that exceed the Standard CSP Cap, when Capital Expenditures are requested, owners must provide:
 - Separate narrative description of the facility improvements made, including a list of any major building components that were replaced or improved.
 - Evidence of 3 written bids for Capital Expenditures > \$25,000
 - Internet Infrastructure Requests – narrative of how the owner has and will continue to pay for monthly internet services for residents (Owner funds, local grants, optional fee-based access, etc.)

CA/HUD Review of CSP Round IV Requests

- CA/HUD may also review prior-year AFS to determine recent availability of surplus cash and identify any owner distribution taken (where permitted)
 - When prior operating period requests are submitted
 - When larger requests above the Standard CSP are submitted

Round IV Funds Prioritization Schedule

- Establishes a Minimum Expected Funding Level for All Eligible Properties
 - Based on available balances, set at 100 Percent of *Standard CSP* for Section 8
 - 70 percent of the property's *Standard CSP* for 202 and 811; allows properties to spend with confidence of full reimbursement up to this level
- Funding waterfall establishes a sequence of calculations to allocate all remaining funds
 - After minimum expected payments are covered HUD will fund the balance of Category A Expenses (Operating Costs) requests; then additional Category B (Eligible Capital Costs)

CSP Round IV Timeline

- Owner Due Date: November 19, 2021
- CA and HUD review and funding process:
 - November 20, 2021, to February 2022
- Payments to Owners expected:
 - February 15, 2022, to February 28, 2022