

**Frequently Asked Questions**  
**COVID-19 Supplemental Payments**  
**Housing Notice H 2021-05**

**October 7, 2021**

**Eligible Expenses**

- 1. Internet Infrastructure:** The Notice states that "HUD will allow CSP reimbursement for the purchase and installation of infrastructure needed to support building-wide Wi-Fi. The equipment may support service within tenant units and/or in common areas such as the lobby or community rooms." We understand this to mean installation costs as completed by a vendor, as well as cabling and other installation components. Does this include hardware, such as modems, routers, extenders, repeaters, blue tooth signal boosters, and hot spots? Does this also include smart speakers, tablets, and other devices to access internet?

**Response:**

Requests may include all equipment and installation costs to establish internet availability to staff and residents in buildings where broadband infrastructure does not currently exist. CSP reimbursement will not be provided for improvements that duplicate existing availability of internet access. For example, a building that currently has all units wired with broadband cabling (i.e. CAT 5, coaxial, etc.) that allows residents to purchase internet service may *not* request CSP reimbursement for the cost of additionally layering wi-fi access over those same units. However, a property with existing wiring could receive CSP reimbursement for the cost of wi-fi equipment that establishes new availability in common areas such a community room or lobby, where appropriate.

Equipment costs do include hardware, such as modems, routers, extenders, and repeaters. Bluetooth signal boosters and cellular service hotspots may not be included as these are typically distinct from the broadband infrastructure.

Reimbursement for devices to access the internet are permitted only in the limited contexts specifically identified by the Notice under *Operational Expenses*. This includes office technology purchases to facilitate social distancing in business operations and limited devices (1 per 100 residents) for use by residents participating in a CSP-eligible HUD Multifamily Service Coordination program.

- 2. Sources of Funds for Internet Service:** I'd like to make wi-fi available to residents at the property, but I am unclear how I can pay for service. I understand I cannot include

internet service in the rent, but can I use income from other property activities, such as laundry service fees?

Response: Project funds in the operating account are not available to pay for resident internet service that may be added in conjunction with CSP. If a Section 8 owner is able to take surplus cash distributions from the property, they may opt to use those cash distributions to pay for resident internet service. HUD will also permit owners to set up a new optional resident fee structure for wi-fi internet access, but due to the administrative complexity this may not be an attractive option for all properties. Please see footnotes 6 and 7 in Notice H 2021-05 for additional information and limitations regarding these resident fees. Services may also be covered by external funding sources that are distinct from project operating income such as philanthropic or governmental grants.

- 3. Transaction Cut-offs for Operational Expenses:** For project operating costs – like supply and small office equipment purchases, and staff overtime – can I only request reimbursement if payments for these have been disbursed by October 31, 2021?

Response: CSP generally covers expenditures for goods and services benefiting the property during the defined Operating Period, with the exception of PPE and other supplies for which an additional 90-day inventory may be included. Cash disbursements for eligible activity should most often be completed by October 31, but we understand this may not be true in all cases. For non-capitalized items requested under CSP *Operational Expenses (Category A)*, the ownership entity should be able to document that a cash or credit expenditure and/or an expense was recorded in accounting records for the property during the CSP Operating Period for which reimbursement is being requested (no later than October 31, 2021). CSP-eligible staffing and service contract reimbursements under *Operational Expenses* are limited to services provided during the CSP Operating Period, independent of payment date.

- 4. Purchase Orders for Eligible Capital Expenses:** Will a work order/contract for a Category B capital expense item signed prior to October 31 suffice for reimbursement under CSPs, if the property can follow-up with proof of funds spent once work is completed?

For *Eligible Capital Expenses*, all purchases and installation services should generally be complete prior to the close of the CSP expenditure period on October 31, 2021. HUD acknowledges that recent natural disasters, combined with evolving pandemic conditions and supply chain disruptions, have impacted availability and installation timelines for generators, air purification technologies, and even broadband internet equipment. In consideration of these circumstances, HUD is allowing additional flexibility on the timing of delivery and installation of eligible capital items. Where the owner is unable to find a vendor who can complete delivery by October 31, 2021, HUD will allow inclusion of amounts for *Eligible Capital Expenses* in CSP requests in the following circumstances:

1) Payment has been completed AND delivery/installation date has been specified by the vendor to occur not later than March 31, 2022.

OR

2) Payment has not been disbursed to the vendor, but legal liability to complete the purchase has been established. This may be accomplished through a legally binding purchase order dually signed by the owner and vendor, or similar legal contract. Agreements must include delivery/installation no later than March 31, 2022.

Owners including such items in their CSP request must subsequently certify when payment and/or installation are complete and, when requests exceed the *Standard CSP* amount, provide supporting documentation such as a paid invoice. The certifications/supporting documents must be provided directly to HUD no later than April 8, 2022. If an owner requests CSP for an *Eligible Capital Expense* but fails to submit the necessary documentation/certification, the CSP amount for the Capital Expenses will be cancelled and no payment will be made.

Owners must consider that CSP requests for reimbursements above the minimum expected payment level for each property may be prorated based on the availability of funding. Owners should have contingencies in place for alternative funding to complete the project and/or be prepared to scale back the investment if the CSP request is partially funded.

If purchase liability requirements are met by October 31, 2021, and both payment and installation are complete prior to the submission of the HUD 52671-E by November 19, 2021, no subsequent certification/documentation will be required from the owner.

**5. Installations Costs:** In addition to equipment purchases, will CSP also cover the installation of emergency generators and any associated environmental inspections?

Response: Installation for equipment purchased under all three categories of *Eligible Capital Expenses* is an allowable cost, as are local permitting fees directly associated with the generator install. The costs of any environmental impact assessment associated with a broader construction/rehab project are not eligible.

**6. HVAC Enhancements:** The Notice states that properties should utilize CSP funds to supplement funds from Replacement Reserves to update HVAC systems. What if a property is replacing their HVAC system utilizing their reserve funds, but would like to install additional "air scrubbers," which is an additional filtration system within an HVAC system that destroys air contaminants, in order to meet the CDC's air quality recommendations? The additional filtration system is not included in the reserve draw. Would CSP funds cover the cost of the air scrubber system for each property?

Response: The incremental cost of adding enhanced "air scrubbers" that are consistent with CDC recommendations and are targeted to building common areas is a good example of an

expense that is eligible for reimbursement by CSP. HVAC enhancements targeted specifically to individual resident units are not allowed under *Eligible Capital Expenses*.

- 7. Emergency Generator Eligibility Conditions:** How does HUD define the following criteria under Category B, #2 related to generators, which must be necessary to “address critical medical needs and a documented risk of recurring power outages.” For example, does an elderly-designated property automatically qualify for the critical medical need criteria based on the resident population served, or will additional demographic criteria need to be submitted? If so, what kind? In addition, will a documented risk of recurring power outages in the broader community suffice to demonstrate need, or does the property itself have to have experienced power outages?

Response:

When reviewing requests above the Standard CSP threshold amount, HUD will require basic information to establish eligibility of a generator purchase. Owner should apply the same standards when making their own assessment of eligibility for smaller requests.

- ***Property is serving vulnerable elderly residents.*** Designation as an elderly property is sufficient to meet the criteria. If a property serves families, the owner justification must discuss presence of an elderly resident population, for instance, by stating the percent of units occupied by elderly residents.
- ***The property has a documented risk of power outages that may necessitate temporary relocations.*** This may be established in two ways: 1) by identifying that there has been at least one break in supply of electrical service by the utility provider of four hours or more to the subject property since January 1, 2019, or 2) if the property is located in an area covered by a [Presidential Disaster Declaration](#) issued since January 1, 2019. HUD may also consider other evidence of risk of recurring outages on a case-by-case basis. Outages may be due to grid failures, planned provider outages, or weather-related disruptions. If a narrative justification is required for the CSP request (requests exceeding the *Standard* amount only), please include approximate dates and general cause of the power outages, and if relevant, information on the Presidential Disaster Declaration.

- 8. Bulk purchasing:** If an organization purchases bulk supplies at the organization/ corporate level and then distributes them to various properties, how should the CSP request be handled at the property level? Is there a way to submit one form for multiple property purchases? Alternately, can the bulk purchase happen at the corporate level, with each property subsequently submitting a request for an estimated/prorated amount of that purchase?

Response: CSP requests must be submitted at the property level and reflect expenses charged to the property. Cost allocations from a centralized supply purchase must be based on a clearly documented methodology reflecting actual or expected utilization by a property. The number

of assisted units at each property is an acceptable method to allocate costs where a more precise method is not available.

- 9. Dining Room and Food Expenses:** Some housing providers with a meal program closed down the service during the pandemic due to the risk associated with dining in a group setting. Instead, housing staff often provided meals to the doors of residents. This required the temporary purchase of plastic ware and other meal ware. Are these (and other similar costs associated with providing residents meals or groceries) eligible for reimbursement through CSPs?

Response: Costs associated with a meal program or providing groceries are not eligible expenses under CSP.

- 10. Vaccine Clinic Costs:** Some providers purchased food and water for the staff administering/assisting with vaccine clinics, as well as for residents and staff participating in the clinics. Others purchased small items to incentivize staff and residents to participate in vaccine clinics. Are these costs eligible for reimbursement?

Response: Neither food costs, nor resident incentives to participate in vaccination clinics are eligible for reimbursement under CSP.

- 11. Keyless Entry, Upgraded Security, and Emergency Call System Upgrades:** The Notice permits reimbursements for “site control measures in support of shelter-in-place, stay-at-home orders, or visitor-restriction policies within properties.” Does this include costs associated with keyless entry systems and upgraded or newly-implemented camera systems which lessen resident to staff contact and facilitate critical contact tracing at properties? Would this also include upgrades to emergency call systems in resident units?

Response: Large scale capital investments such as those to replace building-wide security systems, upgrade emergency call systems, or to introduce other remote monitoring systems of elderly/disabled residents requiring supportive services are not eligible under CSP outside the three categories of *Eligible Capital Expenses* specifically identified in the Notice. Installation of a limited security camera system focused on monitoring of common areas, where risk of COVID-19 transmission is high, would be eligible for CSP reimbursement as part of *Operational Expenses* for site control. For example, one eligible use of a security camera system would be to detect crowds that may be gathering in violation of local public health orders within the lobby or community room. Installation of a keyless entry system at the main building entrance would also be permissible as a site control measure to mitigate the spread of COVID-19.

- 12. Reception Area Enclosures:** The Notice permits reimbursements for “facility and equipment expenses related to maintaining adequate social distancing.” Does this include costs for the installation of glass enclosures around reception desk areas?

Response: Installation of a glass or Plexiglas enclosure around the reception desk area is an example of a cost that is eligible for CSP reimbursement.

**13. Releases from Reserves and Residual Receipts:** Some providers are considering incurring costs specifically listed for reimbursement under the CSPs, and yet they don't currently have funds in operations to cover the costs. What sources of funds should owners use up front if they don't currently have access to funds through operations? Similarly, will HUD Headquarters notify the field to expedite requests to release funds from reserves or residual receipts to facilitate purchases to be reimbursed or combined with future CSP funds?

Response: The sources of funds available to owners for operations and capital expenditures may vary depending on the contract type and ownership/management structure. CSP funds may be used to reimburse HUD-approved owner advances to the property (recorded in property financial records as repayments due owner) or address other project debt directly associated with expenses for which the CSP was requested. This includes amounts borrowed with prior HUD approval from Reserve for Replacement accounts. HUD will approve loans against Reserve for Replacement accounts only up to the Minimum Expected Funding level for the property. Expenditures using HUD Residual Receipt account withdrawals cannot be reimbursed by CSP, but Residual Receipt funds may be used in conjunction with CSP reimbursements to fully address the project costs. Owners must keep in mind that reimbursement of amounts exceeding the Minimum Expected Funding level may be only partially funded.

For HUD 9250 requests directly related to CSP-eligible expenditures HUD will use best efforts to process these requests on a timeline that allows owners to complete eligible purchases by October 31, 2021. Owners should note on their HUD 9250 and in the subject line of their email submitting the request to HUD that this is a "CSP Reserve Release Request."

### **Payment Calculations and Timelines**

**14. Maximum Payment Range:** Although there is no upper limit for larger requests, does HUD have a maximum amount for reimbursements related to capital expenditures?

Response: There is no upper limit on total requests or for *Eligible Capital Expenses*, however, portions of the request exceeding the minimum expected funding level may be only partially funded. Large requests for *Eligible Capital Expenses* have a lower priority than large requests for *Operational Expenses* if available CSP funds are limited. Please closely review Section VII of the Notice for details on how prorations will be done, should they be necessary.

**15. Expected Payment Timeline:** When can providers reasonably expect to receive payment? Does this differ for standard payment requests vs. larger requests?

Response: The payment timeline will be slightly longer than in past rounds due the anticipated higher volume of requests. We are targeting to have most payments disbursed in early calendar year 2022. Projects with *Eligible Capital Expense* requests where delivery and installation is not complete by October 31, 2021 may receive payments at a later date.

**16. Updated Form:** When can providers expect to see the updated request form?

Response: We expect to post a draft version of the revised form for owners to access during the week of October 11. A final version to be used in owner submissions to HUD will be posted on HUDCLIPS later in October.

**17. Request Amount Within Standard Payment Formula:** For properties with expenses that, in total, amount to less than the CSP Standard Payment amount as determined by formula for a specific property, can owners still expect to receive the minimum expected funding level or full standard payment amount, or only the amount equivalent to reported/requested expenditures?

Response: A property cannot be reimbursed for more than they have spent on CSP eligible items. If your total request is less than the calculated Minimum Expected Funding level for your property, the most you can receive will be the amount of the actual expenses for which reimbursement is requested.

**18. Likelihood of Receiving Reimbursements:** Many properties are considering completing additional expenses prior to the October 31, 2021 deadline but are hesitant to spend without being certain of reimbursement. Some properties received less than they requested in prior CSP rounds. How likely are providers to get reimbursed for expenses during this fourth request period?

Response: In prior CSP rounds, all requests meeting eligibility requirements were fully funded. No requests were denied or reduced due to inadequate funding. In some cases HUD approved less than the full request because certain costs were for types of expenses not covered by Notice. If, after reviewing the Notice and these FAQs, owners are unclear about the eligibility of a specific type of expense, they should first contact their Contract Administrator or local field office to obtain clarification.

For Round IV, HUD has communicated a Minimum Expected Funding level, so properties can be confident of reimbursement to at least this level. The minimum funding level can be calculated using basic information about your property and guidance in Sections IV and VII of the Notice. Once the HUD 53671-E form is released you will also be able to plug expenses and property information into that document and see the minimum expected reimbursement, as well as the portion of the request that falls into the two funding prioritization categories.

**19. Service Coordinator Allotment within the Standard Formula:** Under the standard payment amount formula, properties with a budget-driven Service Coordinator receive

an additional allotment. Do properties need to demonstrate specific Service Coordinator-related COVID-19 costs in order to be eligible for this additional allotment, or is it automatically included in a property's reimbursement amount?

Response: The additional allotment is only available to the extent the property has eligible expenses for their service coordinator program. If a property had more than \$1,250 in actual service coordinator program expenses, then \$1,250 would be added within the *Standard CSP* funding formula. If the property had service coordinator program expenses below \$1,250, the amount added under the formula would be the total for those expenses. For example, if the coordinator program had a \$500 increase in program expenses due to COVID-19 response, a \$500 adjustment would be added to the *Standard CSP* threshold amount calculation.

**20. Deadlines:** We applaud HUD for making vaccine and testing access costs a reimbursable category under the CSPs. With the CDC's recent announcement making booster shots available to many residents of HUD-assisted communities, housing providers have started lining up booster shot (and primary series) vaccine clinics through the fall and winter. Will HUD consider extending the purchasing period for CSP requests, or commit to offering another round of CSPs, so that housing providers can continue to play a vital role in facilitating vaccine access for residents through on-site clinics?

Response: HUD is not considering an extension of the CSP expenditure deadline or an additional round of payments at this time, but will closely monitor evolving circumstances and will communicate additional resources that may be available for this purpose.