



ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

**Special Attention of:**

**NOTICE H 2022-06**

Multifamily Regional Center Directors  
Multifamily Satellite Office Directors  
Multifamily Asset Management Division  
Directors  
Multifamily Account Executives  
Performance-Based Contract Administrators  
Multifamily Owners and Management Agents

Issued: 10/31/2022  
This Notice remains in effect until  
amended, superseded, or rescinded

Cross Reference: H 2021-05

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**Subject: Continued Availability of Funds for COVID-19 Supplemental Payments for Properties Receiving Project-Based Rental Assistance under the Section 8, Section 202, or Section 811 Programs**

**I. Purpose**

This Notice announces the continued availability of supplemental operating funds for Section 8, Section 202, and Section 811 properties to prevent, prepare for, and respond to the coronavirus disease discovered in 2019 (COVID-19)<sup>1</sup> and updates the process for owners of properties assisted under these programs to request funds for one or more of these purposes. Appropriations provided under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Pub. L. 116-136) will continue to be made available via a special payment process that supplements amounts currently provided under existing Section 8, Section 202, and Section 811 rental assistance contracts administered by the Office of Multifamily Housing.

The Notice establishes a fifth request window (Round V) and updates submission requirements. The guidance includes a February 21, 2023, filing deadline for owners of properties assisted under these programs to be considered for COVID-19 Supplemental Payments (CSP). This fifth request period covers expenses incurred through January 31, 2023. This will be the final opportunity for owners to request CSPs from the Department.

Core eligibility criteria and the process for awarding funds will remain unchanged from Notice 2021-05. The Notice incorporates clarifications provided in the *Frequently Asked Questions* issued in October 2021 and expands discussion of allowable expenses. Throughout this Notice, substantive changes from Notice H 2021-05 have been italicized. Specific changes include:

- The addition of resident training on use of technology to access on-line property management portals and supportive services as an eligible cost under *Category A: Operational Expenses*. (See [Section V, page 6](#))
- Expansion of *Category B: Eligible Capital Expenses* to include costs to enhance outdoor seating spaces that support gatherings in environments with relatively lower risk of virus transmission. (See [Section V, page 9](#))

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<sup>1</sup> The President. Proclamation 9984 of January 31, 2020. 85 *Federal Register* 6709, February 5, 2020. <https://www.federalregister.gov/d/2020-02424>.

- Expanded discussion on allowable internet infrastructure costs and how to establish property eligibility for an emergency generator purchase. (See [Section V, page 7](#))
- Explanations of accounting transaction cut-offs and documentation to establish that costs have been incurred within the eligible timeframe. (See [Section VI, page 11](#))
- Establishment of an extended timeframe for the delivery and installation of equipment qualifying under *Category B: Eligible Capital Expense*. (See [Section VI, page 11](#))
- Clarifications on critical financial need requirements for requests exceeding the *Standard CSP* amount and determining eligible amounts. (See [Section VIII, page 16-17](#))
- Reductions in minimum payment amounts to reflect the lower remaining balance of CARES Act funding. (See [Section VII, page 13](#))

Updates to form HUD-52671-E (used by a property owner to request a CSP) are currently pending. An updated version of the form is expected to be posted on HUDCLIPS at least 30 days prior to the application deadline.

## **II. Background**

The CARES Act provided \$1 billion under the heading *Project-Based Rental Assistance* (PBRA) for Section 8 properties, \$50 million under the heading *Housing for the Elderly* (Section 202), and \$15 million under the heading *Housing for Persons with Disabilities* (Section 811) to “prevent, prepare for, and respond to coronavirus, including to provide additional funds to maintain normal operations and take other necessary actions during the period that the program is impacted by coronavirus.”

A majority of CARES Act funding for Section 8 PBRA, and lesser proportions of Section 202 and Section 811 CARES Act funding, was utilized to maintain normal operations in 2020 as amounts due to owners under the terms of current rental assistance agreements increased. CARES Act funding provided an infusion of rental subsidy funds that, together with amounts appropriated under the fiscal year 2020 Appropriations Act, helped to offset decreased tenant rent payments resulting from reduced tenant incomes and to allow continued funding for routine annual contract rent increases.

HUD recognizes that many owners have continued to incur additional operational costs to maintain their properties in decent, safe, and sanitary condition as it relates to responding to COVID-19 in the community. To the extent that rent receipts and other project funds are inadequate to address these needs and meet other ongoing financial obligations, HUD has created opportunities for supplemental subsidy payments. On July 23, 2020, Notice H 2020-08 provided an initial request period for CSPs. This was followed by the announcement of a second request period on November 24, 2020, in Notice H 2020-11; announcement of a third request period on April 13, 2021, in Notice H 2021-01; and a fourth request period on September 16, 2021, in Notice H 2021-05. Through this Notice, HUD is making available CARES Act funds for a fifth and final round of CSPs to offset continuing property expenditures made in response to the effects of COVID-19.

This Notice provides a mechanism for owners to receive payment that is in addition to amounts available to them under the terms of their current rental assistance contracts. All requests for

additional payment must be submitted through the COVID-19 Supplemental Payments (CSP) process detailed below.

### **III. Applicability**

This Notice applies to administration of the following programs/project types:

- A. Section 8 Project-Based Rental Assistance (PBRA) Housing Assistance Payment (HAP) Contracts
  - 1. New Construction
  - 2. State Housing Agencies Program
  - 3. Substantial Rehabilitation
  - 4. Section 202/8
  - 5. Rural Housing Services Section 515/8
  - 6. Loan Management Set-Aside (LMSA)
  - 7. Property Disposition Set-Aside (PDSA)
  - 8. Rental Assistance Demonstration (RAD)<sup>2</sup>
- B. Section 202/162 Project Assistance Contract (PAC)
- C. Section 202 Project Rental Assistance Contract (PRAC)
- D. Section 202 Senior Preservation Rental Assistance Contract (SPRAC)
- E. Section 811 Project Rental Assistance Contract (PRAC)<sup>3</sup>

### **IV. Amounts Available**

HUD may provide CSPs using CARES Act appropriations only. Amounts made available through other appropriations are not available for this purpose. HUD may cumulatively approve CSPs totaling up to \$190 million to Section 8 properties, up to \$25 million to properties under the Section 202 program, and up to \$9 million for Section 811 properties. A portion of remaining balances for properties under the *Housing for the Elderly Account* was reallocated following completion of Round IV to maintain normal operations by supporting critical needs for annual contract renewals.

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<sup>2</sup> Funding is available only to Section 8 RAD contracts that are currently receiving funds through the PBRA account. Projects that are assisted under project-based voucher contracts are not eligible under this Notice but may be under guidance published by HUD's Office of Public and Indian Housing.

<sup>3</sup> Properties receiving assistance under Section 811 project rental assistance programs administered by state housing agencies are not eligible.

<b>Appropriation Account</b>	<i>Initial CSP Allocation</i>	<i>Approximate Balance Available for Round V*</i>
Project Based Rental Assistance (Section 8)	\$190 million	\$138.8 million
Housing for the Elderly (Section 202)	\$25 million	\$1.9 million
Housing for Persons with Disabilities (Section 811)**	\$10.5 million	\$8.1 million
<p>*May be decreased due to CSP Round IV funding adjustments or increased by recaptures and/or reprogramming of other CARES Act funds.  ** Includes \$1.5 million reallocated from funds previously held in reserve.</p>		

As was done in Round IV, HUD is allocating and prioritizing resources such that all properties meeting core eligibility requirements can expect to be reimbursed for a minimum level of funding, which varies based on property characteristics and the type of rental assistance contract. See Section VII for additional information on minimum expected funding levels. All eligible requests have been fully funded in prior rounds of CSPs as a portion of owners have opted not to participate or did not have qualifying expenditures.

**V. Eligible Types of Expenditures**

CSPs will help address operating cost increases incurred by owners to prevent, prepare for, or respond to COVID-19 at their properties, including costs to maintain normal operations and to take other necessary actions while project-based Section 8, Section 202, and Section 811 programs are impacted by COVID-19. CSPs will supplement regular HAP, PAC, PRAC, and SPRAC funds for project expenses related to COVID-19 that are generally consistent with existing program guidance that identifies eligible and ineligible project expenses/operating costs.

CSPs are available only to offset actual expenditures and may not fully reimburse all COVID-19 related costs. While there is no set cap of the amount of a CSP, larger requests exceeding the *Standard CSP* amount must consider the availability of other project funds to address the needs. CSPs are not a means to receive funding for lower tenant rent contributions due to income reductions, extended vacancies, or unpaid tenant charges. To the extent allowable under current policies, these financial impacts can be addressed through Special Claim payment requests, tenant recertifications with corresponding subsidy voucher adjustments,<sup>4</sup> and use of the [Emergency Rental Assistance Program](#).

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<sup>4</sup> See [HUD Handbook 4350.3](#) and the [Multifamily Special Claims Guide](#) for additional information.

For CSP Round V, the specific eligible activities and purchases for which costs may be reimbursed through CSP have been classified as Category A and Category B.

**Category A: Operational Expenses.** Category A expenses include the following (changes for Round V in italics):

- 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 the 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 to facilitate social distancing. *May include computer devices for property employees performing front-line duties (not management company administrative staff) and one device per 100 households for use by tenants in support of property operations, i.e. for completion of recertifications and submitting maintenance requests.*
- 4) Personal protective equipment (PPE) such as face masks, goggles, gloves, and 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. *Expenses in this category must not rise to the level of capital investments. An example of an expense authorized for CSP reimbursement would be the installation of a glass or Plexiglass enclosure around the reception desk area or security cameras used to monitor common areas to monitor for adherence to social distancing guidelines.*
- 6) Site control measures in support of shelter-in-place, stay-at-home orders, or visitor-restriction policies within properties. *Examples of expenses authorized for reimbursement may include temporary employee and contractor costs for monitoring entry of essential visitors or installation of keypad/FOB entry systems at the main building entrance.*
- 7) Temporary staffing, contract services, overtime pay, and/or supply expenditures to maintain or enhance ongoing service coordination in properties designated to serve the elderly or persons with disabilities (excludes service coordinator programs funded by a Multifamily Service Coordinator Grant). *Includes IT needs for program staff and one device per property or per every 50 residents for other program use. Costs for food, meal preparation, or other assisted living services are not allowed.*
- 8) Temporary staffing increases to process higher-than-normal volumes of interim tenant recertifications requested by tenants due to loss of income (includes increase in hours, overtime and new positions; excludes “hazard pay” and bonuses, *except for bonuses*

*directly associated with increased work hours for salaried employees not eligible for hourly OT).*

- 9) Incremental costs of upgrading disposable HVAC air filters to include those with higher Minimum Efficiency Reporting Value 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 third-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.<sup>5</sup> Also covered are owner reimbursements to residents for public transit fares and owner costs for transportation services, not to exceed the current Internal Revenue Service rate of \$0.625 per mile, to provide residents access to nearby vaccination sites. Expenses for tent, table, and chair rentals for outdoor vaccination events at the property will be permitted. Reimbursable expenses do NOT include the costs for provision of any medical care, such as the cost of test kits, vaccinations, or clinical consultations.
- 11) ***Staff or contract costs to conduct training for residents on use of technology and “virtual” services that further social distancing goals.*** *May include training on using desktop or mobile devices to aid in completing income recertifications, making online maintenance requests, using social media to maintain community connections, and accessing telehealth or other supportive services through an online interface. Event costs for food or resident participation incentives are not eligible.*

CSPs are intended to address temporary cost increases associated with property management during the period of national COVID-19 impact and are not available for capital costs, except where specifically identified under Category B.

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<sup>5</sup> Temporary use of property common areas, parking lots, and vacant offices by providers of healthcare services to provide COVID-19 testing and vaccines to residents is generally allowable at Multifamily properties. Owners and agents should ensure that their testing site has a Clinical Laboratory Improvement Amendments (CLIA) certificate of waiver or is covered by another facility’s CLIA certificate. Owners and agents are encouraged to consult with their legal counsel before hosting healthcare services on site and to visit the [CDC’s vaccine web page](#) for further information.

## Vaccination Resources for Property Managers and Owners

HUD encourages housing providers to partner with Federally Qualified Health Centers (FQHCs) to improve access to vaccinations. Toward that end, HUD has produced an [interactive mapping tool](#). Alternatively, owners looking to partner with a non-FQHC vaccine provider can visit [Vaccines.gov](#) and [vacunas.gov](#), which feature 50,000 vaccination sites across the country, including primary care physicians, federal pharmacy partners, state sites, and FEMA sites. Locations are updated frequently.

**Category B: Eligible Capital Expenses.** CSP Round V will consider reimbursement of certain capital investments made in direct response to COVID-19 that will benefit the property over a multi-year period that includes (but may extend beyond) the period for which the property is affected by COVID-19.

The following are *Eligible Capital Expenses* that are eligible under Round V:

- 1) Incremental Costs for HVAC System Ventilation and Filtration Upgrades.**  
Owners may include only the marginal cost of system enhancements specifically designed to limit virus transmission in building common areas by improving air flow and filtration. CSP reimbursements are authorized to supplement, not replace, expenditures from the Reserve for Replacement accounts for HVAC systems. *System enhancements targeted specifically to individual resident units are not allowed under Eligible Capital Expenses.* All technologies must be consistent with virus mitigation measures identified by the CDC. Please see CDC communications on maintaining healthy environments in common areas of multifamily housing, including [“Ensuring Adequate Ventilation”](#) (<https://www.cdc.gov/coronavirus/2019-ncov/community/multifamily-housing.html>). *The incremental cost of adding enhanced “air scrubbers” that are consistent with CDC recommendations and are targeted to building common areas (including elevators) is one example of an expense that is eligible for reimbursement by CSP.*
- 2) Emergency Generators to protect vulnerable elderly or disabled residents from the exposure risk associated with evacuations/displacement.** HUD will allow reimbursement only where generators are necessary to address critical medical needs and a documented risk that recurring power outages pose a significant risk to residents should public health directives prevent or discourage temporary relocations.

*Designation as an elderly property is sufficient to meet the resident eligibility criteria for a generator. If a property does not have this designation, it may also qualify if at least 50 percent of units are occupied by elderly and/or physically disabled households. The owner justification submitted on the HUD 52671-E must discuss the percent of units occupied by elderly and or physically disabled residents.*

*The property must also demonstrate power outage risk in one of 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. 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. HUD may also consider other evidence of risk of lengthy, recurring outages on a case-by-case basis.*

- 3) **Broadband Wi-Fi Infrastructure.** Though an increasing number of buildings include broadband wiring for individual units and community rooms, this infrastructure does not exist in many older HUD-assisted buildings that have not been recently renovated. Building-wide Wi-Fi is recognized as an effective means to make internet service available to residents in facilities that are not currently wired throughout for broadband. HUD will allow CSP reimbursement for the purchase and installation of infrastructure needed to support building-wide Wi-Fi.<sup>6</sup> The equipment purchases may support service within tenant units and/or in common areas such as the lobby or community rooms. *The establishment of Wi-Fi should be accomplished through installation of a minimal number of strategically located routers and may not be achieved by running high-speed internet cabling into each unit. CSP may not be used to pay any associated increase in monthly internet service costs for the property, nor will rent or utility allowance increases be granted to pay for the monthly service costs of providing Wi-Fi.* Funding of monthly costs may be accomplished through an optional service charge paid by tenants (see footnote 7 for additional information).<sup>7</sup>

#### **Affordable Connectivity Program**

Where neighborhood and building infrastructure allow individual residents to purchase broadband internet service, owners are encouraged to make residents aware of subsidies that are now widely available for lower income households. Most eligible families can receive a benefit of up to \$30 per month applied to the cost of their internet service. Interested residents can visit: <https://www.whitehouse.gov/getinternet>

*CSP reimbursement will not be provided for improvements that duplicate existing availability of internet access. For example, a building that currently has units wired with broadband cabling (i.e. CAT 5, coaxial, etc.) that allows residents to purchase broadband internet service may not request CSP reimbursement for the cost of additionally layering Wi-Fi access over those same units. However, a property with*

<sup>6</sup> CSP funds for Wi-Fi infrastructure are not available to properties currently operating under a HUD-approved Telecommunications Agreement with an internet service provider.

<sup>7</sup> Tenant fees for Wi-Fi access must be limited to amounts necessary to pay the costs borne by the owner to provide the service. Fees must be implemented consistent with the requirements of [Handbook 4350.1, Chapter 7](#), Section 9, A and B. Additional specifications for accounting and financial reporting of these tenant fees/owner costs will be provided upon approval of any fees by HUD. *Note that services may also be covered by surplus cash distributions from the property (if applicable), as well as by external funding sources that are distinct from project operating income such as philanthropic or governmental grants.*

existing wiring to units 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 may include hardware, such as modems, routers, extenders, and repeaters. Bluetooth signal boosters and portable cellular service hotspots may not be included as these are typically distinct from the broadband infrastructure.

- 4) **Outdoor Seating Areas.** Funds may be requested for certain costs to improve or establish outdoor seating areas that permit socializing with a decreased risk of virus transmission, relative to indoor gatherings. This may include purchases of chairs, benches, tables, umbrellas, tents, shade canopies, and pathway or security lighting. Seating area coverings must not permanently attach to buildings and installation must not involve site excavation, such as for deep post holes or new concrete foundations. Note: Small purchases for outdoor seating areas that meet Category A transaction cut-off requirements may alternatively be requested under Category A, which receives higher priority funding.

**Installation Costs.** Installation for equipment purchased under all four categories of Eligible Capital Expenses is an allowable cost, as are local permitting fees directly associated with the generator installation. The costs of an environmental impact assessment, which may be required in the context of a broader construction/rehab project are not eligible.

**Recapitalization Limitations.** Properties may not request CSP reimbursement for any expenditures financed as part of a major recapitalization event. Expenses addressed through short-term credit vehicles, such as financing offered by an equipment vendor, are eligible for reimbursement. (See Section VIII for related information on financial need requirements.)

## **VI. Standard CSP Request Cap**

HUD is retaining a structure for CSP requests that considers the size of a request relative to certain property characteristics. Whether the amount requested is above or below the *Standard CSP* amount for the property determines eligibility requirements, the level of supporting documentation required by HUD, and the funding priority if appropriations are insufficient to fully fund all requests. (Note, the term *Standard CSP* replaced the *Tier I* designation used in Rounds I-III).

The *Standard CSP* request process allows for the reimbursement of expenses up to a capped amount for each of the five CSP operating periods based on a formula that considers property size, whether the property has a service coordinator funded from HUD rent receipts, and whether the property's rental assistance contract or other controlling documents specify that the property houses elderly residents.<sup>8</sup> The CSP caps for Round V are unchanged from Round IV. Property-level caps for Round V are as follows:

- \$2,500 base amount per property, plus \$75 per assisted unit;

- \$1,000 additional per-property allowance for properties specified to house elderly residents (see footnote 8 for further definition)<sup>8</sup>;
- Up to \$1,250 additional allowance for properties with an ongoing service coordinator program funded from operating income (as reported to HUD through *Standard for Success*) or funded with an IWISH grant. The service coordinator allowance may be claimed only for eligible COVID-19-related service coordinator program cost increases and cannot be utilized for other COVID-19 costs.
- The maximum amount for a *Standard CSP* request is \$25,000, regardless of property size or characteristics. All requests for payment exceeding \$25,000 will be subject to the additional eligibility and supporting documentation requirements identified in Section VIII.

Note: *Standard CSP* request caps are calculated per property, not per contract. For these purposes, scattered-site projects are considered one property.

To illustrate the cap calculation, a property with 50 units that is specified to house the elderly could request reimbursement for up to \$7,250 as a *Standard CSP* request. A designated elderly property of the same size that has also incurred at least \$1,250 in COVID-19 related costs for their budget-based service coordinator program could claim up to \$8,500. A third example is a 350-unit, high-rise property. Given the large number of units, this property's *Standard CSP* cap is set at the \$25,000 ceiling. *Standard CSPs* are primarily intended to help offset costs for COVID-19 prevention and preparation but may also cover costs for responding to an outbreak at the property.

*The additional Service Coordinator allotment within the Standard CSP formula 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.*

Owners with a demonstrated critical financial need (see section VIII for definition), may request larger sums above the *Standard CSP* cap to address cost increases associated with responding to reported COVID-19 outbreaks among property residents or in response to extensive community exposure that creates a threat to the health and safety of residents within the community. Requests above a property's *Standard CSP* cap must be substantiated by supporting

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<sup>8</sup> Includes all Section 202 PRACs, Section 202/8 HAPs (excluding those designed for non-elderly disabled), Section 515/8 HAPs designated for elderly residents, properties with owner-adopted elderly restrictions pursuant to Section 658 of Title VI of Subtitle D of the Housing and Community Development Act (HCDA) of 1992, and Section 8 properties designed primarily for elderly residents where the owner has adopted a preference for the elderly consistent with Section 651 of Title VI, Subtitle D of the HCDA (see HUD Handbook 4350.3 Chapter 3 for details).

documentation for expenses and evidence of specific COVID-19 impacts that necessitated the exceptional expenditures (see Section VIII for further detail). There is no cap on payments to individual properties except as limited by financial need criteria, other terms below, and the availability of funds.

This Notice establishes a fifth CSP operating period, which runs from November 1, 2021, through January 31, 2023. Owners may prepare and submit a CSP Request, Form HUD-52671-E, for each of the five operating periods (no more than one form per Operating Period):

- Operating Period 1: March 27, 2020, through July 31, 2020;
- Operating Period 2: August 1, 2020, through November 30, 2020;
- Operating Period 3: December 1, 2020, through March 31, 2021;
- Operating Period 4: April 1, 2021, through October 31, 2021.
- Operating Period 5: November 1, 2021 through January 31, 2023.

### ***Transaction Cut-Offs for Eligible Expenditures***

In CSP Round V, HUD will consider requests to reimburse eligible costs incurred between the enactment of the CARES Act on March 27, 2020, and January 31, 2023. All requests to address expenditures for staffing, contractors, and other services must be for services provided during the eligible time frame. Costs for purchases of bulk supplies (such as PPE and sanitizer) may reflect inventory purchased during the eligible timeframe that can reasonably be anticipated for use within 90 days after the end of the CSP Operating Period.

*Category A Operational Expenses: For non-capitalized items requested under CSP Operational Expenses (Category A), the ownership entity must be able to document that a cash or credit expenditure occurred and/or an expense was recorded in accounting records for the property during the CSP Operating Period for which reimbursement is being requested. For example, an invoice for delivered air filters that has been recorded as an expense and accounts payable by January 31, 2023, would qualify even if payment to the vendor has not yet been issued. CSP-eligible staffing and service contract reimbursements under Operational Expenses (Category A) are limited to services provided during the CSP Operating Period, independent of payment date.*

*Category B Eligible Capital Expenses: The transactional standards for Eligible Capital Expenses are different from Category A, recognizing the additional lead time that may be required to complete these purchases and the delayed expensing on property accounts. Eligible Capital Expenses must be supported by a Purchase Agreement/Contract executed by both the owner and vendor during the CSP Operating Period for which a request is made. HUD acknowledges that 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 an extended timeframe for delivery and installation of Eligible Capital Expense items. Where the owner is unable to secure a vendor agreement to complete delivery and installation prior to submitting the HUD 52671-E, 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 October 31, 2023, 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 October 31, 2023.*

*Owners including undelivered or uninstalled items in their CSP Category B request must subsequently certify to HUD that installation is complete, prior to HUD disbursement of any CSP funds approved for Category B Expenses. When such requests exceed the Standard CSP amount, owners must also provide supporting documentation of a completed purchase, such as a paid invoice. HUD will originate a certification template in DocuSign or other electronic format and send to each owner for completion. The certifications/supporting documents must be provided directly to HUD no later than November 7, 2023. If an owner requests CSP for Eligible Capital Expenses but fails to submit certification of completion and any necessary documentation, the CSP amount for the Eligible Capital Expenses will be cancelled and no payment will be made.*

*If purchase liability requirements are met by the end of Operating Period 5, and both payment and installation are complete prior to the submission of the HUD 52671-E by February 21, 2023, owner may certify completion on the HUD 52671-E and no subsequent certification/documentation will be required from the owner.*

*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 expenditure if the CSP request is partially funded.*

***Bulk Purchasing.*** *CSP requests must be submitted at the property level and reflect expenses charged to the property. Cost allocations from a centralized supply purchase for portfolio owners 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.*

***Combined Requests.*** *Some requests covering multiple operating periods may be combined on a single HUD-52671-E. If an owner has not previously received a CSP for expenses incurred in a particular prior period, is now seeking reimbursement for multiple operating periods, and the total expenses fall below the single period *Standard CSP* cap, the owner may choose to combine all expenses on one HUD-52671-E. If an owner is seeking reimbursement for multiple operating periods, and the total expenses for which reimbursement is being sought *exceed* the *Standard CSP* cap, the owner can separate expenses from the different operating periods and submit up to four separate HUD-52671-E forms, potentially avoiding submission of supporting documentation and justification narratives. For example, if the property *Standard CSP* cap is calculated as \$5,630, and the owner incurred expenses of \$3,750 from August 1, 2020, through November 30, 2020, and*

\$1,700 between December 1, 2020, and March 31, 2021, the total request of \$5,450 should be consolidated on one form. If the expenses from the third operating period were also \$3,750, then the cumulative total would exceed \$5,630, and the owner should submit a separate form for each of the two operating periods to avoid triggering the more extensive requirements associated with review of a larger CSP.

*Amendments to Prior Approvals.* For CSP Round V, HUD will permit owners to amend prior round approved CSP requests to include additional expenses that they may have inadvertently omitted or are now made eligible by the Round V Notice. All amendments to prior round requests will be subject to current *Standard CSP* caps and must be evaluated cumulatively to determine eligibility. For example, “Property A” previously received a payment of \$3,500 for Operating Period 1. The owner did not previously include the \$300 cost of a portable air purifier for their leasing office and also overlooked \$500 in overtime by a leasing office assistant helping with interim tenant recertifications, both of which were expenses incurred during Operating Period 1. The *Standard CSP* cap for the property is \$4,400. The combined prior approval (\$3,500) and amendment request (\$800) total \$4,300, which remains below the *Standard CSP* cap and thus the amendment is eligible as a *Standard CSP* request under Round V. If the combined total had exceeded the property’s *Standard CSP* amount of \$4,400, then the property would need to meet all financial need criteria and submit supporting documentation to claim the full amount of their expenses (see Section VIII). Amendment requests cannot be combined on the HUD 52671-E with a new request for a different Operating Period; they must be submitted separately.

## **VII. Prioritization Criteria for Funding Approvals**

For Round V, HUD will utilize the same funding prioritization plan as in Round IV, which will be applied should CARES Act appropriations be insufficient to fully fund all eligible CSP requests. HUD will fund all eligible requests within each appropriation account (*PBRA, Housing for the Elderly, Housing for Persons with Disabilities*) in the order indicated in Table 1 (see below) until all CARES Act funds in each account are exhausted. If any priority step in the Table 1 funding allocation cannot be funded in full, HUD will prorate remaining funds within that step. For example, if HUD has sufficient resources to fund all Section 202 PRAC Category A activities but not enough for all Category B requests, the requested Category B amounts will be prorated to utilize the remaining balance. Please see Table 1 for additional details.

***Minimum Funding (Payment Floor).*** For Round V, HUD is advising property owners of the minimum funding level they can expect to receive as reimbursement of eligible expenditures. The minimum funding levels are calculated assuming universal participation and eligibility of all properties in the current program portfolio. The levels are different for properties funded under the *Project Based Rental Assistance* account than they are for properties funded under the *Housing for the Elderly* and *Housing for Persons with Disabilities* accounts due to the different levels of remaining CARES Act funds. Levels for Round V are significantly reduced relative to Round IV for Section 202 PRACs and SPRACs due to a reallocation of CARE Act funding to contract renewal needs. Minimum payments are as follows:

- Section 8 HAP Contracts (all types): No less than **90 percent** of each property’s *Standard CSP* cap;

- Section 202 PRACs and SPRACs: No less than **7 percent** of the amount of each property's *Standard CSP* cap.
- Section 811 PRACS and PACS: No less than **75 percent** of the amount of each property's *Standard CSP* cap.

Please note that the minimum funding allocations are calculated per-property for Round V, not per operating period or request form. For example, a property submitting requests under Round V for three different operating periods (including prior round amendments) has the same minimum funding allocation for Round V as a property with the same *Standard CSP Request* cap who submits a request for only one operating period under Round V. Making requests for multiple operating periods does not increase the property's minimum expected funding level.

The portion of any eligible CSP request(s) that exceeds a property's minimum expected funding level will be allocated additional funds, based on the prioritization in Table 1. When a property requests a CSP that exceeds the minimum expected payment level, HUD will first allocate funds to the property's Category A expenses, then allocate to their Category B expenses. It is worth noting that all eligible funding requests were fully funded in prior CSP funding rounds and may or may not require any pro-ration in Round V.

**Table 1. CSP Round V Funding Prioritization**

**PRIORITY 1: Fulfill Minimum Funding Levels**

- HUD will fund all eligible properties with an amount equal to the “minimum expected funding” level for each property or the full amount of their request(s), whichever is less. (This may include both Category A and Category B expenses.)

**PRIORITY 2: Fund Remaining Needs for Category A Operational Expenses**

- Next, remaining funds will be allocated to address any balance of unfunded eligible Category A expenses such that all requests are incrementally funded at the same prorated level (up to 100% depending on available funds).

**PRIORITY 3: Fund Remaining Needs for Category B Eligible Capital Expenses**

- If additional CSP funds remain after all eligible Category A requests are fully funded, HUD will then allocate funds to address any unfunded portion of Category B *Eligible Capital Expenses*.
- HUD will allocate funds to incrementally increase the CSP such that the *total* allocation for each request is not less than the amount of the *Standard CSP* cap or the full request if it is less than the *Standard CSP* cap. If remaining balances are insufficient to fully fund this calculation, the incremental funding for all properties will be reduced at the same prorated level.
- Once all requests are funded up to the level of each property’s *Standard CSP* cap, HUD will allocate any remaining funds for the portion of *Eligible Capital Expenses* that exceed the *Standard CSP* cap on a prorated basis in relation to each property’s *Standard CSP* cap amount. For example, remaining funding might be adequate to reimburse all remaining requests with an additional increment equal to 1.3 times their property’s *Standard CSP* cap amount, though in no case will the approved amount exceed the total amount requested.

### **Box 1. CSP Funding Examples**

These examples reflect funding prioritization that would occur only if the amount of CSP requests in Round V exceed the remaining balance of funds within each of the three appropriation accounts.

#### **Example A**

The *Standard CSP* request cap for “Property Z” is \$13,200. This property is a Section 202 PRAC, so their minimum expected funding level is \$1,056 (8 percent of the *Standard CSP* cap). Their CSP request for \$950 is below the minimum expected funding level and, assuming all property eligibility criteria are met, it will be fully funded.

#### **Example B**

The *Standard CSP* request cap for “Property Y” is \$6,100. This property has a Section 8 HAP, so their minimum expected funding level is also \$5,490 (90 percent of the *Standard CSP* cap). The property has requested reimbursement for \$15,600 in COVID-related costs, including \$8,200 in Category A expenses and \$7,400 in Category B expenses. (Note, because this request exceeds the *Standard CSP* cap it must meet additional eligibility and documentation requirements.) Assuming all eligibility criteria are met, the property will be approved for a payment of no less than \$5,490, all of which will be allocated toward their Category A expenses (Priority 1 in Table 1). Dependent on funds remaining after all other CSP requests are funded at the minimum expected level, the property will receive additional amounts covering all or a portion of the unfunded balance of their request. The \$2,710 of unfunded Category A expenses are given higher priority (Priority 2) than the \$8,200 in unfunded Category B expenses (Priority 3).

#### **Example C**

The *Standard CSP* request cap for “Property X” is \$4,520. This property is a Section 811 PRAC, so their minimum expected funding level is \$3,390, (75 percent of the *Standard* cap). The property submits a CSP request for \$11,500, which includes \$3,200 in Category A expenditures and \$8,300 in Category B expenditures. Assuming all eligibility criteria are met, the property will be approved for no less than \$3,390, including all \$3,200 of the Category A expenses and \$190 in Category B expenses (Priority 1 in Table 1). Depending on the funds remaining after all other requests are funded at the minimum expected level (Priority 1) and after all Category A requests are fully funded (Priority 2), the owner may be reimbursed for all or a portion of the \$8,110 balance of their Category B request (Priority 3).

## **VIII. Financial-Need Requirements and Use of Other Project Funds**

For Round V, HUD will retain financial-need requirements consistent with prior rounds for all requests that exceed the *Standard CSP* amount but will continue to except smaller requests made for expenses incurred only in Operating Periods IV and V from certain criteria to encourage beneficial expenditures by all owners. Any property considering a request amount above the *Standard CSP* amount will need to complete a self-assessment of their financial position as of December 31, 2022, to determine eligibility.

***Streamlined Financial-Need Requirements for Certain Standard CSP Requests.*** For expenses incurred only during Operating Periods IV and V (April 1, 2021, through January 31, 2023, HUD will approve *Standard CSP* requests without regard to a property's projected surplus cash or residual receipt account balances. Owners may request reimbursement for eligible expenses incurred during Operating Periods IV and V without regard to their cash position, expected revenue, planned surplus cash distributions to owners, or residual receipt account balances. Owners must certify that the CSP is not requested to address any cost increases for which the owner has already been, or is in the process of being, compensated through other federal, state, or local government COVID-19 assistance programs or through *restricted* donations from other sources.<sup>9</sup> *CSP requests of any size may not include any property expenses that were financed through a major recapitalization event.* Properties requesting funds for Operating Periods 1, 2, or 3 or making a request that exceeds the *Standard CSP* amount for Operating Periods IV or V must meet the additional financial need criteria specified below.

***Limits for Section 8 Properties with Recent Surplus Cash Distributions.*** Any Section 8 owner who took distributions of surplus cash following the announcement of CSPs on July 23, 2020, is not eligible to now receive a CSP for expenses incurred in the first, second, or third operating periods (March 27, 2020 to March 31, 2021). Past or planned withdrawal of surplus cash distributions does not impact eligibility for a *Standard CSP* for expenses incurred in Operating Periods 4 or 5. In rare cases where costs to address COVID-19 may have dramatically and unexpectedly escalated in recent months following a withdrawal of surplus cash, HUD will allow a CSP exceeding the *Standard CSP* amount for Operating Period 5 expenses only (November 1, 2021 to January 31, 2023) without regard to distributions taken prior to issuance of this Notice. Any owner that takes distributions from surplus cash in 2022 following issuance of this notice is not eligible for amounts exceeding the *Standard CSP*.

***Demonstrated Need for Additional Subsidies.*** CSPs exceeding the *Standard* amount and CSPs of any amount for costs in Operating Periods 1, 2, and 3 will be approved only for critical funding needs, meaning those financial needs that cannot be addressed with other project funds or external resources. Such project resources include both current funds and net revenue increases received through December 31, 2022, including but not limited to surplus cash generated from anticipated inflationary or market-adjusted contract rent increases. As with smaller CSPs, funds may not be requested to address any cost increases for which the owner has already been, or is in the process of being, compensated through other federal, state, or local

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<sup>9</sup> HUD recognizes owners may have requests seeking funds from multiple assistance programs that are pending at the time they submit their CSP request. Should an owner receive or be approved to receive other funds that render the property ineligible for reimbursement through a CSP *prior to receiving approval for the CSP*, they should contact HUD or the Contract Administrator to withdraw their request.

government COVID-19 assistance programs or through donations from other sources. Projects with current residual receipts account balances, whether governed by a Section 8 HAP or an FHA regulatory agreement, must first utilize any balances in those accounts that are in excess of \$250 per unit prior to receiving approval for a larger CSP. HUD will approve requests to use residual receipts to fund eligible CSP expenses, notwithstanding limitations on uses in Chapter 25 of Housing HUD Handbook 4350.1. When considering financial position, HUD will not view eligible owner advances or Reserve for Replacement (R4R) account balances as a source of funds to offset COVID-19-related cost increases. CSP reimbursements for eligible expenses may be used to replenish R4R accounts if amounts were/are borrowed from that account to offset COVID-19 related operating cost increases incurred from March 27, 2020, through January 31, 2023 and in some case an R4R deposit of CSP funds will be mandated (see section IX for details). As indicated on the prior page, property financial position is not considered by HUD when approving CSP for Operating Periods 4 or 5 that do not exceed *the Standard CSP* amount for the property.

***Limitation on CSP Amounts Relative to Financial Need.*** *Requests that exceed the Standard CSP for a property or requests for any amount for Operating Periods 1, 2, and 3, may not be for amounts that exceed the operating deficit calculated by the property (including operational debt such as COVID-related owner advances) for the timeframe ending December 31, 2022. Owner calculations of net operating position should also include any additional CSP Operational Expenses incurred in January 2023 and future cash disbursements for any CSP Eligible Capital Expenses established in Operating Period V (even if cash outlays may not occur until later in 2023). Properties showing an operating surplus as of December 31, 2022, are not eligible to receive amounts above the Standard CSP, even if their COVID-related expenses exceeded the Standard CSP amount. Owners must certify as to the project’s financial need for a larger or significantly delayed CSP and in certain cases will be required to submit additional documentation of the project’s financial position (see Section X).*

*To illustrate calculations, a large Section 8 property experienced a \$40,000 increase in cleaning contract and staffing costs related to COVID-19 mitigation measures in summer 2021 and another \$25,000 between November 2021 and February 2022, for a total of \$65,000. They did not previously request a CSP for any of these expenses. Given rent increases and prior surplus cash, the property completes 2022 with a \$30,000 operating deficit, and additionally needs to repay \$15,000 that was borrowed from the Reserve for Replacement account and a \$10,000 advance from the owner for CSP-eligible costs. This owner may request a CSP reimbursement of \$55,000 for their current and prior year COVID-related costs, allowing them to “break-even” in the current year. Project funds were sufficient to cover the other \$10,000 in increased costs. If the same property were also to enter into a \$30,000 contract during January 2023 to purchase and install a generator, the full \$30,000 cost could be added to the CSP amount.*

*A different property with similar operational cost increases that has surplus cash as of December 31, 2022 (considering allowable debts and liabilities), would be limited to requesting the Standard CSP amount for Operating Periods 4 and 5 expenses. Please see Box 2 for more financial need illustrations.*

**Box 2. Illustrations of Financial-Need Requirements and Eligible Amounts**

**Example 1:** “Property K” is a Section 8 HAP with rents that have historically generated surplus cash and allowed payment of distributions to owners twice a year. While the property has experienced notable cost increases due to COVID-19, the owner still anticipates being able to take modest distributions from surplus cash at the end of their current project fiscal year on December 31.

This property is only eligible to seek CSP reimbursement for expenses incurred in Operating Period 4 and 5 up to the amount of their *Standard CSP*. The owner’s ability to take surplus cash distributions will not be impacted by the CSP. The property is not eligible to receive reimbursement for expenses incurred in Operating Periods 1, 2, or 3 nor to receive amounts above the *Standard CSP* level.

**Example 2:** “Property J” is a Section 8 property but has faced greater financial hardships this past year compared to “Property K.” The property incurred significant expenses related to COVID-19 after several staff and residents contracted the virus. At the same time, it experienced other increases in operating costs for snow removal and routine repairs. While the property owner has typically taken surplus cash distributions, they did not do so in 2020 or 2021, nor are they projecting to have any surplus cash as of December 31, 2022. Earlier this year, the owner requested a release of residual receipts to help prevent a mortgage default, and the account balance is now below \$250 per unit.

This property meets all CSP financial need requirements. They are eligible to request reimbursement for eligible COVID-19 costs incurred in Operating Period 5 and can include eligible costs from all prior operating periods that were not previously reimbursed. Since the property also meets the threshold criteria for larger requests, they can request an amount that exceeds the *Standard CSP* request cap. However, *their request must consider available property resources and cannot exceed the amount of funding required to address the 2022 operating deficit (inclusive of debts and liabilities related to CSP-eligible expenditures)*. The amount of funds they ultimately receive will depend on remaining CARES Act balances relative to the Funding Prioritization Schedule in Table 1.

**Sources of Funds.** *The sources of upfront 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 routine HUD Residual Receipt account withdrawals for replacement needs 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 January 31, 2023. 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."*

*Following HUD review and allocation of funding to a property's CSP request, HUD may consider additional Reserve for Replacement account loans on a case-by-case basis to allow for completion of equipment purchases that were conditionally funded under Category B: Eligible Capital Expenses. Any such approvals will require approval of the Multifamily Regional Director for the servicing office, consider the financial capacity and management record of the property, amount of the request relative to total reserves, and be made only after owners have exhausted other avenues of accessing cash. Additional assurances of timely vendor delivery and installation may also be required where these are pending.*

**Note on Exclusion from Contract Rent Increases/Adjustments.** CSPs are currently the only permitted mechanism for owners to receive compensation through HUD Multifamily rental assistance programs for COVID-19 cost increases incurred from March 27, 2020, through January 31, 2023. One-time or temporary expenses, whether reimbursed with a CSP or funded from other sources, must be excluded from computations of future budget-based rent adjustment (BBRA) requests. Routine annual BBRA should incorporate COVID-19 cost impacts only to the extent an increase can be anticipated to persist on a long-term basis (e.g., continuing use of higher-quality air filters) and must not annualize temporary monthly cost increases incurred in recent months. Further, any temporary supportive service enhancements funded from any source must be disregarded by appraisers when completing rent comparability studies for Section 8 properties, as these are not characteristic of the market value of rents at the property.

## **IX. Other Eligibility Requirements and Conditions**

**Properties in Good Standing.** To receive funding through a CSP, a property must be in good standing with HUD. More specifically, if the project received a less-than-satisfactory rating on its last Management and Occupancy Review, corrective actions satisfactory to the Contract Administrator (CA) and/or HUD must have been taken or a plan for those corrective actions and an acceptable timeframe for their completion must have been approved by the CA/HUD. The owner must be current in the submission of audited or owner-certified Annual Financial Statements (AFS), if applicable, and must not have any outstanding findings. Projects requesting a CSP must have a REAC score of at least 60 or, if they do not, must have submitted a plan that is acceptable to HUD to correct any identified deficiencies. Owners must be actively vouchering for monthly subsidy for a property and be current in vouchering in order to be eligible for a CSP for that property. When otherwise eligible, properties that have recently achieved good standing are eligible to submit (or resubmit) requests for prior CSP operating periods, in addition to making a request for Operating Period V.

Section 8 properties that have provided a 120-day notice of intent to opt-out of the program (see *Section 8 Renewal Policy Guidebook*, Section 11-4.G) are not eligible, nor are properties with

contracts for which an 8(bb) transfer has been requested in conjunction with a mutual agreement to terminate.

***Maintenance of flood insurance for properties in flood-prone areas.*** Expenditures on equipment purchases require compliance with HUD’s flood insurance requirements. In particular, items 3, 5, and 10 in Category A, and Items 3, 4, and 6 in Category B may trigger flood insurance requirements. *See 24 CFR 50.19(b)(13) and (14), and 50.4(b)(1).*

Properties located in a Special Flood Hazard Area (SFHA) as designated by the Federal Emergency Management Agency must maintain flood insurance under the National Flood Insurance Program to be eligible for equipment purchases. If the CSP includes triggering equipment purchases, the owner must certify that the property is not located in a SFHA or that the property maintains insurance under the NFIP.

***Treatment of funds for Category B expenses upon receipt.*** For projects with a Reserve for Replacement account controlled by HUD or an outside entity, CSP amounts paid as reimbursement of Category B costs must be transferred into the project’s Reserve for Replacement account unless the funds are required to repay an owner advance previously approved by HUD, address cost increases resulting from COVID-19, relieve project debt directly related to the expenditures being reimbursed by the CSP, or address any operating deficits during the project fiscal year in which payment is received. Properties that meet all financial need requirements described in Section VIII will generally not need to transfer funds to their Reserve for Replacement account but may do so if their financial position ultimately allows.

## **X. Process for Requesting Funds**

**Form Submission.** Owners must submit standard form [HUD-52671-E](#) for all CSP requests, including the accompanying certifications and signature page, to the servicing office that currently processes their monthly voucher payment (i.e., Contract Administrator or administering HUD field office). As of this Notice publication date, updates to the CSP request form are pending. An updated version of the form will be posted on HUDCLIPS at least a month prior to the date due for submission to HUD. (CSP Round V requests will not be accepted on versions of the form dated 11/2021 or earlier). All owners of Section 8 projects that are subject to a HAP contract administered by a Performance-Based Contract Administrator (PBCA) must submit requests to their PBCA.<sup>10</sup> Properties with contracts currently administered by HUD or a Traditional Contract Administrator must submit directly to the relevant HUD Multifamily Regional or Satellite office. Given work processes during the coronavirus pandemic and limited access to standard mail, electronic submissions via email are required and may utilize digital signatures, consistent with Notice H-2020-10. Submissions to HUD should be directed to each office’s centralized incoming email box. Owners should save and submit the form in its original fillable PDF format to facilitate more rapid processing. Note, the form must be signed by the property owner or their authorized signatory. Documentation of legal delegations of signature authority to third-party management agents may be required.

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<sup>10</sup> PBCA contact information may be found on HUD.gov on the [Multifamily Housing](#) home page, using the lookup tool that is accessible in the upper righthand corner.

CSP funding is not being provided on a first-come, first-served basis. **All requests received by HUD or the PBCA by 11:59 PM local time on February 21, 2023**, will be given equal consideration and allocated funding consistent with the prioritizations stated in Section VII. Requests received after this deadline may be evaluated at HUD's discretion only after all other eligible CSPs have been funded. In no case will requests received after February 28, 2023, be considered for funding. Owners may not submit more than one request form per property for each operating period.

***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 totals that exceed \$500. Documentation is required for all expenses on these lines and not just for the portion of expenses that exceed the *Standard CSP* cap amounts. Supporting documentation must be clear, concise, and well-organized (i.e., clearly labeled by form line-item).

In addition, owners requesting amounts above the *Standard CSP* cap must provide a brief explanation of the conditions that necessitated the expenditures. Narratives should explain how COVID-19 risks at the property justify the higher amounts requested. This may include the number of residents reporting infection, any required quarantines, known exposure at the property, community infection rates, and local health directives and must describe specific activities taken in response to such conditions.

For requests that exceed the *Standard CSP* cap amount, the CA/HUD may also review prior-year AFS for Section 8, Section 202, and Section 811 properties to determine recent availability of surplus cash and identify any owner distributions taken (where permitted). All properties that are not required to submit an AFS must submit one (owner-certified allowed) with any request above the *Standard CSP* request level for the property, or, if not available, must submit a surplus cash computation as of December 31, 2022. Properties showing positive cashflow on their most recent AFS must also submit an explanation on the HUD 52671-E of recent changes in financial position to establish that the property's financial needs are consistent with the requirements in Section VIII, for example by presenting evidence of material operating cost increases, such as extensive repairs or COVID-19 related costs, that are in excess of the previously reported surplus cash or a current surplus cash calculation (unaudited submissions permitted). Short-term cashflow concerns, such as those arising from delayed tenant rent payments or delayed processing of interim recertifications, will not be accepted as a sufficient justification.

***Additional documentation for Larger Capital Expense Requests.*** In addition to the documentation required for all requests that exceed the *Standard CSP* cap, owners requesting amounts for *Eligible Capital Expenses* as part of a CSP that exceeds the *Standard CSP* cap must also include a separate narrative description of the facility improvements completed (or contracted), including a list of any major building components that were replaced or improved. An owner must provide evidence that three written bids were obtained for any capital expenditures above \$25,000. If the owner is unable to obtain three bids, HUD will alternatively accept certification that the owner contacted at least four vendors in writing (including email) but were unable to get bids in response. The certification must also state that there is no identity of interest relationship between the vendor and the owner or agent of the property. HUD may limit CSPs to the lowest bid. For

internet infrastructure requests, narratives must include an explanation of how the owner has and/or will continue to pay for monthly internet services for residents (e.g., owner funds, local grants, optional fee-based access, etc.). HUD may request other information during the review process, including but not limited to information on related uses of Reserve for Replacement funds and comparisons of planned baseline expenditures for building components compared to increased costs with enhancements to mitigate the impacts of COVID-19.

***Communications During HUD/CA Processing of Requests.*** Should a CSP request be found by HUD/CA to have errors or incomplete documentation, the form HUD-52671-E may be returned to the owner for correction. The owner will receive notification via email and/or phone call of the deficiencies and will be required to correct the form and/or documentation and return materials to the reviewer. The HUD/CA reviewer will provide the owner with a minimum of two (2) business days to remedy the deficiency and will specify the due date in their notification to the owner. If the owner does not respond within the timeframe established by HUD/CA or if the owner's response is insufficient, the CSP request will be denied or reduced accordingly. Requests for amounts that exceed the *Standard CSP* cap that lack sufficient documentation and/or do not meet other requirements will be evaluated for payment of lesser amounts under *Standard CSP* caps.

## **XI. Record Retention and Reporting**

Section 15011 of the CARES Act requires monthly reporting on activities by recipients who receive more than \$150,000 in CARES Act funding. The Department is working in coordination with the Office of Management and Budget (OMB) to ensure that this reporting requirement can be fulfilled by recipients of CARES Act funding where required in a manner that utilizes existing reporting streams to the greatest extent possible to provide the necessary transparency and accountability with minimal additional burden. If supplemental reporting is determined to be necessary for any Section 8 PBRA, Section 202, or Section 811 properties, further guidance will be released by the Department.

Owners must maintain detailed supporting documentation of all expenses reimbursed by HUD through any CSP, such as receipts, paid invoices, and staff time and attendance records. In addition, all owners requesting amounts above the *Standard CSP* must retain documentation of the required assessment of property financial position as of December 31, 2022. All documentation must be made available upon request to HUD, its duly authorized representative, the HUD Office of the Inspector General, the Comptroller General of the United States, or a U.S. Attorney, for purposes of audit or other compliance monitoring.

Federal regulations at 2 CFR 200.334 require property owners to retain documents related to all financial management and activities supported with federal funds for a period of three (3) years from the date of submission of the final expenditure report, which in this case shall run from the date the CSP request is submitted. However, 2 CFR 200.334(b) allows federal agencies (including HUD) to extend the record-retention period for non-federal entities if this is done in writing. Therefore, HUD reserves the right to extend the record-retention period beyond three (3) years and will notify owners in writing if such extensions are warranted.

Amounts received from a CSP shall be treated as project funds and must be managed consistent with other rental assistance provided by HUD under the applicable HAP, PAC, PRAC, or SPRAC

contract. CSP funds must be deposited into the project's general operating account (account 1120 on the Balance Sheet) and recorded as Special Claims Revenue (account 5193). The project accountant must also include a footnote in the *Notes to the Annual Financial Statements* that states how much was received and how it was used. Once recorded in the Operating Account, amounts received for Category B expenses may be transferred or disbursed consistent with the guidance in Section IX of this Notice. CSP amounts must be included in the Schedule of Expenditures of Federal Awards (SEFA) for the year. The [CFDA](#) number/Assistance Listing for CSP amounts is the same as the primary rental assistance contract under which amounts are received. As with other project funds, the expenditure of CSP funds must be done in a manner that is consistent with all applicable civil rights laws, including the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act. *See* 24 C.F.R. § 5.105(a).

**XII. Penalty for False Claims and Statements**

HUD will seek civil, criminal, or administrative action against individuals and entities who either make, present, submit, or cause to be submitted a false, fictitious, or fraudulent claim, statement, representation, or certification pursuant to all applicable authorities, including but not limited to 18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §§ 3729, 3802; and 42 U.S.C. § 1437z-1.

**XIII. Paperwork Reduction Act**

Paperwork reduction 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. 3501-3520) and have been assigned OMB control number 2502-0619. 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 Control Number.

/s/

Julia R. Gordon  
Assistant Secretary for Housing –  
FHA Commissioner