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July 27, 2020

Subject: NEW NOTICE: Funds for COVID-19 Supplemental Payments (CSP)

Dear North Carolina Owners and Agents:

The U.S. Department of Housing and Urban Development (HUD) released [Notice H 20-08](#). The notice announces the availability of funds for COVID-19 Supplemental Payments (CSP) for properties receiving Project-Based Rental Assistance under Section 8, Section 202 or Section 811 programs.

We have set up a new email address for all CARES Act related questions and submissions. The address is COVID-csp@ncquadel.com.

The CARES Act made \$1 billion available for PBRA Section 8 projects. HUD allocated about \$800 million in July to cover reduced tenant income, interim recertifications, and increased vacancy loss claims. *Owner/agents may now apply for the remaining CSP funds.*

Qualifying properties for COVID-19 Supplemental Payments

1. Section 8 Project-Based Rental Assistance (PBRA)
 - a. New Construction
 - b. State Housing Agencies Program
 - c. Substantial Rehabilitation
 - d. Section 202/8
 - e. Rural Housing Services Section 515/8
 - f. Loan Management Set-Aside (LMSA)
 - g. Property Disposition Set-Aside (PDSA)
2. Section 202/162 Project Assistance Contract (PAC)
3. Section 202 Project Rental Assistance Contract (PRAC)
4. Section 202 Senior Preservation Rental Assistance (SPRAC)
5. Section 811 PRAC

This distribution of supplemental operating funds for the above-listed properties is for the prevention of, preparation for and response to COVID-19.

Eligible activities and purchases

HUD lists "specific eligible activities and purchases," which qualify for reimbursement through CSP. They include:

- Increased frequency of cleaning and disinfecting common areas and property management offices as a preventative measure.
- 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 reoccupancy in addition to common areas.
- Office technology and other equipment needs to facilitate social distancing.
- Personal protective equipment (PPE) such as face masks and goggles, gloves, hand hygiene products for use by property management staff and for residents entering leasing offices or using common areas.
- Facility and equipment needs related to maintaining adequate social distancing, including but not limited to cough/sneeze barriers or modifying or limiting access to communal spaces.
- Site control measures to enforce orders to shelter-in-place, stay-at-home orders, or visitor restriction policies within properties.
- Temporary staffing, contract services, and/or supply expenditures to maintain or enhance on-going service coordination in properties designated to serve the elderly or persons with disabilities (excludes grant-funded service coordinators).
- Temporary staffing increases to process higher-than-normal volumes of interim tenant recertifications requested by tenants due to loss of income.

HUD notes that “CSPs are only available to offset actual expenditures and may not fully reimburse all COVID-19 related costs. CSPs are not a means to receive funding for lower tenant rent contributions due to income reductions, extended vacancies, or unpaid tenant charges.”

HUD will allocate the remaining CARES Act funds as follows:

- Section 8: up to \$190 million
- Section 202 Housing for the elderly: up to \$25 million
- Section 811 Housing for Persons with Disabilities & Section 202/162 PACs: up to \$9 million

Categories for COVID-19 Supplemental Payments

There are two categories of funds available: Tier I Standard Payments and Tier II Exceptional Cost Payments.

Tier I is a capped amount, 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 house elderly residents.”

- \$2,000 base amount per property, plus \$60 per assisted unit.
- \$1,000 additional per-property allowance for properties specified to house elderly residents.
- Up to \$3,000 additional allowance for properties with a budget-based service coordinator.

These payments will reimburse O/As for qualified expenses such as cleaning supplies, sanitation services, personal protective equipment (PPE), temporary staff, IT, facilities, equipment, and barriers for social distancing. **These qualified expenses would have occurred between March 27 and July 31, 2020.**

Tier II is for larger sums, “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 greater threat to the health and safety of residents within the community.”

- There is no cap on Tier II payments to “individual properties except as limited by” terms included in the [Notice H 20-08](#) and the availability of funds.
- O/A must submit documentation of expense and a demonstrated level of need.

This is a one-time event for properties. The deadline for requests is 11:59 PM local time on August 5, 2020. The CSP funding is not on a “first-come, first-served” basis. HUD will consider all requests equally if submitted by the deadline.

Any requests submitted after the deadline will be evaluated “at HUD’s discretion only after all other eligible CSPs have been funded, and in no case will be considered if received after August 12, 2020.” You may submit one request form per property for this request period.

Keep in mind, CSP funds are for critical needs not covered by other sources.

- Owners can only submit one request per property; however, that may combine multiple contracts in one request if they have more than one contract on a project.
- These funds will be processed separately from the Voucher payments.
- Owners and PBCAs should comply with the E-signature notice H 20-04 regarding electronic signatures on these documents.
- If the application package is incomplete or has errors, the PBCA will return the submission to the O/A, who will then have two days to respond.

North Carolina Quadel’s Owner’s and Agents should send their questions- and completed forms- to COVID-csp@ncquadel.com

We encourage you to continue to visit the [Multifamily home page](#) for the most recent Q&A and other guidance about the COVID-19 pandemic.

[CSP Request Form \(52671-E\)](#)