



HUD COVID-19 Supplemental Payments: LeadingAge CSP Round 5 FAQs

Answers to the most common questions LeadingAge has received about [HUD COVID-19 Supplemental Payments \(CSPs\)](#) in Round 5. Answers from HUD as of 12/19/22, 12/21/22, and 1/23/23 are in *italics*.

More information about CSPs is available here: <https://leadingage.org/hud-opens-csp-round-five-with-reduced-reimbursements-for-senior-housing/>

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FAQs:

1. How much funding does HUD have available?

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.

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. Levels for Round 5 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:

Appropriation Account	<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

Housing for the Elderly (Section 202) refers to Section 202 PRAC properties. Section 202/8 properties are included in the Project-Based Rental Assistance (Section 8) category.

2. Which properties are eligible for COVID-19 Supplemental Payments (CSPs)?

The [CSP Round 5 Notice](#) applies to 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) – PBRA only
- 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)

3. What are the key dates and deadlines?

- For operational costs (Category A):
 - Expenditures complete by January 31, 2023

- Request forms submitted by February 21, 2023
- *HUD expects to obligate funds and notify owners of approvals in early May 2023, but this is subject to change*
- For capital costs (Category B):
 - Expenses committed by January 31, 2023:
 - i. Either payment has been completed AND delivery/installation date has been specified by the vendor to occur not later than October 31, 2023, or
 - ii. 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.
 - Request form submitted by February 21, 2023
 - Project completion certified to HUD by Nov 7, 2023
 - HUD 12/19/22: *Disbursement of Capital Expense funds that require supplemental certification of delivery/installation after the initial conditional funding approval will subsequently be released in batches every 6-8 weeks following receipt of completed owner certifications.*

4. What are the chances that HUD extends the deadlines for requesting reimbursement and completing capital projects?

While HUD showed considerable flexibility in CSP Round 4 by extending capital project completion deadlines, this was in part possible because the deadline for capital projects was written in HUD FAQs, not in the legally-binding CSP Notice. In Round 5, HUD’s Notice includes the capital project completion deadline, giving the agency much less flexibility for extensions.

HUD Response 12/21/22: At this time HUD does not anticipate any extension of the deadlines for requesting reimbursement and completing capital projects.

5. Will HUD notify owners of reimbursement request approvals for capital projects ahead of the October 31st completion deadline?

HUD Response 12/21/22: HUD will notify owners via email of conditional approval amounts once CSP funds are obligated to their rental assistance contracts. Under our current timeline, we expect these funding notices would be sent sometime in May 2023, but this is subject to change. Owners are reminded to communicate with servicing HUD field offices on any changes to contact information to ensure it remains up to date in HUD systems.

6. What request form should I use, and can I submit the multiple requests for reimbursement on the same form?

Owners should submit all the expenses that you are seeking reimbursement for onto the single request form (one per property per operating period).

The CSP 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.

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.

HUD is currently updating the request form to reflect the CSP Round 5 updates. LeadingAge expects the form in January, 2023. HUD will not accept the previous (round 4) version of the form, but providers can use the [previous form for reference \(do NOT submit\)](#), since the new form will be very similar. CSP Round V requests will not be accepted on versions of the form dated 11/2021 or earlier.

7. What is the Standard CSP Cap, and is it a limit on funding I can request?

HUD has established a structure for CSP requests that considers the size of a request relative to certain property characteristics, called the “Standard CSP Cap” This is NOT a limit to the total amount of funds a property can request for reimbursement; rather, 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.

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.

Owners with a demonstrated critical financial need 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.

8. Is there a minimum amount of reimbursement that my property can expect?

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.

Minimum payments from HUD 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.

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 established by HUD. Note that the minimum funding allocations are calculated per-property for Round V, not per operating period or request form.

9. Is there a maximum amount of reimbursement I can request for my property?

There is no limit on payments to individual properties except as limited by financial need criteria and the availability of funds.

10. How will funds be prioritized if HUD runs out of money?

- 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.

11. What if my property projects surplus cash?

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.

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.

Any owner that takes distributions from surplus cash in 2022 following issuance of the CSP Round 5 Notice is not eligible for amounts exceeding the Standard CSP.

12. Will CSPs pay for security costs (staffing and camera installation)?

CSP Category A.5 allows reimbursement for 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.

In addition, Category A.6 allows reimbursements for 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.

13. What if I can't get three bids for my capital project?

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.

14. What is the new category for costs related to creating outdoor gathering spaces?

In Round 5, 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.

HUD 12/19/22: Outdoor seating area expenditures that are too small to prompt capitalization/depreciation AND that also meet all transaction cut-off requirements for Category A expenses, can be requested on the "Other Eligible Costs" line with inclusion of the appropriate budget accounting code(s), e.g. 6536, 6560, 6541, etc.

15. Question about the new reimbursable category of costs related to training residents on the use of technology: Could this include the prorated salary of a staff person who does the training as part of their work? What about the costs of contracts with outside professionals to come to the property to teach classes?

CSPs can reimburse for staff or contract costs to conduct training for residents on use of technology and "virtual" services that further social distancing goals. This 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.

HUD 12/19/22: We envisioned this as most likely being done on a contract basis, given the targeted and temporary nature of the activity, but in limited circumstances reimbursement for salary costs would be allowed. CSP is authorized for cost INCREASES experienced by the property due to the pandemic. If staffing was increased since March 27, 2020, specifically to address the eligible

activity, and assuming HUD has not previously increased budget-based rents to support the staffing, then reimbursement could be requested for an appropriate, small portion of the new position costs.

16. Are portable generators reimbursable under CSPs?

HUD 12/19/22: Yes, a portable generator would be eligible as a Category B Capital Expense, assuming the property and purchase meets all criteria for emergency generators on pages 7 and 8 of the CSP Round V Notice.

17. Is the Wi-Fi project below something that generally falls within the scope of the CSPs?

Equipment:

- (15) Wi-Fi 6 Access Points
- (1) 24 Port PoE Managed Network Switch (Powers Wi-Fi)
- (1) Commercial Router (Firewall, Tenant Network Isolation)
- (1) Cloud Controller (Management)
- (1) Network Rack 6U w/ Door (Equipment Storage)
- (1) CAT6 Patch Panel & Jumpers
- (1) Network Rack Shelf
- (4) 1000ft Boxes of CAT6
- (1) Battery Backup

Project Goal

Some of the 50 units are currently wired for internet, but parts of the property, including the common areas and corridors, lack internet and not all residents have internet access in unit. To achieve wall-to-wall internet for building operations and to fill gaps in resident access to WiFi, we will outfit common spaces with wiring and Wifi access points.

Project Scope

We will install 14 Wi-Fi 6 access points throughout the hallways on the first and second floor. An additional access point will be installed in the Lobby/Rec area for coverage of the office and computer room. CAT6 wire will be run to each access point location and back to the first floor maintenance room, the second-floor wiring will go through the preexisting conduit down to the first floor.

We will install a small network rack on the wall in the maintenance room and punch down all connections from our equipment into a patch panel. We will install a powered network switch to bring all the access points online and also equipment to split the network for individual tenants and the office. A small battery backup will be installed to keep internet online in the event of a power outage for a short time and also filters power to the system.

HUD Response 12/19/22: HUD is not able to confirm eligibility of specific proposals in advance of submission to HUD, but can elaborate on how it will apply guidance in the CSP Round V Notice. Owners considering submission of a wi-fi costs for CSP reimbursement should consider the below when preparing their request.

- A CSP-eligible Wi-Fi installation must not be designed to duplicate coverage over for any resident unit current wired for access. However, incidental overlap of wi-fi with resident units equipped with broadband wiring will not be disqualifying. For example, an access

point targeted to provide service in a resident sitting area which transmitted a signal that could also be picked-up in some units hard-wired for broadband would not be disqualified from reimbursement.

- Consistent with the Notice (see page 8), equipment should reflect the minimum number of access points/routers/range extenders that are necessary to reach targeted common areas and units that currently do not have available broadband access. Owners are encouraged to have vendors state this objective in their contracts and/or owners should specify their installations reflect this standard in their CSP application. Owners are not prohibited from using outside funds to further enhance their wi-fi installation, but must limit the CSP reimbursement request to eligible unit coverage and equipment.
- Installation of wi-fi systems was included under the CSP program to bring internet access to residents and employees at a lower upfront cost than installation of broadband cabling for the same resident units and common areas. As such, CSP requests that include broadband wiring running to individual units and/or wireless routers for individual units are outside the scope of CSP and will be denied. Only if placement of an access point within a unit was deemed the most effective location to reach a larger section of the building would that equipment/installation be appropriate to include in the CSP request.
- All equipment necessary to operate a wi-fi network in the building is allowable, though HUD may request additional justification if the scale does not seem appropriate for the building size. Costs for service plans or ongoing maintenance are not eligible for CSP reimbursement. Owners must identify other resources to address the ongoing service costs and specify this source in the request. Under current policy, HUD will not approve rent increases to fund internet service for tenants.

18. Will HUD publish a one-pager about CSP Round 5, similar to the one-pager about Round 4?

HUD 12/19/22: *Yes, we have updated this and hopes to get it up on the web very soon.*

19. Any updates on timing for the release of the CSP request form for round 5?

HUD Response 1/23/2023: *HUD's Office of Multifamily Housing is awaiting final clearance to post the updated form, which we anticipate soon.*

20. Is HUD planning any updates to the capital project certification form/process for this round, or will it mirror the last round? For example, will owners need to simply certify completion via docuSign, or will owners be expected to provide further details of functioning capital projects, etc?

HUD Response 1/23/23: *The process will mirror the last round, though we'll be able to get the DocSign files out to owners much more quickly. Owners receiving conditional approval for Eligible Capital Expenses with pending installation of equipment will need to complete a supplemental certification in DocuSign. In addition, if the CSP amount exceeded the Standard CSP, then submission of expense documentation such as a final invoice will also be required. (Only the signed certification is required on smaller CSPs.)*

21. Can an owner use Reserve for Replacement accounts to cover the initial expenses of developing specs for back-up generator installation? We assume that housing providers could borrow from reserves to pay for the specs, like determining the size and scope of a generator project in order to create a committed contract to sign prior to January 31. Is that correct? In addition, we are wondering if, in the event the CSP request is not approved, those amounts can remain as an R4R draw, or if the housing community would need to somehow pay it back?

HUD Response 1/23/23: *Reserve for Replacement funds could be borrowed for initial spec work on a CSP Eligible Capital Expense project up to the CSP Minimum Expected Payment level for the project (a percentage of the Standard CSP amount, which varies based on the rental assistance contract type). Note, costs for development of specs can only be reimbursed under CSP when submitted in conjunction with a completed/contracted purchase of equipment.*

Notice H 2022-06 includes some other specifications on loans from R4R accounts for CSP expenses, which are limited to minimize the risk of shortfalls for future capital needs. From pages 19-20 of the Notice:

"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." 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."

22. Will HUD fund reimbursements of the installation of new back-up generators if the property previously had generators that have expired/reached the end of their official useful life?

LeadingAge has asked HUD for input and is expecting a response on 1/27/23.