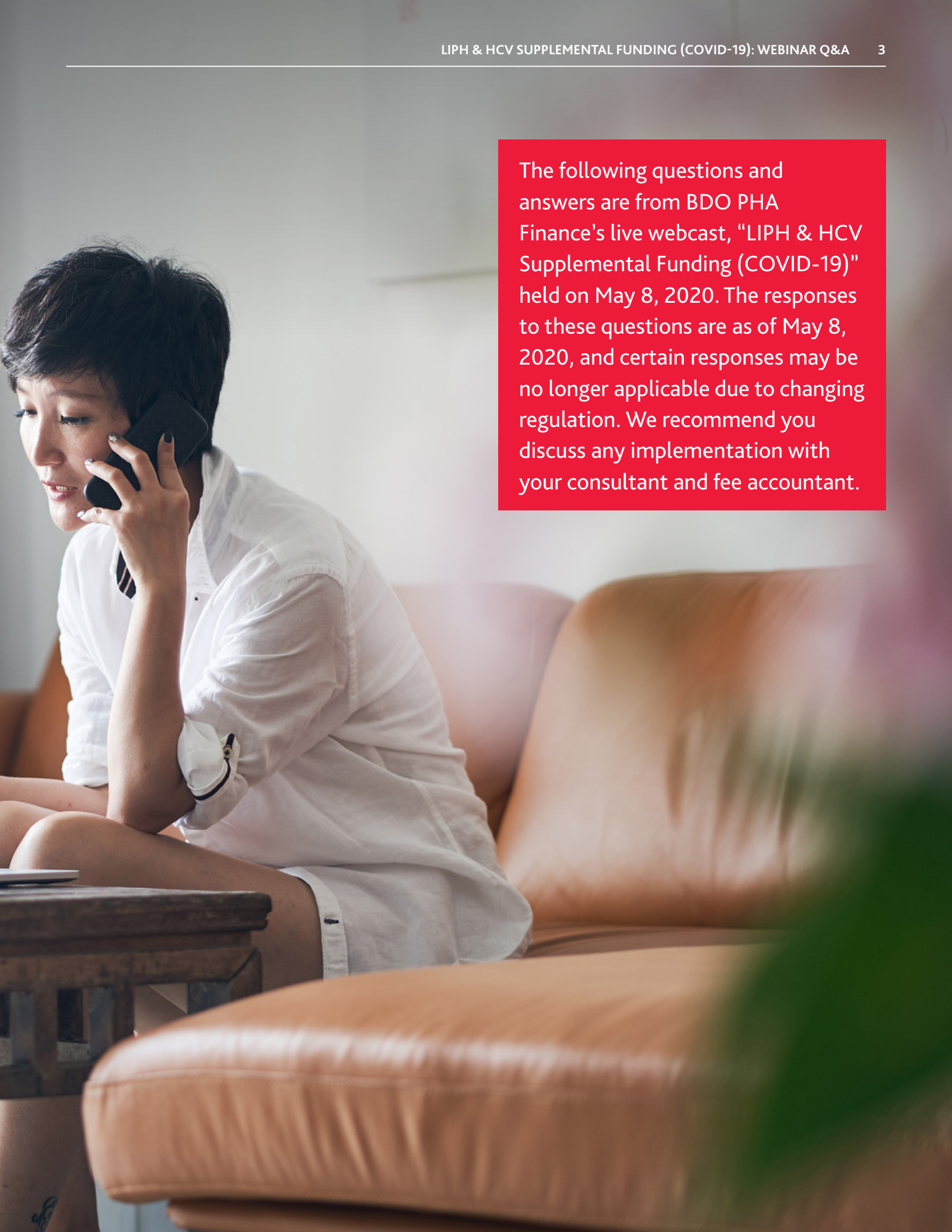


**LIPH & HCV
SUPPLEMENTAL
FUNDING (COVID-19):
WEBINAR Q&A**





The following questions and answers are from BDO PHA Finance's live webcast, "LIPH & HCV Supplemental Funding (COVID-19)" held on May 8, 2020. The responses to these questions are as of May 8, 2020, and certain responses may be no longer applicable due to changing regulation. We recommend you discuss any implementation with your consultant and fee accountant.

#	QUESTIONS	ANSWERS
1	Is it best to use CARES Act funding for all operating expenses beginning 5/1, thereby fully expending the funding in 2-3 months? Then, regular Op Sub draws will just be banked until CARES Act funds are exhausted?	It is suggested in the PIH Notices the PHA use the COVID-19 funding first. These funds are "use it or lose it" type of funds.
2	We're a June 30, 2020 year-end. How will this impact the FDS? Will REAC have the FDS revised for our reporting purposes? Will we get an extension for our year-end?	As of now there are no extensions for June 30, 2020 year-ends per PIH Notice 2020-5. PIH Notice 2020-8 indicates that guidance is forthcoming for FASS. As of now, there are no known changes to the FDS. COVID-19 funding will be reported on FDS with other LIPH and HCV funds, respectively.
3	The webinar is saying expenses have to be COVID-19 related, but section 5 of PIH Notice 2020-07 says "through prior Acts, may be used for eligible Operating Fund and Capital Fund activities, or for coronavirus purposes as described in Section 6 of this Notice or for coronavirus purposes.	Our interpretation of this guidance is that past and current operating subsidy can be used for COVID-19 related expenses that may not have been eligible as operating and capital fund expenses. COVID-19 funding is used to cover the additional COVID-19 expenses. Additional expenses like maintenance materials and cleaning products would be eligible under either funding source and the costs in excess of normal operations due to COVID-19 are the ones to be covered with COVID-19 funds. It is our understanding that the Act is not covering "regular day-to-day operating" costs. This is explained in PIH Notice 2020-8 as it states "PHAs will be expected to be able to identify additional "normal" expenses incurred due to the coronavirus in forthcoming reporting requirements."
4	With regard to COVID-19 funds, is mental health covered under these funds?	That was not specifically addressed in the list that HUD provided but that list is not all inclusive and it may be possible. There is an email to ask questions in both PIH Notice if you want to get specific approval on an item that is not listed.
5	Will the PHA be able to use these funds for costs incurred due to COVID-19 before 5/01?	HUD's webcast on May 1, 2020 stated expenses incurred on 4/28/20 and after would be eligible under the COVID-19 funding. HUD has changed the effective date to 5/1/2020 a few days later. Furthermore, Executive Directors received emails from HUD late Friday May 8th indicating the date was changed to 3/27/20 for the HCV funds only. Any costs incurred prior to that date, may be eligible for FEMA. HUD recently updated guidance and COVID-19 expenses incurred starting March 27, are eligible for LIPH, CFP and HCV.

#	QUESTIONS	ANSWERS
6	After you transfer funds from PH COVID-19 funding to the COCC, could you send it to a tax credit managed property to cover COVID-19 related expenses incurred there?	The COVID-19 funds can't be provided to the COCC. The COCC will earn additional fees charged to the federal program. Currently, the fees have increased by 50% above the safe harbor limit for the period of performance. The fees that are considered above the safe harbor limit can only be used for coronavirus activities as stated in the PIH Notice 2020-7. This question was not addressed in the Notice, but was mentioned on the call during HUD's webcast on May 1st. Hopefully that will be addressed in the FAQs HUD plan to issue as many PHAs have that question. If HUD's FAQs don't address this issue, please submit your question to using the email address in PIH Notice 2020-7.
7	Do all procurement rules apply?	Procurement was not mentioned in the PIH Notice so all procurement must rules apply. However, there may be justification to use emergency procurement methods for pandemic related costs.
8	As an example, is the time we are spending watching your webcast an eligible expense to charge off to CARES Act?	Training and administrative costs (such as reporting and setting up general ledgers/schedules) would be eligible costs.
9	How do I utilize FEMA funds and CARES funds without double dipping? Are there recommended strategies?	CARES Act funds are recommended to be used first if possible. For additional expenses or expenses outside the period of performance, the PHA should consider FEMA funds. Furthermore, track your activity appropriately in the general ledger.
10	Are the additional management fees eligible to be drawn from the CARES Act grant?	The COCC can charge the AMPs 150% of safe harbor fees (Project Management Fees, Bookkeeping Fees and Asset Management Fees.). The amount of fees above the safe harbor limits was not mentioned in the notice. We recommend you contact HUD at the email address stated in PIH Notice 2020-7.
11	The COCC can charge the AMPs 150% of safe harbor fees (Project Management Fees, Bookkeeping Fees and Asset Management Fees.). The amount of fees above the safe harbor limits was not mentioned in the notice. We recommend you contact HUD at the email address stated in PIH Notice 2020-7.	Yes, be sure to document thoroughly. The PIH Notices specifically state that bonuses and incentive pay must have documentation, thus indicating it is an eligible cost.
12	Our HA has 1 final property that is under the Initial Year Funding period (RAD-PBRA) for 2020. Op Funds received are "rents". How do we utilize the CARES Act funds?	Please see response to question 3.

#	QUESTIONS	ANSWERS
13	Can you refund your capital fund for expenses paid for COVID-19 activities with the cares act money?	Not if the invoice is not in the period of performance.
14	We negotiated time and a half rates with our union employees for all staff deemed as essential and would continue to work onsite. Can the additional administrative fees be used for the the overtime portion of salaries?	That would be eligible as long as it is documented and after 5/1 (unless the period of performance is updated by HUD)
15	Can you apply for FEMA funds for costs prior to May 1, 2020? And still use operating funds for COVID-19?	Yes, as of now that's the recommended course of action for expenses prior to 3/27 (unless the period of performance is updated by HUD)
16	Can the PH COVID-19 funding be used to cover lost rent revenue at PH properties related to lost income due to COVID-19? Or lost COCC front-line maintenance revenue due to potential down-time of maintenance staff related to COVID-19?	Lost rental revenue would be eligible if incurred due to COVID-19 during the period of performance. Payment of salaries to staff unable to work due to restrictions are allowed. The COCC must pay their workers from the fees earned above safe harbor due to lost time.
17	Would grocery store gift cards for PH residents be an eligible expense?	That was not specifically addressed in the list of eligible costs that HUD provided but that list is not all inclusive. There is an email in the PIH Notice 2020-7 if you want to get specific approval on an item that is not listed.
18	I know accounting guidance may come later. Will there be a separate CFDA column for these COVID-19 funds or will the income be recorded on the amp incurring the costs? If COCC incurs a COVID-19 cost, will that be a transfer out from the amp to COCC?	Currently, it will all be blended into the existing CFDA as they are still Public Housing and HCV funds. COCC costs would be funded by fees in excess of the safe harbor limits. The AMP would record the revenue and higher management fee expenses. COCC would have higher mgmt. fee income and record the expense for eligible COVID-19 activities.
19	Since we can't get the tax credit for staff that take the family first leave, can we reimburse ourselves for the 80 hrs of pay?	If someone can't work because of COVID-19 restrictions but they are getting paid, then this would be an eligible cost.
20	Do you have to exhaust all sick time before you can use COVID-19 funds for staff?	No. That is not required.
21	Is there a definition of "local coronavirus outbreak"?	Please refer to your state and local government for more direction.
22	Could you please talk about using funds for landlord incentives? Implementing, amount of incentive and any other limitations or requirements.	The guidance included was very vague. HUD didn't provide examples and said to be creative on their webcast. Things such as assisting with security deposits and bonuses to attract landlord may be eligible.

#	QUESTIONS	ANSWERS
23	Eligible costs Under Category 3 Responding, security costs. Does the cost of new cameras for in high rises seem like a reasonable cost?	Yes. If the purpose is to monitor people following the stay at home requirements or social distancing measures.
24	When using these funds for employee wages, will this include fringe benefits as well or solely wages?	The Notices state "any other form of compensation" so it appears that benefits would be eligible.
25	Are rent and utility stipends allowable?	That was not specifically addressed in PIH Notice 2020-7 and emailing HUD is recommended. There is additional \$400 million of HAP COVID-19 funding being provided. Guidance if forthcoming.
26	With regard to 3rd party contractors, will a contract suffice?	That would be eligible as long as the scope is COVID-19 related and the total amount paid can be supported.
27	Could you talk about the executive compensation requirements under Section 220 of Public Law 116-94, please give us some examples of how does this apply to employees costs.	Executive Compensation applies to the limits in total compensation paid to an employee from Section 8 or Section 9 (LIPH & CFP) funds. This also applies total compensation derived from Section 8 and Section 9 fees. The Level IV Executive Compensation for 2020 is \$170,800. These COVID-19 funds can't be used to pay in excess of that salary limit.
28	Can we refuse the money?	For LIPH COVID-19 funds, the PHA can just not draw the funds from eLOCCS. HCV Admin will get auto-deposited but the PHA can just hold it and give it back 12/31.
29	Does this mean that PHAs are unable to pay maintenance staff or staff who are not working remotely hazard pay?	Hazard pay is allowed, working remotely shouldn't have an impact.
30	Does lost rent apply to HCV as well? Or just public housing?	Lost rent was not specifically mentioned in PIH Notice 2020-7, but addressed in the HUD webcast indicating that it was an eligible cost. Emailing HUD is recommended. There is additional \$400 million being provided for HAP due to COVID-19. Guidance if forthcoming.
31	Since we are under a non-eviction notice, will the increased write offs from tenants who would have been evicted and are not paying their rent qualify for Care Act funding?	HUD has not addressed this topic. There may be some guidance forthcoming or email HUD using the email address in PIH Notice 2020-7.
32	Did you see my questions regarding tutors and grocery gift cards for PH residents? Would they be considered eligible expenses?	An argument could be made for the tutoring as the act specifically states "support education and childcare"... Groceries might fall under maintain health of families." Please submit your question to HUD per PIH Notice 2020-7.

#	QUESTIONS	ANSWERS
33	Employees are being paid full salary but are not working full hours (i.e. maintenance only responding to emergency work orders) Can the downtime be covered by CARES funds?	That would be eligible with proper documentation that COVID-19 restrictions are causing the reduced hours.
34	So, this COVID-19 Funding cannot be used for regular eligible costs UNLESS those costs increased?	Please see response to question 3.
35	What are some examples on what the Cares Act PH funds can be used for other than PPE. Can we pay for cost for continuing operation. My example is a truck purchase.	Please see response to question 3.
36	When residents owe PHA's after the moratorium can funds be applied to residents rental accounts to prevent evictions and homelessness? Is this a reasonable expense?	This was not discussed in PIH Notice 2020-7, but please submit your question to HUD using the email address in the PIH Notice.
37	If the CARES funds are still restricted even when transferred to the COCC (through fees increases), what is the benefit of moving the funds there?	Expenses incurred by COCC can not be allocated to a Federal program. That is why HUD providing a waiver for the safe harbor limits. Any additional cost the COCC has can be covered through the additional amount of fees earned above the safe harbor.
38	Will HUD want to know what COVID-19 cost is by amp?	Since the COVID-19 funding is provided by AMP it is likely HUD wants the costs by AMP . However the ability to move cash to specific AMPs through excess cash transfers indicates that HUD may provide some flexibility. Our expectation is the accounting and reporting will be treated like a traditional Capital Fund grant were costs may be specific to an AMP.
39	If we are going to hire an intern this month that will assist the PHA with the allocation and distribution of COVID-19 care packages for various complexes, can the salaries, benefits, etc. be allocated towards CARES Act funding?	Yes, the salaries and benefits are eligible and as this is directly related to COVID-19 expenses.
40	We are a RAD Agency with a 1/1/2020 HAP date, so we are funded by LIPH funds for all of CY 20. Are there any issues with using these COVID-19 funds for our "RAD" projects?	Please see response to question 12.
41	Can we claim salaries that we paid staff to stay home to facilitate social distancing?	Additional salaries related to COVID-19 for above normal operating expenses, teleworking expenses, or paying full salaries for part-time work due to COVID-19 restrictions are eligible. Someone working their regular assigned tasks for regular salary is less likely to be considered eligible.

#	QUESTIONS	ANSWERS
42	If we choose to provide bonuses or hazard pay to both HCV and PH staff, do we have to provide any detailed justification for that?	Yes, the guidance permits this as an eligible cost. The PHA should be prepared to provide supporting documentation. (Job descriptions, time sheets)
43	Is there any scenario where bulk purchases can be allocated among AMPs or must all expenses be direct expense?	Allocations will be allowed under a normal cost allocation policy.
44	How is all of this going to impact the FDS?	HUD has stated that guidance is forthcoming in PIH Notice 2020-8.
45	If we wanted to get a car for HCV inspections dedicated only to HCV inspections instead of staff using personal car, is that allowed?	See response to question 3.
46	Are there any resources available for HCV Homeownership participants that may fall behind on their mortgage?	Homeownership was not addressed in either PIH Notice. Please email HUD for your respective program (HCV or LIPH).
47	Can HCV COVID-19 funding be used to address cleaning common areas at PHA owned units even if those PBVs are not from our own program?	If the Authority is only acting as the manager of a property then it's unlikely COVID-19 funding would be allowed to cover these costs. However, the guidance supports being creative with the application of these funds, so please contact HUD using the email address in PIH Notice 2020-8.
48	If we do use the CARES Act funds, will our future operating funds be offset?	Not unless they were used for ineligible expenses or if the funding provided was based on inaccurate 2020 Operating Subsidy eligibility.
49	Is the \$150,000 threshold for quarterly reporting count both funds for Operating Subsidy and added Admin Fees together?	The Notices indicates that recipients of \$150,000 or more of CARES Act funding will be required to additional reporting information. HUD is currently working with the OMB on this requirement and further guidance will be issued from HUD.
50	Is the multi-family environment included in CARES ACT Funding ?	As of now there is no indication that Multi-Family is included and PHAs acting in a management capacity will not be able to utilize this funding.
51	Can we use this money for "hazard pay" for maintenance staff working during this time? And, what would you recommend?	Yes. Both PIH Notices allow for hazard pay. Maintain documentation, description of work.
52	How likely do you think that there will be a new FDS column to report this?	HUD has stated that guidance is forthcoming in PIH Notice 2020-8.

#	QUESTIONS	ANSWERS
53	If management shifts existing employees' focus to address specific COVID-19 issues then it's possible payroll costs won't go up but those costs should be eligible under CARES Act.	Yes, it will be directly related to what tasks are being completed. Shifting employee tasks and updating payroll allocations seems like a good way to support HUD's recommendation during their webcast was to be creative in finding ways to utilize these funds.
54	What about supplementing security deposit costs?	This could certainly fall under an incentive to HCV landlords to maintain participation in the program.
55	For LIPH and HCV COVID-19-related revenues and expenses, would it be easier to allocate in the books through three separate segments of each fund- the segment will each be separated by the categories (prevention/preparation/responding)?	Depending on the size of the PHA and the software used that may work well for certain PHAs and be challenging for other PHAs. If possible the more detail provided will probably be better for supporting eligibility of costs.
56	If an employee could only work part time because of COVID-19 restrictions but was paid full salary, could the time not worked be paid by the COVID-19 funds?	Yes that is correct. If COVID-19 prevents an employee from doing their job whether hourly or salary, the wages paid for time not worked are eligible.
57	Could you provide incentives to tenants to pay their rents and have that be a covered cost?	This would likely depend on what the specific incentive is. Please submit your question to HUD per PIH Notice 2020-7 or 2020-8.
58	I'm assuming any interest earned on COVID-19 admin fees is going to have to be remitted as well, may be something to keep in mind.	That is an excellent point. Both PIH Notices made no mention of interest earned.
59	Just want to confirm: COVID-19 funding can be used for preventing, preparing and responding expense begin on 3/27/2020, correct?	Please see response to question 5.

#	QUESTIONS	ANSWERS
60	If we are recouping the rent lost from COVID-19 funding how it is going to affect the operating subsidy eligibility for the coming year since that will be taken into account in the calculation.	There is possibility when the subsidy calculation is completed in CY 2022, HUD will use the rent roll and any COVID-19 funds used for lost revenue to include in formula income. 2 CFR 200 states that program income must offset the subsidy formula. The expectations is that HUD will issue guidance.
61	When the shelter in place is lifted and you need to make modifications to the buildings would this be an eligible expense? I thought I read that this was not an eligible expense.	Building modifications would be allowable if work is done responding to COVID-19 to support and monitor social distancing.
62	Would paying OT for regular PH or HCV duties performed at the end of the year due to COVID-19 waivers exercised, such as inspections be considered responding to COVID-19 and an allowable CARES Act expense?	Yes. If the these items are related to COVID-19, then it would be eligible.
63	For what period of time will an Agency be able to recoup lost rent due to TTP reduction related to lost income? For one month? Through the end of the calendar year?	Only during the period of performance. The period of performance is 5/1/2020 - 12/31/2020, unless changed by HUD.
64	Is waived late fees eligible expense? Also, what about the paying of full salaries to employees while at stay at home order in April?	Emailing HUD regarding the waived late fees is recommended per PIH Notice 2020-7 Employees teleworking from home getting regular salary may not be eligible as the guidance specifies if COVID-19 prevents employees from doing their job and they still are paid, then the cost is eligible. The start date for eligible expenses is 3/27.
65	Can we use the LIPH COVID-19 CARES funds to install an updated HVAC system in our administration building which has little /no fresh air so we can have staff and tenants return with out getting ill?	We recommend you email HUD per the PIH Notices for clarification.

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