

**Notice PIH Notice 2020-07
Supplemental Guidance FFY 2020 Operating
Fund Appropriations**

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FINANCIAL SERVICES DIVISION

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Welcome

- **Goals of this webinar**
 - Provide an overview of Notice PIH 2020-07
 - Discuss allocation and eligible uses of the supplemental public housing operating funding
 - Review the distribution, administrative requirements, and time period for supplemental funds
 - Review additional flexibilities for previously appropriated capital and operating funds – use of waivers
 - Discuss eligible uses of funds for combatting Coronavirus
 - Understand record retention and reporting requirements
 - Detail other sources of funds available

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Overview of Notice PIH 2020-07

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Overview of Notice PIH 2020-07



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

Special Attention of:
Public Housing Agencies
Public Housing Hub Directors
Public Housing Program Center Directors
Regional and Field Office Directors
Resident Management Corporations

Notice PIH 2020-07
Issued: April 28, 2020
Expires: This notice remains in effect until amended, superseded or rescinded

Subject: Implementation of Supplemental Guidance to the Federal Fiscal Year 2020 Operating Fund Appropriations

I. Purpose

This Notice provides guidance on the allocation and eligible uses of the Supplemental Public Housing Operating funding provided pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), as well as the additional flexibilities provided pursuant to the CARES Act to use previously appropriated Capital and Operating Funds to enable public housing agencies (PHAs) to prevent, prepare for, and respond to coronavirus.

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Overview of Notice PIH 2020-07

- CARES Act changes related to the Operating Fund (Op Fund) and Capital Fund (Cap Fund) programs
 - For previously appropriated Cap Funds and Op Funds, provides additional flexibility
 - Adds supplemental appropriation for the Op Fund of \$685 million to enable PHAs to PREVENT, PREPARE FOR, and RESPOND to the Coronavirus

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Supplemental Operating Funds

- Supplemental operating funds are distributed to PHAs in accordance with Op Fund formula at 24 CFR Part 990



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Supplemental Operating Funding

- During the period the program is impacted by the Coronavirus, funds may be used for:
 - Eligible activities under Op Fund and Cap Fund
 - Subsections (d)(1) and (e)(1) of Section 9 of the 1937 Act
 - Other expenses related to preventing and responding to coronavirus
 - Supporting or maintaining the health and safety of assisted individuals and families
 - Supporting education and childcare for impacted families



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Previously Appropriated Funds

- Except for set-asides for specific activities, amounts previously made available by formula in prior Acts under the Op Fund and Cap Fund may be used for the purposes previously described through December 31, 2020
 - Unless this time period is extended by the Secretary



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Waivers and Alternative Recruitments

- See Notice PIH 2020-05 for more information on waivers authority provided under the CARES Act



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Waivers and Alternative Requirements Record Keeping

- PHAs must keep written documentation of which waivers they applied for and the effective dates
- Prior HUD approval or notification is not required
- HUD may require PHAs to provide information on the waivers used and the date the PHA applied the waiver to its program later

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Applicability

- Applies to PHAs administering public housing as well as Moving to Work (MTW) PHAs
 - Non-MTW PHAs will receive funding based on the Op Fund formula
 - MTW PHAs that have an agreement that modifies the Op Fund formula will receive funding based on the modified formula

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MTW Agencies

- Pursuant to their MTW agreements, MTW agencies may exercise their full fungibility authority to implement activities that are eligible under Sections 8 and 9 of the Act
 - Including the expanded eligible uses authorized by the CARES Act, and for such activities in their local, nontraditional programs, as found in Notice PIH-2011-45

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MTW Agencies

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing


SPECIAL ATTENTION OF:
Regional and Field Office Directors of Public Housing, Section 8 Financial Management Center, Moving to Work Public Housing Agencies

NOTICE PIH-2011-45 (HA)
Issued: August 15, 2011
Expires: This notice will remain in effect until supplemented by subsequent HUD directive or guidance.
Cross Reference: PIH Notice 2011-31

Subject: Parameters for Local, Non-Traditional Activities under the Moving to Work Demonstration Program

- Purpose:** This notice clarifies HUD policies, Federal statutes and regulations that apply to local, non-traditional activities implemented under the Moving to Work (MTW) demonstration program.
- Applicability:** This notice applies to all MTW PIAs that have been authorized through their MTW Agreements to implement local, non-traditional activities, defined as those which use MTW funds provided under the MTW block grant for activities outside of the Housing Choice Voucher and public housing programs established in Sections 8 and 9 of the U.S. Housing Act of 1937 (1937 Act).

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**Supplemental Appropriations:
Distribution, Administrative
Requirements, and Time Period**

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Distribution

- Op Fund obligations calculated based on each project's pro rata CY 2020 eligibility at the time HUD obligates the supplemental funds
- Overall 2020 HUD proration of Op Fund will be affected by this distribution
- HUD is waiving the requirement to make equal payments of one twelfth of the total annual Op Fund formula


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Distribution


- HUD waiving regulation to permit PHAs to transfer up to the entire amount of the CARES Act supplemental funds between projects **WITHOUT** having excess cash
 - One single obligation to a unique grant number, ending with the letter “C” will be listed in the Line of Credit Control System (LOCCS)
 - PHAs may requisition the supplemental amounts as needed to fund eligible immediate needs

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Distribution


- HUD is waiving the regulation so PHAs complying with Asset Management regulations may transfer funds to the Central Office Cost Center (COCC) to pay for immediate needs of the COCC that exceed safe harbors
 - Identified in Chapter 7 of the HUD Financial Management Handbook

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**Safe Harbors
Excerpt**


- *The following guidelines establish a “safe harbor” for PHAs in the determination of fees for sections 7.4 (Property Management Fee), 7.5 (Bookkeeping Fee) and 7.6 (Asset Management Fee) of this document.*
- *HUD will review and update these “safe harbors” and associated referenced schedules periodically as needed.*
- *HUD will presume that fees established pursuant to these guidelines are “reasonable.”*

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**Safe Harbors
Acceptable Examples**


- **Property management fees**
 - HUD-published management fee table for your jurisdiction per unit* (80th percentile of property management fees, last in CY 2019)
- **Bookkeeping fee - \$7.50 per unit***
- **Asset management fee - \$10 per ACC unit**
 - *Per unit is defined as occupied unit or approved vacancy per 24CFR 990.140 and 990.145

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Distribution


- **Funds transferred to the COCC in excess of the safe harbors must comply with the cost reasonableness standards found at 2CFR 200.404**
 - May not exceed the safe harbors by more than 50 percent
- **These transferred funds to the COCC remain CARES Act funds and they cannot be rolled into your reserves**
 - Must be tracked and accounted for separately

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Administrative Requirements

- **Guidance on tracking the use of the funds is forthcoming**
- **HUD is waiving the requirement at 24 CFR 990.280(b)(5) to have excess cash before charging an asset management fee to the project or AMP**

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Administrative Requirements

- HUD is temporarily modifying the requirement for active System for Award Management (SAM) registration in the Op Fund program
 - Per OMB Memo M-20-17

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Administrative Requirements

- Current registrants in SAM with an active registration expiring before 5/16/20 will receive a one-time, 60-day extension
 - Provided they have a Data Universal Number System (DUNS) number
- If your SAM is not current, update your registration as soon as possible
 - Future obligations of Op Funds will not be made to PHAs with expired SAM registrations

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Time Period


- Supplemental funding is available to prevent, prepare for, and respond to coronavirus
 - Including to provide additional funds for public housing agencies to maintain normal operations and take other necessary actions during the period that the program is impacted by coronavirus

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Time Period



- Duration of calendar year 2020
- Unless period is subsequently extended by HUD

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Ineligible Uses

- CARES Act Funds are not eligible for:
 - Repayment of debts or any amounts owed to HUD including:
 - Office of Inspector General (OIG)
 - Other monitoring review findings

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Ineligible Uses

- CARES Act Funds are not eligible for:
 - Any funds considered for salaries, bonuses and/or employee incentives must comply with executive compensation requirements
 - CY 2020 limit for level IV employees is \$170,800

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Flexible Use of Funds

- Supplemental Op Funds (CARES) and Op Funds and Cap Funds provided through prior Acts may all be used for eligible Op Fund and Cap Fund activities or for coronavirus purposes
 - Flexibility begins 4/28/20 and extends through 12/31/2020 unless extended by HUD

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Flexible Use of Funds

- PHAs intending to use Cap Funds for Op Fund eligible activities (BLI 1406, Operations) generally must follow the current procedure of including BLI 1406 in the Annual Statement/Budget for the Cap Fund grant in the Energy and Performance Information Center (EPIC) system for the specific grant year

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Flexible Use of Funds

- HUD is lifting all limits on PHA use of Cap Funds for Op Fund and has lifted edit checks in the EPIC system
 - 20% of grant limit for BLI 1406 is temporarily lifted
 - Adjustment set to expire on 12/31/20 unless extended by HUD
 - Once it expires, previous limits on authorization to expend Cap Funds for Op Fund purposes will be reinstated

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Flexible Use of Funds

- Funds already expended based on this authorization will not be impacted
 - However, unexpended Cap Funds previously authorized and budgeted to be expended for operations (1406) beyond the reinstated requirements must be re-budgeted to comply with the reinstated requirements


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Flexible Use of Funds

- HUD anticipates that PHAs will encounter higher costs to administer Cap Fund grants because of the substantial challenges of having to do most of the work remotely




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Flexible Use of Funds


- HUD is waiving the administration cost limitation of 10% and temporarily resetting it to 15%
 - PHAs remain bound by the requirements of 2 CFR 200.404 that all costs must be reasonable
 - In effect until 12/31/20
- Funds already expended based on this authorization will not be impacted; however, unexpended capital funds previously authorized and budgeted to be expended for administration (BLI 1410) beyond the reinstated requirements must be re-budgeted to comply with the reinstated requirements



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Flexible Use of Funds


- HUD is suspending the requirement for Field Office approval of Five-Year Action Plans as a prerequisite for creating Annual Statement/Budgets in EPIC and in turn spreading BLIs in LOCCS
 - Submitted Five-Year Action Plans will be automatically approved
- Effective when HUD implements the next release of the EPIC system
 - Currently scheduled for the middle of May



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Flexible Use of Funds

- Field Offices retain the ability and authority to:
 - Require revision to Five-Year Action Plans after submission if a PHA fails to comply with programmatic requirements as modified by the Notice
 - Suspend grants in LOCCS or to put them on auto review if the PHA is at risk of noncompliance with programmatic requirements



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Flexible Use of Funds

- PHAs may use Supplemental Op Funds and Op Funds provided through prior Acts for the regular Capital Fund uses described in subsection (d)(1) of Section 9 of the 1937 Act
- PHAs that use Op Funds for capital expenses will be required to report expenditures at a time and in a manner to be established by HUD in future guidance

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Eligible Use of Funds Related to Combatting Coronavirus



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Eligible Use of Funds

- HUD encourages PHAs to balance operational needs with the health, safety and educational needs of assisted families when prioritizing expenditures to combat coronavirus




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Eligible Use of Funds

- The following summary of eligible expenses is not intended to be exhaustive
- Use of such funds may not be duplicative of services provided through other Federally-funded program




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Eligible Uses of Funds

- Eligible uses of funds fall into three categories:
 - Preparing for Coronavirus
 - Preventing Coronavirus
 - Responding to Coronavirus
- Activities to support or maintain the health and safety of assisted individuals and families
- Activities to support education and childcare for impacted families




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Eligible Use of Funds

- HUD expects that coronavirus-related expenses may fall within multiple categories simultaneously
- Some of the expenses may be considered normal operating or capital expenses
- PHAs will be expected to identify additional “normal” expenses incurred due to the coronavirus in forthcoming reporting requirements




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**Eligible Use of Funds
Preparing for Coronavirus**

- Developing processes and procedures prior to a local coronavirus outbreak
- Beginning to take actions designed to help keep people healthy
- Reducing exposure to coronavirus




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**Eligible Use of Funds
Preparing for Coronavirus**

- Creation or update of infectious disease outbreak plan
- Sourcing and purchasing personal protective equipment for PHA staff
- Coordinating with providers of services needed to support residents including cost of delivery of goods, supplies, and equipment




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**Eligible Use of Funds
Preparing for Coronavirus**

- Coordinating with local health service providers for activities, including development or provision of guidance to staff or residents, travel for testing, or other reasons related to coronavirus
- Childcare costs for residents so that they can continue to work, and childcare costs for staff performing essential functions (as defined at the state/local), to the extent they would not have incurred otherwise
- Other reasonable expenses related to preparing for the coronavirus




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**Eligible Use of Funds
Preventing Coronavirus**


- **Costs related to maintaining adequate social distancing**
 - Including modifying or limiting access to communal spaces
 - Increasing service hours to prevent crowding in waiting areas
 - Any other costs incurred to ensure adequate distance among staff and residents

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**Eligible Use of Funds
Preventing Coronavirus**


- **Costs of delivering supplies so that staff or residents can shelter in place**
- **Direct costs related to limiting the spread of the coronavirus, including travel costs for testing or other preventive health measures related to coronavirus**

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**Eligible Use of Funds
Preventing Coronavirus**


- **Expenses of isolating people suspected of being exposed or those at high-risk of serious complications if infected**
 - Elderly residents and residents with underlying conditions
- **Costs of protecting residents (particularly high-risk residents) from exposure from interaction with PHA staff and vice versa**

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**Eligible Use of Funds
Preventing Coronavirus**


- **Payment of salaries of PHA staff unable to work because of the coronavirus public health restrictions**
 - Office management staff who cannot go into the office and cannot perform work remotely, or payment of full salaries of PHA staff forced to work part-time because of lack of child care
- **Other reasonable expenses related to preventing the coronavirus**



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**Eligible Use of Funds
Responding to Coronavirus**


- **If coronavirus has spread to staff and/or residents, PHAs may use funds to care for those who have become infected and to limit the exposure and spread of the virus**
- **Funds may continue to be used after a local outbreak for any continuing expenses incurred due to the spread of coronavirus**



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**Eligible Use of Funds
Responding to Coronavirus**


- **Expenses for caring for PHA staff/residents who have tested positive but do not require immediate hospitalization**
 - Payment for increases in sick leave allowances for PHA staff
 - Physical, personnel, or security costs incurred to limit movement
 - Costs to safely transport residents that tested positive to a quarantine facility
 - Costs of supporting residents in quarantine such as health-related supplies (e.g., masks and cleaning supplies)



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**Eligible Use of Funds
Responding to Coronavirus**


- Expenses to safely transport residents/staff in need of medical attention
- Expenses incurred because of coronavirus restrictions impacting PHA operations
 - Paying for transportation expenses for PHA staff who rely on public transit that is no longer available

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**Eligible Use of Funds
Responding to Coronavirus**


- Costs to facilitate and coordinate with local schools and local governments receiving funds from the Department of Education for the education of students in public housing households
 - Internet connection infrastructure
 - Tablets or other low-cost computers for students
- Other reasonable expenses incurred while responding to the coronavirus

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Eligible Use of Funds

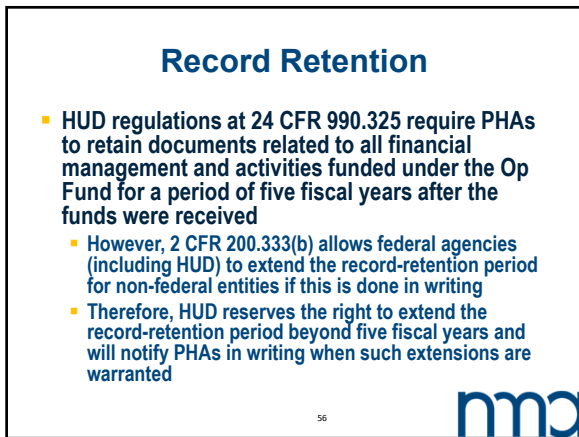
- Additional BLI in LOCCS to track coronavirus related expenses
 - BLI 1509, Coronavirus
- HUD anticipates PHAs will have to shift the use of Cap Funds away from conventional modernization activities
 - HUD added work categories in EPIC under 1509
 - Preparing for Coronavirus (1509)
 - Preventing Coronavirus (1509)
 - Responding to Coronavirus (1509)
- Watch for future guidance from HUD on how to modify Five-Year Action plans and Annual Statement/Budgets in EPIC

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Other Sources of Available Funds

- New FEMA applications
 - NMA has provided webinars outlining available FEMA funding options
 - Presentations are available on our website



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Reporting Requirements




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Reporting Requirements

- HUD will develop a process for PHAs to report all expenditures of CARES Act funding, including:
 - Date of the expense
 - Amount of the expense
 - Use of funds



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Reporting Requirements



- HUD recommends and NMA emphasizes PHAs track coronavirus revenue and expenses by creating coronavirus accounts
 - Both Balance Sheet and Income Statement

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Reporting Requirements

- NMA recommends identifying a separate cost center or project within your Operating and Capital Fund chart of account (COA) specifically for coronavirus revenues and expenses

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Examples

<p>COA Example 1 - Operating</p> <ul style="list-style-type: none"> ■ 101 = AMP 101 ■ 419015 = Janitorial expense ■ 019 = <i>Coronavirus activity (NEW)</i> ■ Translates to 101-419015-019 or additional deep cleaning janitorial costs due to coronavirus 	<p>COA Example 2 – Capital Fund</p> <ul style="list-style-type: none"> ■ 719 = CFP 2019 Grant ■ 150900 = Coronavirus (NEW) ■ 901 = <i>Remodel Common Areas (NEW)</i> ■ Translates to 719-150900-901 or updating common space for tenants due to coronavirus
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Reporting Requirements

- Separating all coronavirus-related transactions into their own cost center or project will allow your PHA to create isolated coronavirus financial statements in the future

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Reporting Requirements

- Not later than 10 days after the end of each calendar quarter, recipients of \$150,000 or more of CARES Act funding must submit a report containing information regarding:
 - Amount of funds received
 - Obligated or expended for each project or activity
 - Detailed list of all such projects or activities including a description
 - Detailed information on any subcontracts or subgrants awarded by the recipient

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Reporting Requirements

- Office of Management and Budget (OMB) memorandum M-20-21 anticipates existing reporting requirements of Section 15011
 - Content and format for this reporting is still under development
 - HUD plans to work in coordination with OMB to ensure this requirement can be fulfilled using existing reporting streams

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NMA Recommendations

- Immediately take the time to track your revenues and expenses separately
- Ensure all expenses meet HUD guidelines
- Do not double dip
 - i.e. Operating funding, Capital funding and CARES Act funding all used for the same expense
- Accurate and clear documentation can help your agency avoid future reviews and audits

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Thank you for participating.

If you need any financial assistance including Interim Finance Director services, consulting, year-end close assistance or fee accounting, please contact

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