

Summary of Changes to the HUD Multifamily COVID-19 Questions and Answers
Released on May 21, 2020

This is a summary of responses that were updated or added when this Q&A was released on May 21, 2020. Owner/agents are encouraged to review the complete Q&A available on HUD's web site and on the RBD COVID-19 Resource page.

GENERAL MULTIFAMILY HOUSING

RESIDENT HEALTH

Q4: In the event of a confirmed COVID-19 case at a HUD-assisted property, what steps should property owners and managers take to protect residents, staff, and the community? How should the owner/agent share this information?

A: If a resident has confirmed COVID-19, HUD suggests that owners and agents immediately notify the [local health department](#) and communicate with staff, residents, volunteers, and visitors about potential COVID-19 exposure (See Question #5 below). Local health officials will help determine the appropriate course of action for risk assessment and public health management in the facility or community.

Owners and agents should also consult [guidance from the CDC for shared housing facilities](#). This guidance includes steps such as minimizing the number of staff members who have face-to-face interactions with residents who have confirmed or suspected COVID-19, ensuring that those staff follow recommended precautions for preventing spread, and advising that those with [higher risk](#) of severe illness from COVID-19 not have close contact with residents who have confirmed or suspected COVID-19.

(Updated on 5/21/20)

Q5: How should a HUD-assisted property owner/agent message to residents, staff, volunteers, and visitors when there is a positive COVID-19 case among their community?

A: Residents are not required to notify administrators if they have or may have a positive case of COVID-19. However, if you do receive information of a positive case, in coordination with [local health officials](#), communicate the possible COVID-19 exposure to all residents and workers, volunteers, and visitors. This can be done by placing signage in common areas and entrances/exits and by letter to all residents, delivered to their doors. Messages should attempt to counter potential [stigma and discrimination](#). Residents could be advised to inform their recent personal visitors of potential exposure. Owners and agents must maintain confidentiality as required by the Americans with Disabilities Act (ADA) and the Privacy Act. Owners and agents may provide notification of positive COVID-19 cases, but they **must** ensure the notification **does not disclose** any names, apartment numbers, and other personally-identifiable information to residents, workers, volunteers, and visitors. Owners and agents should also consult local and state health and privacy laws before making any disclosure. CDC COVID-19 [printable materials](#) for community-based settings are available on the CDC website.

(Updated on 5/21/20) Office of MFH Programs COVID-19 Q&A

BROADBAND INTERNET ACCESS

Q15: Are internet services an allowable expense for properties receiving HUD project-based rental assistance?

A: HUD encourages property owners and agents to make their properties internet-ready, including through participation in the [Neighborhood Networks](#) Program. Similar to telephone service, broadband or internet fees for individual units may not be included in tenant rent charges or utility allowances for properties receiving project-based rental assistance; however, low-income tenants may be eligible for low-cost internet services. Interested owners and tenants should contact local internet service providers or visit <https://connecthomeusa.org/> for more information.

(Added on 5/21/20)

CARES ACT AND ADDITIONAL RESOURCES AVAILABLE FOR RESPONSE

MORATORIUM ON EVICTIONS UNDER THE CARES ACT

Q19: Can an owner or agent of a multifamily property covered by the CARES Act carry forward late fees and related charges that were initiated prior to enactment of the CARES Act? Can these owners or agents add additional fees, or assign new fees or charges for delinquent rent, and wait to bill those fees after the end of the relevant eviction moratorium?

A: An owner or agent of a multifamily property covered by the CARES Act may only charge fees and penalties during the eviction moratorium if the charge is wholly unrelated to a tenant's nonpayment of rent. However, during the eviction moratorium, the CARES Act prohibits an owner or agent from filing for possession of a unit for nonpayment of any rent, fee or charge. This holds true regardless of the date the fee or charge was initially assessed.

While the CARES Act is silent on what an owner or agent can charge after the eviction moratorium ends, HUD's interpretation of this provision is that fees and charges that could not be assessed during the eviction moratorium should not accrue and should not be charged after the moratorium ends; however, rents not paid during the moratorium, as well as fees assessed prior to the eviction moratorium, which took effect on March 27, 2020, may be collected.

(Added on 5/21/20)

Q20: How can I find if my property is a HUD Assisted or FHA-insured Multifamily property covered by CARES Act eviction moratorium?

A: You can find maps with information for each of these properties at the following links:

HUD Multifamily - Assisted Properties: <https://hudgis-hud.opendata.arcgis.com/datasets/multifamily-properties-assisted>

FHA-insured Multifamily Properties: <https://hudgis-hud.opendata.arcgis.com/datasets/hud-insured-multifamily-properties>

(Added on 5/21/20)

ASSET MANAGEMENT

PROPERTY REVIEWS, INSPECTIONS, AND RENT COMPARABILITY STUDIES

Q5: A Section 8 HAP owner's Rent Comparability Study (RCS) has triggered the need for a HUD third-party RCS. How will this be addressed?

A: Performance Based Contract Administrators (PBCA) and HUD staff will continue to review owners' previously submitted RCSs pursuant to guidance in Chapter 9 of the [Section 8 Renewal Guide](#). If field staff is unable to procure third-party RCSs due to the COVID-19 pandemic, HUD will develop an alternative mechanism to respond to the owners' RCS submissions.

(Updated on 5/21/20)

Q7: A Section 8 HAP owner/agent's Fifth year rent adjustment is coming up, at which time the property's rents would be adjusted up or down to align with the Rent Comparability Study (RCS) market rents. How should these rents be processed if the RCS cannot be obtained?

A: Under Option One, Option Two, and Option Five contained in [HUD's Section 8 Renewal Policy Guidebook](#), if the contract is for a period greater than five years, the owner must submit a new RCS at the end of each five-year life cycle of the RCS. Rents for the next five years will be adjusted based on the approved RCS.

During the COVID-19 pandemic, HUD will continue to pay the current rent amounts after the fifth-year anniversary date. Owners will be required to obtain and submit RCSs as soon as emergency conditions allow. New rent amounts based on the approved RCS, with any adjustments by HUD, will be made retroactive to the fifth-year anniversary date.

(Added on 5/21/20)

POLICY AND OPERATIONS

FINANCIAL AUDITS, TENANT INCOME RECERTIFICATIONS, AND UTILITY ANALYSES

Q8: A multifamily owner's financial statements are complete, but their auditor is not comfortable coming into their office to conduct the audit. Can they get an extension?

A: To provide relief for Multifamily property owners, HUD has extended the audited financial reporting deadlines until June 30, 2020. This waiver is limited to entities which are required to submit the referenced annual financial information on or before June 30, 2020. Consequently, entities required to submit financial information on or before June 30, 2020 are now required to submit their financial information no later than 180 days after the end of the fiscal year of the reporting period, and as otherwise provided by law.

This waiver is limited in scope and does not apply to the submission requirements for financial information that was delinquent as of March 23, 2020.

(Updated on 5/21/20)

Q12: For FHA-insured borrowers that have upcoming 10-year anniversaries from the date of final closing, will HUD delay the requirement for ordering a Project Capital Needs Assessments (PCNA) in light of the COVID-19 pandemic?

A: Due to the COVID-19 pandemic, Multifamily Housing is allowing the postponement of regular 10-year PCNA updates (as outlined in Section 10.10 of the [MAP Guide](#)) until September 30, 2020, for properties with PCNA reports that are due between March 15 and September 30, 2020. This postponement will allow for additional time for the scheduling, conducting, and submitting of the 10-year PCNA.

(Added on 5/21/20)

Q13: May Section 8 HAP owners and agents temporarily stop reducing their vouchers to offset Residual Receipts as a precaution against COVID-19 expenses?

A: HUD will temporarily permit suspension of Residual Receipts Housing Assistance Payment (HAP) offsets, as outlined in H 2012 – 14 and 4350.1 Chapter 25, section 10, in certain circumstances. All Project Rental Assistance Contracts (PRACs) may suspend offsets for Residual Receipts through December 31, 2020. Owners of properties receiving Section 8 HAP assistance payments must receive approval in advance to suspend offset payments. Asset Management Division Directors in the Multifamily Regional and Satellite Offices are authorized to suspend such offsets through December 31, 2020, for properties where COVID-19 expenses are anticipated to exceed available resources. After December 31, 2020, all properties must offset HAP vouchers for all Residual Receipts in excess of the minimum allowed retainable balance.

(Added on 5/21/20)

RECAPITALIZATION AND RENTAL ASSISTANCE DEMONSTRATION

Q6: If a PHA/owner anticipates needing more time after a RAD closing to sign tenant leases, will HUD provide any flexibility around the timing of the effective date of the HAP contract as outlined in the Section 1.13.A of the [RAD Notice](#)?

A: In order to provide PHAs and owners additional time to execute individual leases with tenants in light of social distancing measures, HUD will permit the HAP effective date to be the first day of the third full month after closing upon request (rather than the first day of either of the first two months following closing). For example, a closing that occurs on May 15th could elect a HAP effective date of June 1st, July 1st, or August 1st. This option will be available for any closing that occurs through September 30, 2020.

(Added on 5/21/20)

MULTIFAMILY PRODUCTION

POLICY AND OPERATIONS

APPLICATIONS AND UNDERWRITING REQUIREMENTS

Q21: Due to the COVID-19 National Emergency, if a lender is unable to obtain a capital needs inspector, can it delay the preparation of a Capital Needs Assessment for Section 223(a)(7) projects and submit applications to HUD to take advantage of historically low interest rates?

A: During the COVID-19 National Emergency, HUD will temporarily permit the deferral of the submission of the capital needs assessment (CNA) for Section 223(a)(7) projects until the earlier of the following: when a capital needs assessment can be safely completed or one year after endorsement of the loan. The current reserve for replacement balance must be transferred in full at time of endorsement, and the lender must continue existing monthly payments into the reserve for replacement account until a CNA has been completed.

All distributions from surplus cash will be temporarily suspended from time of endorsement of the loan up to the submission, review and approval of the updated needs assessment. Once the CNA has been prepared, reviewed and approved by HUD, the borrower must first use surplus cash funds to offset repairs and/or to increase reserves. Depending on the financial analysis included as part of the CNA, the annual deposit to the reserve for replacement account may also be revised downward. This flexibility to delay submission of the CNA is only available to the existing servicing lender and for projects with a REAC score of 80 or better. The lender must also certify in its narrative that to the best of the lender's knowledge, there are no physical needs that would otherwise exceed the repair limitations permitted by the Section 223(a)(7) program.

(Updated on 5/21/20)

ENVIRONMENTAL REVIEW

GENERAL MULTIFAMILY HOUSING

Q1: How will Multifamily FHA deals and RAD conversions subject to an Environmental Review under Part 50, manage consultation under Section 106 for jurisdictions where these offices have temporarily closed?

A: Certain State Historic Preservation Offices (SHPOs), Tribal Historic Preservation Offices (THPOs) and federally recognized tribes have indicated that they are unable to participate in the standard 30-day consultation period during an office closure. The National Conference of State Historic Preservation Offices maintains a database <https://www.achp.gov/coronavirus> with the operating status of each SHPO office and whether or not it can accept electronic submissions. There is no equivalent database for THPOs or for federally recognized tribes; therefore, federal agencies must reach out directly to assess their status.

According to the ACHP, the Section 106 deadlines for a SHPO and/or THPO response will be considered paused while an office is closed or work conditions are such that the SHPOs and/or THPOs are unable to carry out their Section 106 duties due to the COVID-19 outbreak. This pause

would also apply to consultation with federally recognized tribes for projects that involve ground disturbance.

HUD will not issue a Firm Commitment (for FHA-insured loans), the RAD Conversion Commitment (RCC) (for public housing conversions), RAD Conversion Agreement (for Project Rental Assistance Contract (PRAC) conversions), or RAD Approval Letter (for Section 8 Moderate Rehabilitation/Single Room Occupancy (Mod Rehab/SRO) conversions) until it has met its obligations under Section 106.

HUD can generally accommodate a consultation process that requires more than 30 days. However, HUD will be monitoring this situation closely to minimize or avoid any adverse effect that office closures may have on applications. Please alert HUD if a project has an urgent time frame.

(Added on 5/21/20)

Q5: For RAD conversions subject to an Environmental Review under 24 CFR Part 50 that require a Phase I Environmental Site Assessment (ESA), will HUD accept a report without a physical site inspection?

A: If the environmental provider can access the site, but not the interior of buildings or units, HUD will accept an ESA with an exterior inspection only, if the ESA is in accordance with the ASTM E-1527-13 standard and the ESA preparer has another adequate means of viewing the interior.

Acceptable alternative means include:

- Conducting phone interviews with facility staff in order to complete their typical inspection questionnaires. In this example, the physical inspection would be replaced by interior and exterior photos taken by management staff. A list of photo requirements can be found [here](#). After the engineering firms receive and review the photos sent by the facility, a phone interview should be scheduled with facility staff to answer any questions that the engineer has about items in the photos and to complete their typical inspection questionnaires.
- Publicly available sources, including satellite photos, and drone video can be utilized as an additional resource to verify site specifics.

If traveling to the site is not feasible (e.g. due to governmental restrictions on travel or shelter in place/quarantine orders), HUD will accept the ESA without a physical site visit for projects already in HUD's portfolio, (i.e., not applicable to transfers of assistance) as long as the site is considered low risk based on current and historical uses. Sites with past, current or adjacent uses that include but are not limited to underground storage tanks, contaminated soil or groundwater, dumps, solid or hazardous waste landfills, brownfields or superfund sites are considered high-risk and will continue to require a physical site visit by the ESA preparer.

ESA reports without a physical site visit must:

- Explain the reason why a site visit did not take place.
- Meet the ASTM E1527-13 standard (or most recent version).

- Include adequate means of viewing the interior and exterior (e.g. an onsite rep could live stream a walk-through of the facility and grounds, or send photos and video of the site and grounds).

For projects that are new to HUD's portfolio through a transfer of assistance or that do not meet the low risk criteria, the ESA preparer must conduct a physical site visit. However, HUD will accept a draft ESA report with the Financing Plan or Conversion Plan that includes all information except the physical site visit as long as the preparer views the interior and exterior by other means. The final ESA with the site visit must be submitted before HUD will issue the RAD Conversion Commitment (RCC) (for public housing conversions), RAD Conversion Agreement (for Project Rental Assistance Contract (PRAC) conversions)), or RAD Approval Letter (for Section 8 Moderate Rehabilitation/Single Room Occupancy (Mod Rehab/SRO) conversions).

(Added on 5/21/20)

Q6: For RAD conversions subject to an Environmental Review under Part 50, how should the PHA or owner conduct lead based paint (LBP), asbestos (ACM), and radon testing and reporting for the ESA if an environmental professional is unable to access dwelling units?

A: The PHA or owner must take the following steps to conduct LBP, ACM and radon testing if unable to access dwelling units:

- For any property built before 1978, an Operations & Maintenance (O&M) Plan will automatically be put into place for LBP and ACMs. The O&M Plan can be terminated if subsequent inspections with access to dwelling units determine it is not necessary.
- For properties requiring a lead-based paint survey, asbestos survey, or radon testing, completion of the surveys/testing can be deferred until such time as the property can be inspected, but must occur before HUD will issue the RCC (for public housing conversions), RAD Conversion Agreement (for PRAC conversions), or RAD Approval Letter (for Mod Rehab/SRO conversions).
- Recap will continue to hold Concept Calls for RAD public housing conversions and Kickoff Calls (After Conversion Plan Submission) for RAD multifamily conversions (PRAC/Mod Rehab/SRO) without testing being completed. If dwelling unit inspections have not occurred by the time of the Financing Plan, HUD will still accept and begin review of the Financing Plan, even with an incomplete ESA, as long as the Sources and Uses includes an "Environmental Contingency Fund" to cover potential abatement and/or mitigation measures:

- **Lead Based Paint and Asbestos Contingency Fund:**

The Environmental Contingency Fund must include amounts to cover potential abatement and/or mitigation measures based on costs of such measures on comparable projects. The PHA must describe the approach it used to develop the Environmental Contingency Fund amount, including a description of how the comparable projects are an appropriate predictor of the potential abatement or mitigation costs for the converting project.

- **Radon Contingency Fund:**

For a single-family residence, the PHA may use an estimate for testing of between \$100-\$275 per unit and between \$1,500-\$3,000 per unit for mitigations, or other amounts based on a professional recommendation and as approved by HUD.

Summary of Changes to the HUD Multifamily COVID-19 Questions and Answers
Released on May 21, 2020

For a multifamily building, the PHA may use an estimate for testing of between \$50-\$80 per unit and between \$2,500-\$4,000 per unit for mitigation, or other amounts based on a professional recommendation and as approved by HUD.

- Testing must be completed before HUD can issue the RCC (for public housing conversions), RAD Conversion Agreement (for PRAC conversions), or RAD Approval Letter (for Mod Rehab/SRO conversions) by at which point HUD and the PHA or owner can determine if the contingency will still be needed.

(Added on 5/21/20)

Q7: What guidance or relief has HUD made available for Responsible Entities (RE) completing an Environmental Review under Part 58?

A: HUD is temporarily allowing for flexibilities in the signature and certification process for the 7015.15 Request Release of Funds (RROF) and 7015.16 Authority to Use Grant Funds (AUGF) forms. Instructions for REs and HUD Field Offices can be found [here](#).

Additionally, HUD is expanding the options for public review of the Environmental Review Record (ERR). Instructions and guidance can be found [here](#).

(Added on 5/21/20)