

HUD Updates Guidance on Confirmed Cases, Residual Receipts

On March 21, HUD **updated its COVID-19 FAQs** for Multifamily Housing, including key information for senior housing providers. The new FAQs address residual receipt remittance, carrying over late fees during the eviction moratorium, messaging to residents about confirmed cases on site, and more. LeadingAge continues to work with the agency to provide guidance for members during the crisis; we encourage members to send questions to **MFCommunications@HUD.gov** to help elevate community needs.

Resident Health – Residents are not required to notify housing administrators of a positive COVID-19 diagnosis. However, if an owner of a HUD-assisted property becomes aware of a confirmed case on site, HUD continues to encourage owners to notify the local health department immediately (a directory of local health departments is available **here**).

HUD also recommends owners consult CDC guidance related to **shared housing facilities**, and to minimize in-person interaction with exposed residents (in particular for staff who are at higher risk of COVID-19 illness).

Confirmed Cases Messaging – When an owner becomes aware of a confirmed case at a property, HUD guidance says to “communicate the possible COVID-19 exposure to all residents and workers, volunteers, and visitors.” This can be accomplished through signs in common areas and at entrances, as well as through direct communication to all residents.

HUD’s FAQs also say that this communication should “attempt to counter potential stigma and discrimination,” and to encourage residents to notify others they may have come into contact with. According to the CDC resource HUD has references, **reducing stigma** associated with COVID-19 applies to older adults, people of Asian descent, healthcare workers, and others. When communicating about confirmed cases, owners of HUD-assisted properties are required to maintain confidentiality under the ADA and the Privacy Act; this means that notification cannot disclose personally-identifiable information.

Disinfection – In its most recent FAQs, HUD expanded on guidance related to cleaning and disinfection for infectious disease prevention. HUD refers to specific instructions from the **CDC** and the EPA on practices for public spaces, workplaces, and **building facilities**. HUD has also made best practices available for **medical waste disposal** in Multifamily properties, which includes waste associated with infectious diseases.

Internet Access – Although HUD encourages owners to make their properties “internet-ready,” broadband or internet fees for individual units may not be included in tenant rent charges or utility allowances for Project-based Rental Assistance properties. Residents may be interested in information about **low-cost internet services**, and providers may be interested in participating in HUD’s **Neighborhood Networks** program.

Late Fees during the Evictions Moratorium – According to the FAQs, HUD is interpreting the CARES Act evictions moratorium provision to mean that fees and charges that could not be assessed during the moratorium should not accrue. Therefore, those should not be charged after the moratorium ends. However, rents not paid during the moratorium, as well as fees assessed before the moratorium, can be collected after the 120 period.

Additionally, during the 120 day moratorium, owners cannot take adverse action against residents for nonpayment of rents or fees, even if they were assessed prior to the moratorium. Online databases can help residents learn about protections for **HUD-assisted** or **FHA-insured properties** under the CARES Act.

Audit Extensions – For situations where auditors are unwilling or unable to complete audits of MFH financial statements, HUD’s new FAQs extend audited financial reporting deadlines until June 30, 2020. The waiver only applies to entities that are required to submit financial information by June 30; these entities now have 180 days after the end of the fiscal year to submit the information. The waiver also does not apply to submission information that was already delinquent by the start of the crisis (March 23, 2020).

Residual Receipt Remittance – As a precaution against COVID-19 expenses and financial shortfalls, HUD will temporarily allow suspension of Resident Receipt HAP offsets. All PRACS can suspend offsets for Residual Receipts through December 31, 2020. Owners of properties receiving Section 8 assistance payments should get approval in advance to offset payments, but the HUD regional and satellite offices have been authorized to suspend the offsets. The authorization covers properties where COVID-19 expenses are anticipated to exceed available resources. After December 31, 2020, properties will have to offset HAP vouchers for Residual Receipts in excess of the minimum allowed; LeadingAge is advocating with HUD to allow surplus cash transfers to reserve accounts instead of residual receipts.

Capital Needs Assessments – HUD’s new FAQs provide additional guidance on delayed CNAs at the 10-year anniversary or where in preparation for the endorsement of a Section 223(a)(7) loan. MFH is allowing the postponement of the regular 10-year Project Capital Needs Assessment until September 30, 2020 (for reports due between March 15 and September 30).

Environmental Reviews - The FAQs provide flexibility around RAD environmental review requirements, including guidance on electronic signatures and documents for some RAD environmental review procedures. The FAQs also expand public review options.

Rent Comparability Studies – HUD has updated guidance on the need for Rent Comparability Studies (RCS). For an owner’s fifth year rent adjustment under Options One, Two, and Five, HUD will continue to pay the current rent amounts after the fifth-year anniversary date. Owners will be required to submit the RSC as soon as emergency conditions allow, and new rent amounts will be made retroactive to the anniversary date.

Where a third-party RSC is triggered, the PBCA and HUD will review the previously submitted studies and may develop an alternative mechanism to respond if field staff is unable to access third-party RSCs due to the pandemic.