



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lieutenant Governor ♦ Jennifer D. Maddox, Undersecretary

PHN 2020-29

To: All Local Housing Authority (LHA) Executive Directors
From: Ben Stone, Associate Director, Division of Public Housing
Re: Allocation of Supplemental Funding for Coronavirus Response
Date: August 18, 2020

Background

On July 24, Governor Baker signed into law [Chapter 124 of the Act of 2020](#) “An Act making appropriations for the fiscal year 2020 to authorize certain COVID-19 spending in anticipation of federal reimbursement”. This act, appropriating funding for COVID-19 response to be reimbursed by aid to state and local governments through the [Coronavirus Relief Fund](#) (CRF) in the Federal CARES act, provides:

“that not less than \$13,500,000 shall be transferred to item 7004-9005 and expended for local housing authorities to help address additional costs incurred in addressing the challenges of the 2019 novel coronavirus”

This memo explains the basis on which DHCD will distribute these funds, how LHAs can access them, and how LHAs should document use of these funds.

Allocation

DHCD will disburse these funds on a per-unit basis. LHAs will receive approximately \$324 for each unit of state-subsidized c.200, c.667, and c.705 housing in their portfolio.

These funds are meant to reimburse LHAs for costs associated with the COVID-19 response for their state-funded public housing portfolio, as well as fund costs to be incurred through December 30. Per CARES act legislation, payments from the CRF may only be used to cover costs that -

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on **March 1, 2020, and ends on December 30, 2020.**

DHCD will **NOT** require LHAs to produce documentation prior to receiving these funds, but LHAs **must maintain records** of COVID-19 response costs and how these funds are used. The CRF funds must be accounted for separately in the LHAs’ accounting records. In the event that this program were to be subject to an audit related to use of these funds, lack of documentation verifying that funds were used for necessary expenditures incurred due to the COVID-19 public health emergency could result in recapture of funding. DHCD **may** request this documentation from LHAs at a later date if required by an audit of the Department’s use of federal funds.

LHAs cannot use these funds for general expenditures/income replacement, but LHAs may match these funds to a broad range of COVID-19 related expenditures through December 30, 2020 including but not limited to:

- Overtime costs not reimbursed by FEMA;
- Hazard pay for staff whose work puts them at risk of exposure to COVID-19;
- Personal Protect Equipment (PPE) purchases for staff and residents not reimbursed by FEMA;
- Staff time (non-overtime) devoted to COVID-19 response;
- Costs of providing sick and family leave to enable compliance with health precautions;
- Office and common space reconfiguration to support social distancing;
- Information Technology costs associated with remote work; and
- Cleaning supplies not reimbursed by FEMA.

DHCD encourages LHAs to apply for FEMA reimbursement for COVID-19 related expenditures, but they may must be careful to avoid “double-dipping” federal funds and applying these CRF funds and FEMA reimbursements to the same expenditures.. See [MEMA website](#) for further details. LHAs may use funds distributed through this supplemental budget for the 25% local match for FEMA funds.

How to Access Funds

This funding will be disbursed to the LHAs via a DHCD Directed Cost Exemption in the LHA’s Operating Budget. DHCD will disburse this funding prior to this exemption being approved in the LHA’s Operating Budget. LHAs will need to submit a Budget Revision prior to the end of the LHA’s fiscal year for all LHAs with a FYE of 9/30, 12/31 and 3/31 in order to have the funding classified as earned in the LHA Year-End Reconciliation performed by DHCD staff. Due to the timing disbursing this funding, DHCD will waive the Budget Revision requirement for LHAs with a FYE of 6/30.

If a LHA forecasts it will not have sufficient eligible COVID_19 response spending between 3/1/2020 and 12/30/2020 to absorb the full \$324/state-aided public housing disbursement, it should immediately contact its Housing Management Specialist and ayo.yakubu-owolewa@mass.gov to establish the correct amount to disburse.

Tracking and Reporting Requirements

These federal funds are subject to Federal internal controls and reporting requirements in the Uniform Reporting guidance in 2 [C.F.R. Part 200](#) and potential audits under the [Single Audit Act](#). LHAs must maintain records that show that funds received under the CARES act are used for the eligible purposes noted above. Per Treasury guidance, such documentation can include¹, but is not limited to:

1. general ledger and subsidiary ledgers used to account for (a) the receipt of Coronavirus Relief Fund payments and (b) the disbursements from such payments to meet eligible expenses related to the public health emergency due to COVID-19;
2. budget records for 2019 and 2020;
3. payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19;

¹ Not all types of documentation will apply to LHAs

4. receipts of purchases made related to addressing the public health emergency due to COVID-19, including but not limited to PPE, cleaning supplies, and common space modifications to promote social distancing;
5. contracts and subcontracts entered into using Coronavirus Relief Fund payments and all documents related to such contracts, included but not limited to specialized cleaning contractors or meals programs for residents;
6. all documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipient and sub-recipients;
7. all documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and grant recipient sub-awards;
8. all internal and external email/electronic communications related to use of Coronavirus Relief Fund payments; and
9. all investigative files and inquiry reports involving Coronavirus Relief Fund payments.

Any non-federal entity, including a LHA, that expends \$750,000 or more during its fiscal year in Federal awards must have a single audit conducted in accordance with [2 CFR 200.501](#) (except when it elects to have a program-specific audit, if applicable). This dollar threshold applies to all, combined federal funding, not just that received through the Coronavirus Relief Fund.

If DHCD receives additional applicable federal guidance regarding the use of these CARES Act funds, DHCD will provide a supplement to this notice. All other program requirements remain in place unless specifically waived or adjusted.

For questions about this PHN, please contact ayo.yakubu-owolewa@mass.gov

Important Links

1. [Coronavirus Relief Fund: Guidance for State, Territorial, Local, and Tribal Governments](#)
2. [Coronavirus Relief Fund Reporting and Record Retention Requirements](#)
3. [Coronavirus Relief Fund Frequently Asked Questions](#)