

## **Transition to 2014 ACS Data in DRGR, 6/2/15**

Kent Buhl: Thank you for joining us for today's NSP webinar, "Transition to 2014 ACS Data in DRGR."

On July 1 the low-moderate income survey data based on the 2000 census DRGR will be replaced with the American Community Survey five-year low and moderate income summary data, also known as 2014 ACS data. HUD released guidance on April 21st of this year along with a fact sheet to assist grantees in this transition. All CDBG-DR and NSP grantees must use the 2014 ACS data for all area benefit activities that are planned or underway as of July 1, 2015, with a few exceptions. In this webinar HUD staff will review these materials with you and answer your questions.

So with us today live from HUD headquarters in Washington, DC, are Tyler Bridges, Robert Peterson, Ryan Flanery, and also Hunter Kurtz who's here with us as well. And welcome to each of you. And at this point I will turn this over to Tyler to get us going. Hi, Tyler.

Tyler Bridges: Hello. Hello, everybody. Thanks for joining us today. Hopefully this is going to go fairly smoothly. So I think about a year ago CPD 14-10 and 11 were released for the state and entitlement program regarding the transition from the 2000 census to the 2014 LMISD which is based off of the 2006 to 2010 ACS data, which is a little confusing. But we're more or less calling it the 2014 ACS data in this presentation. But what we mean is the 2014 LMISD.

So those original notices didn't include disaster grantees or NSP grantees. So they were targeted towards the core programs. And so what we did is we went ahead and released a supplemental notice which pretty much adopted those two notices, and then also expanded upon some of the nuances for our grantees, and discussed it in terms of DRGR rather than IDIS. So that's our target audience today is NSP and disaster recovery grantees and specifically in the DRGR system.

So we're going to overview the ACS transition policy in DRGR for these grantees. We're going to review some of the exceptions and the four-part test which is the means by which a grantee can demonstrate the continued use of the 2000 census data versus the new 2014 LMISD. And then we're going to walk through how to set up an area benefit activity in DRGR based on the data set that's ultimately selected and the timing of the entry. And then at two points we'll answer questions, one after Robert's discussion on the policy aspects of the transition policy. He was a key author of CPD 14-10 and 11. And then at the end.

So let's see here. So the effective date is July 1, 2015. And that is in less than a month now. So that's when all of this takes place for NSP and disaster grantees. And the DRGR will actually -- the current census data in DRGR will be replaced by this new ACS data. And we'll talk about that a little bit later in the presentation. So getting this cleaned up in the next 30 days is key to accurate reporting and success.

So when we say updated LMISD, we're talking about the new LMISD, the 2014 LMISD based off of the ACS five year 2006-2010 LMI data. So basically the ACS data for that date range is what was used to develop the 2014 LMISD. And the prior LMISD is the 2000 census data. So

we're basically talking about the old data and the new data. Again notice CPD 15-05 supplements 14-10 and 14-11, 14-10 was states, 14-11 was entitlements. And 15-05 is the combined supplemental notice for disaster recovery and NSP grantees. The updated LMISD for disaster grantees and NSP grantees is located at this link here. And so that's the large tables of Excel data that you can use to formulate your area benefit -- area activities.

So Kent said this in the beginning here, the transition policy in summary. So all disaster grantees and NSP grantees must use the updated LMISD for all area benefit activities that were planned or underway as of July 1, 2015, unless the grantee can demonstrate that an activity meets the four-part test or limited exceptions and clarifications to the four-part test, thereby permitting the continued use of the prior LMISD for that activity only. So that's a mouthful. What this means is -- sorry, I'll just try and speak up -- what this is mean is everybody should be using the updated LMISD. Now we understand that some activities are already -- area benefit activities are already underway, and they were demonstrated that they met the national objective based off of the prior LMISD or the 2000 census data.

So because there are activities that are underway, there needs to be a transition policy in place which allows a grantee to continue to carry out and complete that activity without penalty essentially. So the idea is everybody should be using the new data to the extent possible unless you can demonstrate that you can meet the national objective and use the old LMISD based off of the criteria that's in the notice. And so that's what that four-part test and limited exceptions are. And that's what Robert's going to be discussing.

Okay. So the four-part test. Again this is if you're already using the 2014 LMISD, then you don't need to worry about the transition policy. You're using the data set that HUD has made available and you don't need to otherwise demonstrate that you want to continue to use the 2000 census. So the four-part test is only if you have an activity, an area benefit activity, that you will be carrying out after July 1st and you want to continue to use 2000 census data. So in order for the prior LMISD to remain in use, an activity must meet a four-part test. Now again there were two notices that preceded this notice, one for states and one for entitlements, and they used -- they essentially had the same four criteria in their four-part test.

The only difference was the first one. And for states it was an award and for entitlements it was an obligation. And Robert will discuss the key differences there. But in essence the state program makes awards to UGLGs and so therefore that would be that first criteria where entitles don't operate in the same manner, and instead they would make an obligation. The second is there has to be a specific activity already defined. There has to be a specific amount already defined. And the service area, there must be a clearly defined service area. So these are the four criteria to demonstrate that you can continue to use 2000 census data after July 1, 2015. And we have some examples for those in a second.

So quickly the award versus obligation, it gets a little tricky for disaster grantees and NSP grantees due to the federal registers and guidance that came out as a result of the appropriations. So again award is for states and that gets derived from 14-10, and obligation for entitlements in 14-11. Some exceptions however was disaster grantees and NSP grantees that were states were allowed to carry out activities directly just as CDBG entitlements do under the reg cited here.

And so this allowed -- under NSP and DR this allowed the state to contract directly and actually carry out the activity instead of making an award first to an UGLG and then the UGLG carrying out that activity.

So in those scenarios a state will not be making an award. They're carrying out the activity directly. And so in that case when it comes to making -- complying with the four-part test, they would use the term obligation rather than award for just that activity only. So just to reiterate that, a state who's carrying out an activity directly and who is not making an award would use the four-part test that is described in 14-11 for entitlements, versus if they are making an award to an UGLG and then that UGLG is carrying out the activity directly, then they would use the definition of an award in 14-10.

Some other examples or just one other example is nontraditional grantees such as NSP2 consortia and NSP3 grantees that entered into a joint agreement had different rules and allowances on whether or not they can carry out activities as well. So the key takeaway here is every grant that a grantee has received, if you're a state or if you're an NSP2 consortia or NSP3 grantee in a joint agreement, just pay close attention to the method by which you're carrying out your activities and which applicable regulations apply to you. And of course it says consult with your CPD rep to see which is applicable if you have any confusion.

Okay so I'm going to turn it over to Robert and he's going to discuss some examples of trying to meet the four-part test.

Robert Peterson: So in this example, this is right out of CPD notice 14-10, and basically what happened here is Springville they applied to the state for funding and they received the award. And when they applied they said they're going to do this project in the Oak Park neighborhood. They talked about the specific project they were going to do. It's a recreation center. They had a specific amount of funding that they were going to put towards this. They had the Oak Park neighborhood delineated and they knew that that was the area that was going to be benefitting from this activity. And they got their award before the effective date. And then the effective date hit. The new data set was put into place. And they hadn't started construction yet. So the question is, can they still continue the activity.

And the answer is yes. Yes, they can. Because they met every part of the test. They received their award from the state before the effective date in the notice. They outlined that they were doing a recreation center meeting eligibility and national objective. They had a specific amount listed. They clearly defined the Oak Park service area. And they can continue to use that prior LMISD data set based on the 2000 census. So that essentially what that does is it doesn't take out from underneath them all the work that they put into that Oak Park Recreation Center.

And this is an entitlement example. So the money is not flowing through a state. And as Tyler pointed out, now we're talking about an obligation. So in the entitlement program it's more specific language what that means in terms of obligation. It has to be under a signed contract. So in the case of the City of Springfield here, they also want to do a recreation center in the Hilltop neighborhood. And they have a contract signed. They know the Hilltop neighborhood. They have the neighborhood outlined. They know the service area, the benefit for this area, benefit activity.

They know how much money is in this. The contract is signed. And then the effective date hits. And now there's a new data set put in place. So the question is, can they still build this Hilltop neighborhood recreation center if the new data set that the Hilltop neighborhood no longer qualifies.

And the answer is, yes, they can. They were under contract before the effective date hit. They knew what they were going to do with the money. They specifically outlined it. They had a specific amount of money there, specific area to be benefitting from the activity. So they can still do that.

So in the prior notices we did outline some exceptions. And in the case of formula based methods of distribution, I don't think you would really see this too much in the disaster program, competitive methods. Basically what we said with the formula based method of distribution for states was essentially that they would have to take into consideration any changes that this new data set would have in their formula. So if the state was incorporating this data to somehow give points or preference to applicants or in a formula, they'd have to take the new data into consideration.

There's also other exceptions relating to entitlements for multiple contracts if you consider essentially phased work where there might be multiple contracts towards the execution of a single activity. If you think about obligation in terms of contract signature date, then the latter contracts could reference the first contract on those phases, so that you're falling before the effective date, because those are dependent upon one another. And of course the most obvious one was cost overruns.

If you need to add funding to an activity that was set up and underway and using the prior LMISD, if those costs go over what was anticipated and you need to add funding to that activity, you would not have to switch over to the new data set. You can continue editing that activity in the system with new funding and continue to reference the prior LMISD. And I think a lot of this presentation will focus on following the DRGR portion of that. Go to the next slide, if I can remember what the next slide says.

Okay. So are you still unsure? And you should talk to your CPD representative often about everything, especially if you're unsure. So I think at this point we want to open it up for some questions on the policy side. The DRGR side is the second half of the presentation. So if you please save your questions for after that portion, we will open it up for questions again. For now if you have policy questions, please shoot.

Kent Buhl: So two ways to ask questions. If you have a phone icon or a headset icon next to your name in the participant list, you can simply click the raise hand button within the participant list. Or you can submit a question in writing. So a question from Robert asking, "Can you please clarify that the definition of obligation is dependent on the grant. Is this true of NSP1 versus NSP2 and 3?"

Tyler Bridges: So one thing that we say throughout the CPD notice 15-05 is that we do not in this notice change any of the waivers or alternative requirements that are contained in the

appropriation specific federal registers. So if NSP1 defined obligation as A, and then NSP3 defined obligation as B, you would use that definition of obligation for complying with -- for purposes of compliance with that grant only. I hope that clarifies.

Kent Buhl: If it doesn't, Robert, I can ask a follow up question. Let's see. No hands up. And Mariel [ph], I do see your hand up, but there's no phone or headset icon next to your name, so I can't unmute you. So Mariel, if you would submit your question in writing that would be helpful. And apparently Robert, it did work, that answer did work for Robert.

Stacy asks, "With what degree of specificity does the activity have to be defined for purposes of CPD 14-10?"

Robert Peterson: So Stacy asks an excellent question. And that definition of the activity is part of the four-part test. So you need to have an area of benefit. You need to have a specific dollar amount. And there's a specific activity that's part of the four-part test. So to get to the dollar amount and to get to the service area, you really have to know what you're doing. So you need to know what eligible activity it is you're carrying out, and you need to know what national objective it is you're going to meet.

And then you probably need to know quite a bit more about the activity to even be able to budget out how much you're going to be spending on the activity to meet that second or third requirement in the four parts to know how much it is that you need for that activity. It's not specifically defined what it means to meet that check on the four-part list. But I think it is pretty intuitive that you do need to know what you're doing.

Kent Buhl: Looking for any other questions. Matthew asks, "Does the transition policy apply to nonprofit NSP2 grantees as well as to entitlements?"

Tyler Bridges: Yes. So anybody who's carrying out an area benefit activity under federal appropriation NSP or disaster recovery, they do need to comply with the transition policy. Now depending on what type of grantee they are, so we talked about entitlements versus NSP2 consortia for example, there are different nuances about which transition policies they need to look to.

So again let me reiterate. The only thing that grantees really need to really think about in terms of the complications of this notice are if you intend -- if you have an area benefit activity that is not done or completed by June 30th, so in the next 30 days, so if you plan on continuing to spend money after July 1st and you qualified that activity under the 2000 census, then you need to look to this transition policy.

So if you're an NSP2 grantee, and you have an area benefit activity, and it was qualified using the 2000 census, and it will not be completed by the end of this month, and you're confused about whether or not that activity can still meet a national objective after July 1st, you need to talk to your HUD rep. So that should be not a lot of circumstances. But if that in fact is the case, then yes, the transition policy applies to everybody carrying out area benefit activities, and they intend on using 2000 census data to qualify the activity after July 1st.

Kent Buhl: Thank you, Matthew. Stacy asks, "If the action plan that describes the activity in sufficient detail including funding amount and was published as of July 1, 2015, is that sufficient to demonstrate compliance with the four-part test?"

Robert Peterson: So I heard two of the four parts in her question. I heard that she has a specific activity with a specific amount. I didn't hear that there was certainty about the area being benefitted in terms of the neighborhood and defining that service area. And I also didn't hear the most important part of the four-part test is the first part, which is either if it's under state the award, or if it's under an entitlement the obligation. So it sounds like she has the two -- a good understanding of the two parts of the test. And the other two parts I think are a little more straightforward. So I think we understand each other.

Kent Buhl: Yeah. So in her case obligated. It does sound like you understand each other. That was Stacy. Thank you for that question, Stacy. Hadid [ph] says, we are a new business registered as of October with HUD and have applied or need to apply to this program as well as learn more about [inaudible] really a question, but thank you, Hadid.

Let's see. Stacy, "Based on the last answer you gave, Robert, says that in the action plan amendment they don't describe the area benefit in detail, and they have that in separation documentation, but have it as of July 1, 2015 as well. Does that change anything?"

Robert Peterson: Yeah. So it sounds like she's on the right track. I would ask her to confer with her CPD rep. I'm not going to give an approval over the phone of what she's trying to do. But she definitely sounds like she understands what the four-part test is and how it works. And it sounds like she's able to provide all the right checks in the boxes.

Kent Buhl: Very good. Cheryl [ph] says, "We are an NSP1 and 3 entitlement community. If we decide to purchase and rehab additional houses after July 1st of this year, do we need to select the properties based on a new map of our community based on the 2014 ACS, instead of the map we're currently using based on census blocks?"

Robert Peterson: So this question about rehabbing houses, my immediate response to that is I'm not sure that an area benefit is the national objective that you'd be going for here. It's most likely going to be for low and moderate income families, for LMH for housing. If there was some other activity related to those houses that was area benefit, maybe demo, I'm not sure. But again if you're entitlement, the obligation is related to the contract. So with the purchase of property, you're looking at the date of the closing of the obligation. But again I don't think this is an area benefit type activity.

So just to expand on that, really there's been a lot of concerns about the reliability of the ACS. And compared to the 2000 census it did have a smaller sample size. So it does have some unique differences in terms of the geographies that we were able to publish and their respective margins of error. But that's all for area benefit activities. This has no effect whatsoever on job creation, and housing families, clientele. None of those other national objectives are impacted by this.

Kent Buhl: Lois [ph] has a question. And let me unmute you, Lois. Are you there?

Lois: I am. Can you hear me?

Kent Buhl: Yes.

Robert Peterson: Where are you calling from?

Lois: New Orleans. The New Orleans redevelopment authority. We're an NSP2 consortium. We're the grantee. I just wanted to make sure -- maybe another answer, I hope I didn't hear somebody else ask this and just missed the answer. But you said -- someone said if the activity is completed and you've met the four-part test and the activity is completed, I just want to make sure there's not a nuance to the definition of completed, like it doesn't have to be checked or done anything differently in action plan. Because I know there's some boxes on the action plan that say if you're halfway through or 90 percent done. I can't remember the exact verbiage.

I don't think we've checked those boxes yet. The consortium partners that are using the area benefit are not done with all their activities. But they are done with the activities that were using LMMA. Does that make sense? I just want to make sure complete doesn't have a more specific definition.

Tyler Bridges: Okay. So we're going to walk through this a little bit. So in terms of looking at is the activity truly completed or not. If it's not checked off in DRGR as completed, that's not a problem. So you're not going to get dinged for that. And my recommendation would be you would work with your HUD rep in terms of is the activity completed. First of all you're using 2000 census data. It's an area benefit activity. And you are unsure whether or not it really is going to be completed in the next 30 days. Is that what you're thinking?

Lois: That's close to what I'm saying. It's completed for all intents and purposes here. They've expended the money. It's done. The work has been done. It's done. But in terms of the paperwork and closing out this consortium partner, that's not done. Because they're also doing housing activities. And so we're not going to close out their land bank activities. And plus I don't think we can -- I don't want to get into it because I can't remember how I had all this figured out for the land bank, but it's the 10 year thing, and I don't know exactly remember how that close out is going to work. But for argument's sake we're not able to complete as in close out those activities that are area benefit.

Tyler Bridges: Based off of the limited information I've heard, it sounds like it probably would meet the definition of complete. So you're not going to have to go into the four-part test and demonstrate -- well, even if you go into the four-part test, you would probably be able to demonstrate that it can continue to use the prior LMISD. But again I would consult with your HUD rep just to make sure that you guys are both on the same page in that regard.

Robert Peterson: And just the fact that we're even talking about whether or not it's complete, probably means that it has an obligation, there's a contract, there was a specific activity in

question, there was an amount of money, and there's somebody benefitting from this. It sounds like [inaudible] --

Lois: It's beyond obligated because it's expended. But yeah, I hear what you're saying.

Robert Peterson: Yeah. It sounds like you've met the four-part test. So you can continue using -- if you go back and edit the activity in any way, you can still continue using that 2000 based LMISD.

Lois: Okay. That's a good point. I didn't even -- but thank you.

Kent Buhl: Thank you, Lois. So at this point I see no more questions. So there will be a larger block of time after the entire presentation for any topic that's addressed today. But at this point it sounds like a good time to continue.

Robert Peterson: I'll just add one more thing on the policy side before we continue. I wanted to do this after the questions because I didn't want any questions on it. No, I'm just kidding. The plan that we have for releases of new LMISD data, previously we did [inaudible] with this annual census.

And now we have ACS data that comes out more frequently obviously. It comes out every year in five year rolling averages. So what we've decided to do is release new ACS data, LMISD every five years. So the last data set that we released, the 2014 LMISD, that was based on the '06 to 2010 five year ACS average. So the next one will be based on the 2011 to 2015 average. 2011 to 2015 five year ACS average.

And we get that data, that's not publicly available data. We get that data as a special tabulation from the ACS or from the census bureau. And the reason we get it as a special tabulation is because there is personally identifiable information in there that we then use to create the LMISD that we provide to you. So this is not a typical census product. We relate income to families in a way that is not publicly available. So it takes a while for the census bureau to prepare that information for us. So most likely the next release of the next LMISD, which will be based on the '11 to '15 ACS, will be in 2017 sometime.

And it takes about a year and a half to two years for the census bureau to get that special tabulation of data to us, and then for us to calculate the LMISD associated to grantees and make that publicly available. This particular release did take longer than we anticipate it taking in the future because we did have to go back to the census bureau on multiple occasions, given that this was a new product, there were revisions that needed to be made in the definition of families and different things, and the way that they tabulated the data. So it did take longer than we anticipate it taking in the future. So we do appreciate everyone's patience with the release of the data.

And now I'll pass it over to Tyler.

Tyler Bridges: Okay. So we're moving to the part of the presentation now that talks about how exactly should you deal with area benefit activities in DRGR based off of the policy guidance.



So first and foremost, all existing activity set up with the 2000 census as of July 1, 2015 will remain unchanged. So as of July 1st, if you have an activity, an area benefit activity that was already set up in DRGR and you went in and you selected the census tracks and block groups or places for that activity, so you've got it already properly set up using 2000 census data, nothing is going to happen to that activity.

Beginning on July 1st, so in 30 days, only the 2014 LMISD data will be available to grantees. So basically we're going to switch over. 2000 is going to be gone and the new 2014 LMISD is going to be the only data set available to select. So this is important for setting up new activities and even editing existing activities, in a sense even if grantees use the 2000 census data set for an activity not yet entered into DRGR. So you have some situations where let's say you have an area benefit activity that you use 2000 census data for. And it's completely compliance, meets the four-part test, everything. If you haven't set it up properly yet and you wait until after July, you can no longer select the 2000 census data.

So what you're going to want to do is for all of your area benefit activities for which you believe you're going to be using this 2000 census data for, you want to get that all cleaned up in your action plan prior to the end of the month. Because afterward you're not going to be able to select 2000 census tracks and block groups anymore. And we're going to get into what to do if you're unable to meet that timeline. But ideally you would be able to get this -- well ideally it's already set up properly. And if not, you can accomplish that in the next 30 days.

So this table is really small. And we're going to go into each of these five different scenarios. This is in the fact sheet that we put out simultaneously with the CPD notice. And the link is at the end of the presentation. But basically there are three criteria here. So this is what do I do, how do I enter my area benefit activity into DRGR. And so the first question is, well are you using 2000 census or the 2014 LMISD?

So are you using the old or the new data to qualify the activity? And then next is the date of activity eligibility. So is this an activity that met a national objective before July 1st or after July 1st? So before July 1st, and you're going to continue on, then you're subject to the four-part test. Whereas after July 1st there's no four-part test. It just must be the new 2014 LMISD.

And then finally also when did you enter the data into DRGR? So if you use the 2000 census, and it was eligible before July 1st, and you entered it into July 1st, then of course you were able to select the 2000 census track data set in DRGR. Whereas if everything is the same but you just didn't get around to setting that activity up until after July 1st, then there's a whole different set of criteria because you can no longer access that data set. So that's what we're going to be walking through right now.

So activities determined to be eligible using the 2000 census data and entered into DRGR before July 1st. So basically this counts as most activities up to date that are using the 2000 census data. So in this case here you're just going to select the area benefit census, you're going to be able to select from the census tracks and block groups because the 2000 data set is already in place, and in the location description you can indicate that you're using the 2000 census as the data set to qualify this area benefit activity. So again this is most area benefit activities that are using the

2000 census data set. These are kind of the activities that should already be in DRGR, or the activities that are going to meet the four-part test and are going to be allowed to continue to use 2000 census data.

The next scenario is an activity determined to be eligible using 2000 census data before July 1st, but entered into DRGR after July 1st. So this is the same scenario as before where the activity is already completed and it's using the 2000 census data set, and it should have already been entered into DRGR, but isn't set up properly yet, or isn't entered yet, or is going to use the four-part test and is compliant with the four-part test, but just hasn't been set up properly prior to July 1st. So everything should say 2000 census, you just didn't set it up in DRGR, and now you don't have access to the 2000 census data set anymore.

So in that case there's kind of a workaround. And the workaround is because you can't access the 2000 census data set, you're going to have to select area benefit survey. And then from there you'll be able to manually enter the low and moderate income persons based off of the 2014 LMISD. And we provided a link.

So just like any other area benefit activity, once you define your service area and you select the census tracts and block groups, you're going to come up with an overall low-mod percentage that demonstrates that it's 51 percent in most cases unless you're an exception grantee with the quartile. And then in the location description you can indicate that you're using the 2000 census as the data set, and then you can list the census tracts and block groups there.

And then finally you do need to use the add supporting documentation feature, and this all on edit activity page two, which attaches the 2000 census data set describing all of those census tracts and block groups. Yes. So again select survey, manually enter the data, type in 2000 census in the description, and then just upload the LMISD demonstrating that it is 51 percent low-mod, or if you meet the exception criteria.

The next slide is activities determined to be eligible using 2000 census data and entered into DRGR after July 1st. So this is a scenario where you're using 2000 census data, and you didn't set up the activity prior to July 1st, but you are -- and you're going to continue to carry on the activity, and so now you're demonstrating that the activity can be carried on based off the four-part test or exception criteria. So you're using 2000 census, the activity is still being carried out.

So here what you would do is you would again select area benefit survey because you cannot select 2000 census after July 1st. You would manually enter the low and moderate income persons, just like you did previously. You would indicate 2000 census in the location description and list the census tracts. So everything's the same here.

And then in addition to the adding the supporting documentation feature where you attached the 2000 census tracts and block groups demonstrating that it's eligible under low-mod, you would also attach documentation demonstrating compliance with the four-part test or exception criteria. And this doesn't necessarily mean that you have to attach all of your contracts and everything else. A minimal amount of documentation that you -- and this is in consultation with your HUD rep, to demonstrate compliance.

And the supporting documentation feature does not -- those documents are not publicly available. They just are communicated between you and your HUD rep. So the first three are all based off of 2000 census. So you want to use the 2000 census and then you're deciding whether or not you were able to enter that data before or after July 1st. And depending on if you -- depending on that date, you select the appropriate path.

These last two are if you're using the 2014 LMISD. So you're actually using the new data set, you're not even worrying about the 2000 census. So in this case here, if it's before July 1st, before July 1st the 2000 census data set is the only one available. So in this case if you're using the updated LMISD and it's before July 1st when that data set is in DRGR, and so this only counts for the next 30 days, you would select the area benefit survey. You would manually enter the low and moderate income persons.

You would indicate 2014 LMISD in the location description and then list the census tracts and block groups. And then you would use the add supporting documentation feature to attach that table of the census tracts and block groups that you selected in order to define that service area. And again this is all in lieu of the fact that you cannot physically select those in DRGR currently. And so this would occur for every grantee today who was using the updated LMISD, but was unable to select the updated LMISD census tracts and block groups in DRGR.

Afterwards though, so if you are using the updated LMISD, and come July 1st you can actually just go ahead and select that data. So you could actually select area benefit census, you can select the census tracts and block groups, and then you can just indicate that you're using the 2014 LMISD in your location description. So that's kind of the simple way of doing it. So I think in summary here, you really just need to ask yourself for each activity which data set am I using. And if it's 2000, ideally you're going to get that taken care of prior to July 1st. And if it's the 2014 LMISD, you'll be able to access that data set as of July 1st.

So let's see here. Here these are just links to the resources. So the CPD notice that we've been talking about today, 15-05, is located here. And then the fact sheet is located right beneath it. And I think that's it. So we can talk about any questions.

Kent Buhl: Thank you, Tyler. So we'll open it up to questions now. Just a reminder, you can ask questions verbally or written. This is where we hear the little jingle from Jeopardy. And let's go back to Lois. Hi, Lois.

Lois: Nope. I thought I lowered my hand. I'm sorry.

Kent Buhl: Okay. There you go. Thank you. And so what Lois did want to do is to remind folks that if there are any QPRs that are not approved in DRGR, you can't edit your action plan. In our case we have five QPRs in the submitted but not approved stage. And they were all submitted on time. Friendly reminder from Lois in New Orleans, thank you.

And let's go to John. Hello John. John, you're unmuted. Where are you calling from? Perhaps you muted yourself on your end? Let's try -- let me get this right, Anurag [ph]?

Anurag: Yes. That is correct.

Kent Buhl: Hi, Anurag. Where are you calling from?

Anurag: Hi. I'm calling from Cleveland, Ohio. So we are a NSP2 grantee, the Cuyahoga Land Bank. And it's an NSP2 consortium. I just want to clear up some confusion that I have. So basically all the activities that we have set up obviously were set up using the 2000 census data. And a lot of them have been completed and then a few -- the demolition activity which I guess will fall under the area benefit, and then the housing construction and rehab, they will fall under the LMMH activity. So those are not part of this discussion.

The demolition activities would be part of this discussion. For the demolitions that have been done already, they would be considered part of the 2000 census. But then the demolitions that happened after July 1st, would they have to be based on the 2014 ACS data? And yeah. That's my question. Thank you.

Tyler Bridges: So this goes back to the four-part test. So anything that is already completed, the demolitions that already took place prior to July 1st using the 2000 census, we don't really need to worry about because they were completed prior. So you're really focusing then on just the activities or I guess the demolitions that you're going to complete after July 1st.

And so that's where it falls to the four-part test. And I believe that NSP2 consortia in most cases followed the entitlement regs, which means that you would use CPD 14-11. You would use the term obligation and not an award because you didn't make an award to an UGLG like a state would. So then it's looking at the four-part test. So let me think here.

Robert Peterson: So I have a question on top of your question. So in terms of obligation here, you've hired a company to do the demolitions and they're under the contract? Is that correct?

Kent Buhl: Anurag, are you still there?

Anurag: Oh, yeah. I'm still here. Can you repeat that question again, please?

Robert Peterson: I'm sorry. So just in terms of the four-part test, so if we're talking about the first test of the four parts, the obligation, you've hired a demolition company to perform these demolitions? Or the properties are in your possession? So if you could maybe fledge out that part of the conversation a little bit, just to --

Anurag: So under the demolition activity there are some properties that we acquired and then there are some properties that we are doing what is called as sort of the nuisance abatement. So there's the budget which is set aside for the demolition activity, and using that money obviously you do the demolition. But then every time you do a demolition that does not warrant an action plan amendment or a change.

Robert Peterson: Right. What we're really trying to go back to here is for each property being demolished what's the obligation date. So we're talking about a contract. If it's a contract between you and the city to demolish for nuisance abatement, was the property listed in the contract. If it's properties that are under your control that were purchased with the intent of demolishing them, what's the closing date for those.

I think there's some room for interpretation here. But the first part of your question, all of those that were demolished prior to the effective date, it does seem like you would have met the four-part test for those. But again we can't over the phone without looking at the details, we can't really give you any official approval on any of this. We would encourage you to talk to your CPD rep. But there's some flexibility there in terms of looking at the contracts that are associated with the properties being demolished.

Tyler Bridges: You may also too consider looking at your service area and whether or not the service areas still qualify as LMMI under the updated LMISD. So the link there actually does provide for the NSP2 grantees the LMMI data up to 120 percent. And you should only be concerned about the areas that still do not meet the LMMI --

Robert Peterson: Or met the 51 percent before and then they don't now.

Tyler Bridges: Yeah. Exactly.

Robert Peterson: That's really what we're talking about here.

Anurag: Okay. So basically just --

Robert Peterson: Yeah. If your service areas were 51 percent or above before the -- with the 2000 based LMISD, and they continue to be above 51 percent with the new release of the LMISD, then really it's a moot point.

Anurag: Right. That is correct. Okay. Thank you.

Kent Buhl: Thank you, Anurag. And remind you to click your lower hand button. Let's go to John's question is, you've already discussed some of the challenges with LMISD from the 2014 ACS. If the community does not agree with the census tract or block group data, can they do a survey?

Robert Peterson: Yeah. They can do a survey. It does have to be a methodologically sound survey. And there is guidance provided on how to do that. It was recently updated and it's referenced in the notice as well, CPD notice 14-13. The ACS, like I said before, it is less precise than the census was before.

But it does have some improvements at the same time. And for some communities it has actually been an improvement. But as with anything, the local community often has the best knowledge about what the service area will be and what the characteristics of those areas really are. So we encourage people to provide that type of data.

Kent Buhl: Thanks for that question, John. Laura asks, if you are entering urgent need or planning activities, non-LMA activities, that do not have direct beneficiaries, how should we enter proposed beneficiaries in DRGR? Does it matter which data set we use?

Tyler Bridges: Okay. So I'm just reading the question here again. If you are entering urgent or planning activities, so non-LMA activities, that do not have direct beneficiaries, how should we enter proposed beneficiaries in the DRGR? So you're saying it's not an area benefit activity and it's not a direct benefit activity.

And so I'm not quite sure what that activity is. So planning activities, for example, don't need to meet the low-mod national objective. So you would select NA as is. For urgent need activities, there's already guidance out there regarding what to do. For LMA you would still enter the low-mod persons, but you would just be demonstrating that it didn't meet that 51 percent threshold. So it's categorized as an urgent need national objective.

Does it matter which data set we use? I mean for -- you should be using -- if it is an area benefit activity, you should be using the updated LMISD. And if it's an urgent need activity, so you're not going to get low-mod credit anyway, just use the updated LMISD. If the activity is already completed and the updated LMISD wasn't available to you when you qualified that activity, then you don't need to bother with updating it to the updated LMISD. You just use the prior, which is the 2000. So I don't know if that answers your question, but it's the best I can do.

Kent Buhl: Chere [ph] asks to repeat the QPR statement that was submitted by Lois. And that statement is, if there are any QPRs that are not approved in DRGR, you can't edit your action plan. In our case we have five QPRs in the submitted but not approved stage. They were all submitted [inaudible]. James --

Tyler Bridges: Actually let me just go ahead and follow up there. So what Lois is referring to is DRGR was recently updated a few weeks ago. And it corrected a longstanding defect back from 2011, and the rule basically is this.

When you submit your QPR to HUD for review, your action plan gets locked and you're not able to edit your action plan until the QPR is either approved or rejected. Now that was the case up until 2011. In 2011 it got accidentally broke. And so for the last four years grantees have been able to immediately begin editing their action plan even if their QPR was in submitted status.

A few weeks ago unexpectedly some updates to DRGR actually fixed that defect. And it reverted back to the original rule, which is once you submit a QPR to HUD you cannot edit your action plan. Now this was unexpected and abrupt. We didn't plan for this to happen. And we realized that grantees have become accustomed to being able to edit their action plans at really any moment in time except for when they go to submit a QPR. And this is particularly true if you need to make adjustments to activity budgets in order to obligate funds and access your line of credit.

So we did release a listserv notice about this about a week ago. And what it basically said was, if you have submitted a QPR and HUD hasn't taken action on it yet, HUD gets 30 days to review these, and so the last set of QPRs were submitted April 10th and April 30th. So here we are in June. So if you need to edit your action plan in order to access your line of credit, call your HUD rep and let them know the urgency of that request. And maybe they can -- if they're ready to approve it, they can. Or they can at least reject it so that you can access your line of credit.

This is not going to be changed for at least the remainder of the fiscal year which would end on September 30th. We're looking on a permanent solution that could potentially reverse this, where action plans could be edited while the QPR is in submitted status. But until such time we are going to have to be cognizant of the fact that action plans will in fact be locked during QPR review times.

So ideally what would happen is all grantees would have all of their QPRs up to date, submitted, and in reviewed and approved status as soon as possible. And then that way you're not locked out of your action plan until the next QPR is due, which would be in July. So July 10th through July 30th.

And prior to submitting your next QPR, your action plan budget should be in such a state that would allow you to continue to access your line of credit during the 30 day HUD review period. So we apologize for the inconvenience. It wasn't something we planned on breaking three years ago and it wasn't something we planned on fixing three weeks ago. But we're working on it.

Kent Buhl: Thanks for that additional information, Tyler. Let's see. John asks a follow up question about they can do their own survey. He's wondering, "Will DRGR allow the survey information to be input?"

Tyler Bridges: Yeah. So currently DRGR, it's really easy to enter survey data into DRGR. Instead of selecting census, you select survey. And you just type in the number of low, mod and total persons in that area. So you conduct the survey, you determine how many are low, how many are mod, and the total population. And you just type those numbers in and click save. It's that simple.

Kent Buhl: Excellent. Let's go back to where we almost were, James' question. He says that, "The state of Tennessee has a considerable number of grantees with multiple projects and activities that could be based on 2000 census data that have some activities that are already complete and some not. Can we still use 2000 census data or can we not do that? And he's talking about his DRGR input for Tennessee."

Tyler Bridges: So I mean it's complicated. You have to look at every single activity on its own. So unfortunately every activity needs to go through the four-part test if you plan to continue to carry out that activity after July 1st using the 2000 census. So it can't be -- you can't look at it at the UGLG level or at the grant level. It's literally at the activity level is where you start in terms of determining whether or not you can use the prior LMISD after July 1st.

Kent Buhl: Next up is Deb who asks, "What's the easiest way to determine that there's been a change in low-moderate areas from the 2000 census data to the 2014 ACS data?"

Tyler Bridges: So both data sets are available online, the prior and the current. There was some change, right Robert, between the actual areas of census tracts and block groups?

Robert Peterson: Yeah. You could run into a situation where you might have a block group code that existed in the 2000 data that doesn't exist in the '06 to '10 ACS based data, and vice versa. Because they do sometimes the census bureau retabulates the areas in some ways. And the census bureau does provide cross block tables to help with that. The easiest way is to visualize it on a map.

And there are tools out there that allow you to look at the block groups on the interactive map. We provided this new LMISD does have a mapping application. So from the HUD exchange there is a link to a map application. And that shows you the 2014 LMISD so you can visualize that.

In terms of visualizing the 2000 census, you probably have to refer to a different source for that, maybe policy map or the census bureau itself, and then correlate that data to what the LMISD tables for the prior data set, what they specifically say. And of course if you have an activity that's in DRGR with the data noted already, then you could simply look at the mapping application or the new data set and just compare.

Kent Buhl: From Joseph. "Do you have any guidance on LMI/limited clientele that currently provide explanations of the discrepancies between the 2000 census and the LMI limited clientele in the activity description?"

Robert Peterson: So this area benefit data that we're discussing is for the LMA national objective for area benefit. The LMC is a different national objective. You wouldn't necessarily be using the census data for that. Although there are situations where certain clientele can be assumed to be low-mod, but still I don't know if the asker could possibly unmute his phone or maybe fledge the question out a little bit further.

Tyler Bridges: Yeah. Limited clientele implies a direct benefit activity. So you're not even looking at area benefit as a means of meeting the low-mod national objective. So you're collecting income data on a person by person basis in order to demonstrate compliance with the low-mod national objective, or a household by household basis, or a business by business basis. So the area -- you're not looking to the census or the ACS in order to meet the national objective at that point.

Kent Buhl: Cindy -- were you done?

Tyler Bridges: Yeah.

Kent Buhl: Okay. Cindy is asking for a definition of UGLG and is not familiar with that.



Robert Peterson: So UGLG stands for unit of general local government. So units of local government are the recipients under the state program. Apologies for the acronym.

Kent Buhl: Jerel [ph] asks, "How long does it take HUD to review QPRs?"

Tyler Bridges: So HUD generally speaking has up to 30 days to review the QPR. It could take them a short amount of time if the QPR is accurate and complete and short, if you will. Some disaster grantees, for example, have 2,000 page QPRs. And it's not easy to review that in a short period of time. So to the extent that you are communicating regularly with your HUD rep, and they're aware of the activities you're carrying out, and the QPR review could actually be pretty straightforward. But it really is a case by case basis. The max it should take is 30 days. And if for whatever reason the QPR is rejected, I believe it's a 10-day turnaround for the grantee, and then hopefully a quick turnaround back from HUD.

Kent Buhl: Nera [ph] asks, "When you refer to activity, are you referring to an activity such as the land banking activity? Or are you referring to a property such as a building that will be placed into a land bank?"

Robert Peterson: So that's a great question. I know that both IDIS and DRGR give folks some flexibility in terms of what they sort of coin as a project and what they coin as an activity. And we've provided guidance in that respect. But I think what we're really talking about here in terms of the four-part test, is when we talk about what a specific activity is, we wouldn't be talking about an entire land bank. We would be talking about specific properties within that land bank. Because those are the ones that will be able to meet the four-part test at that level of specificity.

So if you have a property for demolition, there's going to be a contract associated with that, so that's the obligation. The specific activity, you're demolishing the property. The specific amount is the amount of the contract. If you purchase the property, that amount is part of that activity as well; and then the clearly defined service area, that's the area around the demolished property that's benefitting from a demolition. So it's very property specific in nature.

Tyler Bridges: And to use a disaster recovery example, it's not enough to just say we're carrying out infrastructure activities in these areas in the action plan. And I mean because you could say, we've identified that we have an infrastructure program, we've identified areas where we're going to do these things, and we've budgeted \$50 million to do it. That's not specific enough.

You actually have to say, we are going to repair this sewer main, and it already had this clearly defined service area. And so you already knew the population it was serving, you knew what the project or activity was, you knew how much it was going to cost. And that was settled prior to July 1st.

Robert Peterson: And you had a contract.

Tyler Bridges: Yeah. And you had a contract in place. Yeah. Right. I mean the idea is to phase out the 2000 census altogether. But if you are far enough into an activity, then there's obviously some wiggle room.

Robert Peterson: And it is 2015 now.

Tyler Bridges: Yeah. It is 15 years later.

Kent Buhl: So it's possible that we've come to the end of our questions. We've exhausted all of the questions, but let's give it another minute or two to see what else might come in. And I can remind you while you're thinking about questions that the materials from this webinar will be archived on the HUD exchange website. That will include the audio visual recording of today's event. So if you want to hear any of these answers again, that's a good place to go and to replay the recording. And you can jump to parts that you want to. Also a copy of the presentation will be posted there. And as soon as it's available a transcript will be added.

And at the point at which we do close the webinar, just a reminder that you'll be automatically taken to a quick SurveyMonkey form. And we appreciate any feedback you can give us, particularly any written comments are helpful. It's not a good place to ask programmatic questions, but just for feedback on this webinar and future topics you might like to hear. That information will be appreciated. And thanks in advance for filling that out.

So at this point I don't see any more questions. Seems like this would be a good place to wrap it up. And let me give Tyler, Robert and/or Ryan a chance to make any last comments that you may have.

Tyler Bridges: We really appreciate everybody joining today. If you have any questions, please contact your HUD rep. And if they need to get back to us, we can definitely get everybody transitioned to the new ACS data as quickly as possible.

Also if you have DRGR specific questions, please utilize the DRGR AAQ on the HUD exchange. That's the fastest way to get DRGR technical assistance in this regard or for any reason. But when it comes to can I use 2000 census data still, yes or no, that should be funneled to your HUD rep.

Kent Buhl: Terrific. Well, thanks to Tyler Bridges, Robert Peterson and Ryan Flanery as well. And thanks to you all for being here today. And we look forward to seeing you on another NSP webinar. Take care, everyone.

Tyler Bridges: Thank you.

(END)