

Enterprise Community Partners

Transcript of Webinar

2021 ConnectHomeUSA

**Utilizing Public Housing Capital and Operating Funds for Broadband
Activities**

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Dina Lehmann-Kim: -- Bob. Thanks so much for being with us today and for helping us kick off this important webinar. I'll pass the floor to you.

Bob Mulderig: Thanks, Dina. Can you hear me okay?

Dina Lehmann-Kim: Just great.

Bob Mulderig: That's great. Hi, everybody. Bob Mulderig, and really happy to be with you today for this very, very important webinar. As we were preparing for the webinar, it occurred to me, and I know -- let me just stop and say I know I'm preaching to the proverbial choir on this, but here we are having a webinar that is dependent on each one of us having Internet connectivity. And if that doesn't speak to how we have all come to realize how vitally important Internet connectivity is for everyone in the country, nothing else would. Right? We can't be here to learn about how important Internet connectivity is without having Internet connectivity itself.

So I'm really happy to kick off this session. I won't talk long, because you have important panelists to hear from. But I did want to just welcome you, thank you for being here, and talk about how important it is for us to continue this good work. Earlier this year, HUD released some notices that have to deal -- that dealt with how public housing capital funds and public housing operating funds can be used to support activities related to broadband in public housing communities around the nation. And that's exactly what this session is.

In case you've had any question from the PIH notices that were released, the staff who are assembled today are going to go through the details of those items so that it's absolutely clear and you have all the guidance and all the information you need to be able to ascertain which and when you can use public housing capital and operating funds to facilitate broadband in public housing communities. So I think it's going to be a great session. As I said, I'm going to move on really quickly because I want you to be able to hear from the experts in this and have plenty of time to ask questions at the end of their panel.

But I do want to thank you. I want to thank all the ConnectHomeUSA sites, I want to thank the whole PHA community for the incredible work you're doing. Over the past year, we have never -- we've experienced a challenge like we never could have imagined. And they've been in so many areas, but certainly this is one of them. But for everything you've done, not only in terms of this particular subject matter, but everything you've done to keep our residents safe and well, I know all of us at HUD are eternally grateful.

So thanks very much. And I'll send it back to you Dina. Thanks.

Dina Lehmann-Kim: Thank you so much, Bob. Really appreciate those great remarks -- welcoming remarks. So with that, I'd now like to introduce our speakers. And as Bob said, they are experts and we're very lucky to have them. They will help us understand the ins and outs of how these funds can be used to support your work in digital inclusion.

So from the capital fund today, we have Chris Granger. Chris is a housing capital improvement specialist and has worked for HUD since 2009. During his tenure with HUD, Chris has partnered with numerous PHAs in their successful implementation of capital fund grants. Chris is a subject matter expert on the capital fund financing program, the emergency disaster capital fund grant, and lead-based paint capital fund grants.

We are also going to hear from Leandria Campbell who is also a housing capital improvement specialist and has worked with the capital programs division since 2002. She was one of the lead writers on both the capital fund rule, and the capital fund program guidebook. She has conducted various capital fund guidebook trainings for PHAs throughout the country, and she is a subject matter expert on general capital fund regulatory requirements, the 9J Statutory requirement for obligation and expenditure of capital fund grants, and housing-related hazards capital fund grant.

After we hear from the capital fund, we are honored to hear from Todd Thomas who is the director of the office of public housing program which oversees the operating fund. Todd has been very generous with the ConnectHomeUSA program, participating in past webinars and even a regional convening.

So thank you all for being with us today. And with that, I will turn it over to the capital fund team for their presentation. Thank you so much.

Leandria Campbell: Thank you, Dina. All right. Generally, capital funds are used for modernization, development, or financing of public housing units. However, the statute and the regulations allow up to 10 percent of any annual capital fund formula grant to be used for something called management improvement. Management improvements are non-capital activities that are needed to upgrade or improve the operation or management of a PHA's projects to promote energy conservation, sustained physical improvements at those projects, or to correct management deficiencies.

Under management improvements, which is budget line item 1408 in law, PHAs may use capital funds for connectivity activities such as the establishment and initial operation of computer centers in and around public housing through a Neighborhood Networks Initiative. For the purpose of enhancing the self-sufficiency, employability, and economic self-reliance of public housing residents by providing them with onsite computer access and training resources. This is considered a management improvement because it does improve the operation of the PHA.

Another example of how PHAs can use capital funds under management improvements to support connectivity is that they are allowed to install special directional antenna to extend wireless Internet connectivity from the housing authority's management offices to several public housing properties enabling houses within the reach of the wireless signal to achieve free connectivity.

Next slide. In addition to the management improvements that I just listed, capital funds can also be used to support building updates such as wiring to support broadband installation and Wi-Fi. Capital funds can also be used to purchase and install equipment for individual units. And

finally, capital funds can be used to facilitate programs to improve the empowerment or economic self-sufficiency of residents.

In the next slide, I'm going to go over the establishment of Neighborhood Networks Centers in a little bit more detail, and after that Chris will go into detail about how capital funds can be used in individual units. So the act -- Section 9 of the U.S. Housing Act actually allows capital funds to be used for the initial operation of a Neighborhood Networks computer center or any kind of shared or common computer centers.

With the establishment of this under management improvements, as I mentioned before, budget line item 14.08, PHAs can fund things like computers and computer equipment, equipment upgrades, they can renovate the space needed for a computer center, they can fund computer and Internet connections and utilities. They can fund digital literacy training costs and other related training, and they can fund staff salaries.

Now what's important to pay attention to with these eligible items for the Neighborhood Networks computer centers is that because they are management improvements, capital funds can only fund them for the initial establishment. As after everything is set up and established, then they become ongoing operating fund costs, so you may no longer use your capital funds for that. That's important especially for staff salary.

If you are hiring somebody, a coordinator maybe who is very familiar with all of the new equipment that you have just purchased and who's going to kind of coordinate teaching all of your current staff how to use everything efficiently, then you can pay for that person's salary while they are teaching your staff how to do it. However -- and this would have to be listed in your management improvements plan the amount of time that you're planning on having that staff person there for. You can only fund their salary for a specific implementation period, after that it becomes an operating fund cost.

Next slide. Now I am going to turn it over to Chris to talk about connectivity eligible -- capital fund connectivity eligible items in individual units.

Chris Granger: Thanks, Leandria. Leandria discussed connectivity as a management improvement, and how capital funds can support connectivity, and some eligible activities. And we're lucky to have Leandria on this presentation because when it comes to capital funds, she wrote the book. And in her bio you can see that. I mean, she literally wrote the guidebook, so we're lucky to have her. I am Chris Granger and I am going to continue the discussion of eligible activities to talk about eligible cap fund activities for connectivity within individual public housing units.

These are within the ACC units that are public housing, and I'm happy to it because this is such an important topic for this day and age. These are eligible capital hard costs. These are things like -- excuse me, installation of broadband infrastructure and physically wiring the units for Internet, these are things like equipment, like modems, routers, hot spots, satellites, receivers, antennas. Not the actual satellites, but the satellite receivers, of course. And you'll notice a trend here. These are one time purchases of hard items like routers and modems, and these are physical

upgrades to the units that include wiring the units for broadband, things like that. So these are not ongoing expenses. Right?

And on the next slide I'm going to talk about the ineligible activities, and I think you'll notice a trend there. That those are going to be trending towards the ongoing expenses. So the ineligible cap fund costs are largely ongoing that are associated with ongoing operations. It's important to remember that these costs are specifically ineligible as capital expenses. So cap fund does not cover these operating costs, cap fund does not cover the ongoing operating costs of computer centers. This includes ongoing Internet fees, equipment subscriptions, salaries, routine maintenance, this also includes ongoing resident council computers. These are ineligible under cap fund.

However, on the next slide I'm going to talk about how capital funds can be used to cover operating fund activities. So capital funds have a flexibility that allows housing authorities to use a portion of their capital funds for operating fund expenses, with field office approval. This has been historically limited to 20 percent for most PHAs. However, recent appropriations language allows for housing authorities to increase this amount to 25 percent. Additionally, small non-troubled PHAs may increase this to 100 percent with field office approval, and they must not have any significant capital needs to do this.

To use capital funds for operating expenses, these funds must be identified and approved in the five year action plan in EPIC. That's the Energy Performance Information system where we capture capital funds, five year actions plans, and annual statement budgets, and performance and evaluation reports. These must be budgeted to budget line item BLI 1406 operations. So this means that an activity that is ineligible under the cap fund but eligible under the operating fund can be carried out with cap funds provided that the housing authority has used the flexibility provided by capital fund BLI 1406 operations.

This talk today is primarily focused on the subject of utilizing these funds for broadband activities. However if anybody has general questions about cap fund, the capital fund has a tremendous amount of resources available on our website. And cap fund staff is always available to answer questions. Now I'm going to turn things over to Todd and Tara [ph] to talk about operating fund.

Todd Thomas: Thanks, Chris. And thanks, Leandria. And I want to reiterate how much we appreciate all of the folks participating today. And I just want to second Bob's thanks to PHAs especially over the last 15 months as they addressed the pandemic and really had a lot of patience with HUD as we worked through guidance on the Care VAC, which I'll talk about here briefly. But generally just all the work that you all put in to try to support your families in really, really challenging times. And that doesn't say anything about the regular work that you guys do day in and day out. So I just really want to second the thanks that folks have extended today.

I'm going to talk just briefly about the use of operating funds to support connectivity in the public housing program. So PHAs, just the way they receive capital funds, and receive an annual operating subsidy described in that Section 9 of the U.S. Housing Act of 1937. Specifically under 9(e) of that act, PHAs can use this funding to pay for procedures and systems to maintain and

ensure efficient management and operation of public housing units, providing adequate security for public housing residents, other activities to provide for the management and participation in the management and policymaking of public housing by public housing residents. And the cost of operating computer centers in the public housing program through the Neighborhood Networks Initiative.

And I think that last one is where we're going to sort of go to the next slide and have a jumping off point about how housing authorities can use operating funds for Neighborhood Networks. So while the Neighborhood Networks program is somewhat old, I guess going on 26 years now, and there really aren't that many new Neighborhood Networks programs being developed, there are a number of Neighborhood Networks programs and PHAs that are continuing to be operated. And under Section 9(e) specifically housing authorities can use operating funds for the ongoing support of the Neighborhood Networks programs.

And so housing authorities can use operating funds to pay for the operating costs of the Neighborhood Networks program, to pay for Internet service, and replacement of laptops, in order for residents who are enhancing self-sufficiency, employability, economic self-reliance. And it's by -- through the provision of onsite computer access and training resources. So again, housing authorities can use their operating funds to pay for, like I said, things like Wi-Fi, replacement of the units, or replacement of laptops and tablets. You know, the operating costs, electricity. Things like that, related to that. The provision of the Neighborhood Networks centers.

Next slide. So how else can housing authorities use operating funds to support connectivity? One thing that we communicated in the guidance that Bob referenced and that we can provide a link to is earlier this year, HUD communicated that housing authorities can use their operating funds to pay for Internet service for residents in common areas and directly in the unit. So what does that mean? It means that a housing authority can pay to have some -- a particular individual unit, to have broadband in that unit that's used by the family at no cost to that family. There's not a requirement that housing authorities provide that Internet service, but it is an eligible operating expense.

Of particular note though, this will not -- if the housing authority chooses to use its operating funds for this purpose, it will not be eligible for additional operating subsidy from HUD. And so I've already kind of went through the Neighborhood Networks activities, but again, just sort of reiterating. Ongoing Internet connection, fees and utilities, computers and computer equipment, staff salary for staffing of the Neighborhood Networks center, insurance for the buildings, other activities related to operating the center, training programs, and then network maintenance and security expenses.

I already talked about the ability to use Internet computer service for residential units and common areas. And they can also pay for -- maintenance is one of the general expenses of the operating funds, and maintenance can include maintenance for PHA-purchased broadband equipment and wiring, PHA-purchased Wi-Fi network equipment, satellite and cellular receivers, in-unit routers, hotspot, and modems, and other sort of staff expenses.

The money can not be used for maintenance of tenant-owned equipment. And so, wanted to sort of clarify also that none of the expenses can be used to fund entertainment services, so can not be used to pay for certain subscription services, can not be used to pay for cable television or phone services. And I already mentioned that it can't -- it won't increase eligibility for operating subsidy.

I also want to clarify that this is not a utility allowance. Housing authorities should not be providing a utility allowance or resident to the public housing program. And again, they are allowed to pay for out of their operating subsidy for Internet costs, but may not reduce a family's rent or -- and will not be eligible for increased subsidy as a result of the decision to provide Internet service for families.

And if there are any resident council folks on the phone, or for housing [authorities ?] who may be interested, because resident council funds are public housing funds, those funds may also be used for the same conditions that I've just described.

Next slide. So the CARES Act. I mentioned this earlier, the CARES Act actually had specific language in the statute appropriating funds under the CARES Act to support or maintain the safety of assisted families, and to support education and childcare for impacted families. So as the world sort of began to shut down, families were in need of resources to support distance learning, to support tele-health, items like that.

So early on, HUD clarified that the CARES Act could be used to pay for, much like regular operating funds and regular capital funds, the things that we -- you know, Chris and Leandria and I have already described. But can also use to pay for devices for students, specifically purchasing devices and giving them to students for learning, Internet service in units for school-aged children, other sort of Wi-Fi routers, and other mobile hotspots that they can use to loan out to families who may not have Internet service.

And loan devices for residents to access tele-health visits so you have folks who are social distancing, not able to go into the doctors office, you could use PHA-owned devices to support those families' tele-health visits. But just also clarifying that for agencies that have remaining CARES Act funds that must be spent by the end of December of this year, can be used for any of the items described on this slide, but also any of the eligible activities that are CARES Act -- I'm sorry, that are capital fund or operating fund eligible activities as well.

Next slide. With that, we will just begin to open up the Q&A session. Thank you all for your participation.

Dina Lehmann-Kim: Thank you so much, Todd, and Chris, and Leandria. Really appreciate you being with us today. And so I'll turn it over to Christina to lead us through the Q&A.

Christina Payamps-Smith: Great, thanks. Scrolling here, there was a couple questions that did come into the chat. Continue to send them or raise your hand as we get started here. So the first question I have is, do MTW agencies have more leeway with capital funds and broadband?

Dina Lehmann-Kim: Leandria or --

Leandria Campbell: I'm sorry. Can you repeat the question?

Christina Payamps-Smith: Yes. "Do MTW agencies have more leeway with capital funds and broadband?"

Leandria Campbell: With MTWs, if they are -- there is more flexibility. It depends on how they're using their capital funds. Some MTW agencies will manage their capital fund grants separately and not actually include in the MTW block grant. If they do not put it in the block grant, then they still have to follow the restrictions that are under the general capital fund. But if they draw it down and put it into their grant, the MTW block grant, then they're guided by the MTW agreement.

Christina Payamps-Smith: Okay. Thank you.

Chris Granger: This is Chris. Leandria, I would also say that if an MTW agency has a specific question about what they would like to do, we can work with the MTW office and give them more specific guidance.

Leandria Campbell: Right. Yeah. These are kind of individualized.

Christina Payamps-Smith: Okay. I see -- I do see a hand raised, I'm going to try to unmute Jacqueline Hicks. Jacqueline, you're unmuted now. Do you have a question?

Jacqueline Hicks: No. I don't.

Christina Payamps-Smith: Okay. I also see a second hand raised. We're going to try to unmute Carlos. Carlos, did you have a question? Okay. Well, there is another question in the chat box that we'll move to. Carlos, let us know if you do have a question. If you're unable, you might be muted on your own line separate.

Carlos: [inaudible]

Christina Payamps-Smith: Oh. I think you were unmuted. Did you have a question, Carlos? Okay. I think that might've been a mistake.

The next question I have in the chat box is, "Are these funds available for recently converted RAD projects? We are trying to find a way to fund broadband for our RAD property."

Todd Thomas: So these are public housing funds and can only be used to support public housing buildings. Right? So you can't use these funds to pay for the expenses of recently converted RAD units.

Christina Payamps-Smith: Great. Thanks. Next question I have is, "Can you repeat what was said about resident's own equipment?"

Todd Thomas: Yeah. So that was in reference to the maintenance. So I went through a list of maintenance expenses that could be paid out of the operating fund. And I wanted to be clear that that was only -- that the maintenance for that type of equipment was only for PHA-owned equipment, not for resident-owned equipment. So for example, if a housing authority has a computer center or a Neighborhood Networks Center, and they need to perform maintenance or replacement of a unit -- I'm sorry, of a computer, they can do that with operating funds. But if a resident has a resident-owned laptop, the housing authority can not use operating funds to replace or perform maintenance for that item.

Christina Payamps-Smith: Great. Thank you. Next question I have in the chat box is, "How do we help Section 8 families?"

Todd Thomas: That's a great question. I think we can certainly take that back and raise it to our colleagues on the HCD and the project based rental assistance Section 8 side. But just as I clarified with RAD, these funds -- these public housing funds, operating funds, and capital funds can not be used to support Section 8 families.

Tara Radosevich: Hi, it's Tara. I can add a little bit to that. There is some flexibility with the CARES Act funds, but the voucher programs had a different way of announcing eligible uses. There's a sheet that you can link to for the Word document you can link to from the HCD website. And the fastest way to get there is just to Google HUD PIH HCD. And that's the main housing choice voucher website. I can post it in the chat, too.

Christina Payamps-Smith: Great. Thanks, Tara. You're doing that. Then the next question I have in the box is, could the resident council funds be used over the course of several years to build out connectivity in a small building operated by a small PHA?

Todd Thomas: Whoever it is that asked that question, can you e-mail me? My e-mail address is todd.c.thomas@hud.gov. I'd like to get a little more information about the request without -- instead of answering here, because I think there -- it's probably a lot of nuance, and I'd like to talk through it a little bit before answering.

Christina Payamps-Smith: Okay. Great. "One strategy to bring affordable Internet is to negotiate low-cost Internet from an ISP and then decide to pay for it either in full or partially. What portion of this program could be used to pay for those services to residents in the future?"

Todd Thomas: Can you repeat the question?

Christina Payamps-Smith: Yep. One strategy to bring affordable Internet is to negotiate low-cost Internet from an ISP and then decide to pay for it either in full or partially. What portion of this program could be used to pay for those services to residents into the future?

Dina Lehmann-Kim: So in other words, let's say that there's a housing authority that decides to do a bulk purchase of Internet service for, let's just say two years. I guess the question is could either of these funds be used to pay for some or all of that bulk purchase?

Todd Thomas: So clarify that Internet service can be paid out of the operating fund. Right? I think we'd need to consult with our accounting folks in terms of how far in advance you could pay for something right now. I think that's a question that I would need to sort of take back and consider a little more without answering now. I mean, like I said, I want to be clear that certainly housing authority can pay for operating -- can pay for Internet service with that, but I'd want to consider how far in advance that that purchase can be made. But it's a really good question, and we can confirm and get back with this group with a fuller answer.

Christina Payamps-Smith: Okay. Next question I have here is, just to clarify, "Is it an eligible expense to pay Internet service for individual units? Is there a cap amount per unit and/or how long can operating funds be used to pay for Internet services?"

Todd Thomas: Yeah. One, this is a permanent clarification that HUD has made with respect to the operating fund, not just related to the CARES Act. That housing authorities can use regular operating funds to pay for individual Internet service at a tenant's unit. That is not something that's limited to the time period for the CARES Act, and the service does not need to be purchased in bulk for the entire property. It can be use to pay for individual Internet service at a specific unit, or it could be used to pay for Internet service for an entire property.

Christina Payamps-Smith: Great. Next question I have here is, "If a PHA chooses to use the 1408 funds to pay for broadband activities, and after drawing those funds becomes an MTW, and their MTW plan included broadband activities, does the agency have to pay back the 1408 funds used prior to becoming an MTW agency?"

Dina Lehmann-Kim: Leandria or Chris, I think this is for you.

Chris Granger: Can you repeat that?

Christina Payamps-Smith: Yeah.

Chris Granger: I'm looking in the chat, I don't see it.

Christina Payamps-Smith: Yeah. This one just came to me.

Chris Granger: Oh. Okay.

Christina Payamps-Smith: Yeah. I'll read it again and I'll try to copy and paste and send to you as well. "If a PHA chooses to use the 1408 funds to pay for broadband activities and after drawing those funds becomes an MTW agency, and their MTW plan included broadband activities, does the agency have to pay back the 1408 funds used before becoming an MTW?"

Chris Granger: It probably doesn't have to pay back the funds, it probably would open grants that are -- grants that are expended prior to converting to MTW would probably just exist in their current state. We wouldn't do any kind of a disbursement change or something like that based on conversion after to MTW. So if a housing authority is not MTW, then they're correct to follow

the applicable capital and operating guidelines. And then when they convert to MTW, they will follow their MTW plan. We wouldn't go -- like, try to retroactively take that 1408 funds back.

Leandria Campbell: Right. Generally, that's only an issue with RAD conversions. Because the funding is meant for public housing, and once they convert through RAD, it's no longer public housing. But on just changing the status of the agency from MTW to non-MTW, you usually want to fix that.

Christina Payamps-Smith: Okay. Thanks. The next question I have here is, "Can you clarify use of staff salaries? Staff salaries can only be used during the implementation period, correct? Where do PHAs pay for staff salaries beyond the implementation phase?"

Leandria Campbell: So for capital funds, under that budget line item 1408, staff salaries can only be used for the implementation period. That would be a very brief period, usually not to exceed six months, sometimes it's shorter, that is identified in a management improvement plan. However, ongoing staff salaries are eligible through the operating funds. And you -- PHAs are always allowed to use a portion of their capital funds for operating fund costs. So if a PHA is using capital funds for operating costs, then they can pay for it as an ongoing expense. However, if they're using it under that one budget line item, 1408 for management improvements, it's only for the establishment. So only the salaries that support the establishment, the initial operation of the center.

Christina Payamps-Smith: Great. The next question I have is here, "Does HUD have a listing of housing authorities and their contact information that have been successful in bringing broadband access to their residents? It'd be great to be able to consult with some peer PHAs."

Dina Lehmann-Kim: I think I can take that one. Hi. Yes. If you -- I'll put my e-mail in the chat. If you want to reach out to me, you can, and I can give you contact information for PHAs -- could potentially be in your area. These are PHAs that are participating in a ConnectHomeUSA initiative.

Christina Payamps-Smith: Thank you. Next question I have here is, "515 states that broadband is not a part of utility allowance. In the event that power for a Wi-Fi component on a multi-unit building needs to be pulled from an individual resident meter, are we allowed to reimburse the resident for the cost of the power used for the Wi-Fi equipment?"

Chris Granger: So the question is, are you allowed to reimburse the family for the electricity to support the cost of the computer and broadband equipment. Is that the question?

Christina Payamps-Smith: I think so. Yes. Because it says, it's power. So yes. I believe electricity.

Todd Thomas: Yeah. So the way that in the public housing program, utilities are provided sort of one or two ways. Either the electricity is paid by the housing authority for a particular unit, at which point then the housing authority is -- you know, whatever the sort of electricity usage is by that household, it'll all depend on the housing authority's electricity bill, and is paid by the

housing authority. If the family is responsible for paying for electricity, that electricity usage is, in theory, covered by the utility allowance. And to the extent that the family uses more electricity than the utility allowance provides for, as a result of their usage of that, the family would be responsible for paying for the excess utility usage.

The housing authorities have a requirement to review their utility allowances annually, and then in certain cases if there are significant changes midstream to the rate, housing authorities have to look at that more frequently than annually. But housing authority should set utility allowances based on sort of reasonable consumption levels for families. And so just sort of I guess pointing out then that the utility allowance may or may not factor in utility usage, which would include the use of computers and things like that.

Christina Payamps-Smith: Okay. Next question I have here, in the event that broadband services are set up initially with one provider, and that provider's services turn out to be inadequate to support the PHA, would funds be available to set up under a different service provider, or would that have to be absorbed by the PHA? In other words, in this case, there may be initial setup costs with one provider, and other costs with a new provider as technology changes.

Todd Thomas: So I think I understand the question to be, "As a housing authority is setting up service with firm A with respect to broadband at their property, and then soon thereafter decides that that -- the service, the bandwidth, whatever may not be sufficient to cover the needs of the property, and decides then to set up service with another company, which then has a different sort of setup fee, or is charged to set up service there, then the question is, are there funds that can be used to -- additional funds to support that for housing authorities?"

If that is the question, I just want to sort of clarify again, housing authorities can use operating funds to pay for broadband service which includes the cost of the broadband service each month, but could also include the one time sort of connection fees that they may have to pay to set that up. But as I noted before, there's no additional operating subsidy provided to support this. This is just something that would be considered a sort of normal operating cost of the housing authority. And -- but the housing authority wouldn't get a bump up in operating subsidy because they chose to provide broadband, nor whether they have broadband and choose to change service in the middle of the year.

Christina Payamps-Smith: Great. Thank you. Next question I have here is, can voucher tenants use [inaudible] with capital funds? Will the president's infrastructure proposal cover Internet nationwide?

Dina Lehmann-Kim: Christina, you broke up a little bit at the beginning of the question. Can you repeat it?

Christina Payamps-Smith: Yep. Thank you. "Can voucher tenants use public housing computer labs developed with capital funds? And will the president's infrastructure proposal cover Internet nationwide?"

Leandria Campbell: So for the first point on the question, no. The lab can only be for public housing residents. If voucher residents are using it, then it has to be prorated with the voucher program.

Todd Thomas: And then with respect to the second question, I don't think we're able to comment on the administration proposal. That's probably something better suited for somebody to direct to elected officials or sort of HUD officials.

Christina Payamps-Smith: Thank you.

Tara Radosevich: I can say that the proposal contemplates \$100 billion for broadband networks, but that's all we can really say.

Christina Payamps-Smith: Thanks. So our next question is, "Our PHA is considering partnering with a community-based organization that has an existing project that aspires to bring broadband access to our low income neighborhood that borders one of our family developments. Are you aware of any PHAs that have partnered with a CBO to procure an ISP?"

Tara Radosevich: I'm not aware of that arrangement. I don't know if others are.

Christina Payamps-Smith: Okay. Move to the next question, we have a few minutes left here. "Where on the FTS do I report the Internet cost paid by operations?"

Todd Thomas: That is a really good question; I would need to circle back with our FASS team and the REAC to get you a specific answer to that. I'm not an accountant, and I wouldn't -- I don't have that specific FTS line item on hand. But something that certainly we can get back to you on.

Christina Payamps-Smith: Thank you. "Only 10 percent of CFT can be used for wiring and equipment for Wi-Fi broadband. Correct? I have a large building and 27,393 which is 10 percent, about one quarter of the cost." So I just wanted to make sure I understood correctly. So I think the question is --

Chris Granger: Yeah. It sounds like the question is, can the housing authority only use 10 percent of its capital funds for the wiring -- so the 10 percent that we talked about was under the management improvement budget line item. So if an activity falls under management improvements, then it's -- the housing authority's limited to 10 percent of each grant under capital fund formula for management improvements.

If a housing authority -- if there are other costs that are operating costs, and the housing authority uses 1406 operations under their cap fund to pay for operating costs, then that would go up to -- depends on the year and depends on the size of the housing authority, but typically, historically it's been 20 percent. And then under recent appropriations language, that has been increased to 25 percent. And for small, non-troubled housing authorities with no significant capital needs, with field office approval, they can use 100 percent. And additionally, the -- if it's not a management improvement, if it's a modernization, a physical upgrade under modernization

number 1480, then the -- there may be items that are not management improvements that the housing authority would do under BLI 1480.

So it's not that we're limiting a housing authority to 10 percent for broadband. But if a housing authority has specific items that they think they want to do, they should check with their field office and with our office, and we can take a look and make sure that those are eligible. And make sure they're correctly captured under the right budget line item.

Christina Payamps-Smith: Okay. "If Internet is not to be used for entertainment, how do we monitor?"

Todd Thomas: So I want to be -- clarify that. What we said was that the funds could not be used to pay for cable television, could not be used to pay for phone service, and can't be used to pay for streaming services like Netflix or Disney+ or things like that.

What we -- what I did not say is that housing authorities have any obligation to monitor the behavior of their residents who utilize Internet service. So families can use the Internet service provided by the housing authority for job training, job searches, educational resources, and of course, can use it for sort of entertainment purposes, as well. But housing authorities would be paying for -- specifically for the Internet service, but not for any of the associated entertainment type resources like the things I just named out.

Christina Payamps-Smith: Great. Just looked at the time. Dina, I -- we do have several more questions in the chat box. So I just wanted to kind of check in on whether we want -- how we want to handle that. Should -- do you want to keep going for another minute or two? Or would you rather have us wrap up?

Dina Lehmann-Kim: I'll ask my presenters if they have time to stay on for a few more minutes. If not then we can take the questions and circle back with the people who asked them. So panelists, do you have a few more minutes?

Todd Thomas: I can stay around for a couple more minutes. This is Todd.

Tara Radosevich: I can stay for a few more minutes.

Dina Lehmann-Kim: Okay. Great. Thanks so much. Okay. So let's keep going for a few more minutes.

Christina Payamps-Smith: Okay. "Can we pay for Internet service via hotspots with operating funds for public housing residents that live at a tax credit property where not all residents are public housing residents?"

Todd Thomas: So when it comes to a mixed finance property, I think I'd want to take a little closer look at the facts. I think -- again e-mail me at todd.c.thomas@hud.gov, and I could certainly take a closer look at the specific facts of the case there and provide I think a cleaner answer.

Christina Payamps-Smith: Okay. "If you can use operating funds to pay for Internet in individual units, don't you have to provide that same service to all units?"

Todd Thomas: Right. So if a housing authority decides that they're going to provide Internet service in a 100 unit building, and they decide to provide it for one family, they would need to provide it for all families. If a family sort of chooses not to use the Internet, anything like that, but I get the point. The point we were trying to make here is that it isn't only for the housing authority business operations, but it's also for the individual units themselves.

So I think that's the kind of [inaudible] but the question is absolutely correct. You can't sort of pick and choose which residents you provide Internet for. Once you've provided it at a particular property -- or, I'm sorry, a particular unit within a property, you need to provide it to all the families in that property.

Christina Payamps-Smith: Great. Next question I have here is, "Wi-Fi APs are usually powered from a central source. Actually, it looks like the rest of the question was cut off, so we may return to that one. Do we need annual plan approval to pay for resident Internet?"

Todd Thomas: No. This is -- again, this is an eligible operating fund expense. And so there would be no need to sort of seek out or get specific annual plan approval to use the funds for this purpose.

Christina Payamps-Smith: "Are there any procurement regulations policy applicable when entering into an agreement with an ISP or broadband provider?"

Tara Radosevich: I can answer a little bit of that question. So if you're contemplating utilizing your rooftop space, say, you do need to get approval from your field office. But in terms of other procurement, I don't have an answer for that. I don't know if others do.

Dina Lehmann-Kim: It sounds like that's something that we should do some more research on and get back to whoever asked that question.

Christina Payamps-Smith: Okay. Great. So that is all that we have in the chat box. And given that we're the five minutes over, I think we've covered a lot. And I know we do have a few that we're going to follow up on. So we'll be making note of that.

Dina Lehmann-Kim: Well, thanks, everybody, for participating today. The audience and our wonderful panelists. And thank you to Christina and to Caila with Enterprise for helping us organize this webinar and deliver it. Hope everyone has a great afternoon and we'll be in touch. Thank you so much.

(END)