Preparing for NSP Closeout
04/22/2014

Moderators

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Resources

2/11/2014 - Closeout Instructions Notice Released

2/25/2014 - Closeout Webinar on Process

4/22/2014 - NSP Closeout Guide Released

4/22/2014 - Closeout Preparation Webinar (General)

5/01/2014 - Closeout Preparation Webinar (Special Topics and Post-Closeout Considerations)

Closeout Guide Overview

- Released on April 22, 2014.

- Supplements the Closeout Notices and provides detailed guidance on the closeout process

- Structure is designed to be user-friendly and walk grantees through the steps

- Includes examples, tips, clarifications, and annotated versions of the closeout forms

- Living document that will be updated through addendums as guidance is developed overtime

Closeout Guide Overview

Closeout Guide sections Include:

- Understanding Closeout Criteria- How will I know I am ready?*

- Preparing for Closeout- Top things grantees can do.*

- Completing the Closeout Process (Closeout Steps)

- Post-Closeout Requirements

- Glossary

- Appendices with resources and annotated forms

*Today's webinar focuses primarily on green highlighted topics.

Today's Agenda

1. Closeout Fast Facts

2. Closeout Criteria

3. What can I do to prepare for closeout?

4. Closeout Process and Technical Assistance

Closeout Fast Facts

- Criteria for closeout out is NOT the same as criteria for meeting the expenditure deadlines.

- No deadline established for closeout.

- You will continue to use program income after closeout.

Closeout Fast Facts

- Life after closeout will be the same as pre-closeout for most grantees.

- TA is available for closeout preparation.

  - All Grantees will have a readiness check prior to commencing the process.

Today's Agenda

1. Closeout Fast Facts

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4. Closeout Process and Technical Assistance

Closeout Criteria

1. All activities funded with even a penny of Line of Credit Funds are Complete and have met a National Objective

2. Grantee has met the 25% Requirement

3. All Costs have been incurred

4. Other regulatory requirements are met

Closeout Criteria #1

All activities funded with even a *penny* of Line of Credit Funds are Complete AND have met a National Objective.

Closeout Criteria #1- Line of Credit Funds

Line of Credit Funds = Funds held in grantee's Treasury Account

- Rule: Program Income must be spent in advance of line of credit funds.

- Result: Grantees may have funds remaining in their NSP lines of credit following the expenditure deadlines.

    In order to close out, grantees should exhaust their entire line of credit funds.

Closeout Criteria #1- Completion and National Objectives

- Activities funded with even *one penny* of Line of Credit Funds must be **complete AND meet a national objective** prior to closeout.

- Reminder: Physically completing a unit does not necessarily mean a national objective is met.
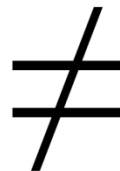
Closeout Criteria #1- Completion and National Objectives

Activities funded *solely* with program income do **not** need to be complete or meet a national objective *prior* to grant closeout.

However, these activities funded solely with program income will eventually need to meet a National Objective.

Closeout Criteria #2

25% Set-Aside Requirement is Met.

Closeout Criteria #2-
25% Set-Aside Requirement is Met

To closeout, grantees must expend an amount equal to 25% of their *initial Line of Credit amount* to house families at or below 50% AMI

- This can be either PI or LOC funds

Grantees have an additional 3 years from the date of closeout to expend an amount equal to 25% of all *Program Income earned by the date of closeout*

- This can be either PI or LOC funds

Closeout Criteria #2 –
25% Set-Aside Requirement is Met

EXAMPLE

Grant = $2,000,000

PI Earned by Date of Closeout = $100,000

Total 25% Requirement as of Closeout Date =

$500,000 (grant)   + $25,000 (PI) = $525,000

This amount must be expended toward 25% Set-Aside Requirement prior to Closeout.

Closeout Criteria #2 –
25% Set-Aside Requirement is Met

EXAMPLE (cont.)

$500,000 (grant)   + $25,000 (PI) = $525,000

Amount expended towards 25% Requirement at Closeout = $510,000

Within 3 years from the date of closeout, grantee must expend an additional $15,000 toward the 25% Set-Aside Requirement.

Grantee Name:
Grantee Grant Number:
Date of Closeout Execution:

This is the amount in the grantee's original Line of Credit.

This is the minimum amount that must be expended toward 25% Set-Aside activities that have met a national objective prior to closeout.

		A 100%	B 25%
1	Original Grant	**Total NSP Grant**	25% of total grant
2	Program Income (PI)	**All PI as of date Closeout Agreement Execution**	25% of All PI as of date Closeout Agreement Execution
3	Total	**Total of amounts in (A,1) and (A,2)**	Total of amounts in (B,1) and (B,2)
4	Total Amount Grantee Expended and has met National Objective towards 25 percent set aside		This amount must be more than or equal to the amount in (B,1) before the grantee can close out
5	Amount left to expend to meet the 25 percent set aside for Program Income		Subtract the amount in (B,4) from the amount in (B,3) it may be a negative number

This is the amount of Program Income earned as of the date of the Closeout Agreement.

This amount may be made up of a combination of Line of Credit funds and program income.

Grantee may choose to work toward expending this amount over the 3 years following the date of the Closeout Agreement **IF** it has met the required amount in B,1.

25% Set-Aside Requirement Worksheet Example

		A 100%	B 25%
1	**Original Grant**	**Total NSP Grant** **$2,000,000**	**25% of total grant** **$500,000**
2	**Program Income (PI)**	**All PI as of date Closeout Agreement Execution** **$100,000**	**25% of All PI as of date Closeout Agreement Execution** **$25,000**
3	**Total**	**Total of amounts in (A,1) and (A,2)** **$2,100,000**	**Total of amounts in (B,1) and (B,2)** **$525,000**
4	**Total Amount Grantee Expended and has met National Objective towards 25 percent set aside**		**This amount must be more than or equal to the amount in (B,1) before the grantee can close out** **$510,000**
5	**Amount left to expend to meet the 25 percent set aside for Program Income**		**Subtract the amount in (B,4) from the amount in (B,3) it may be a negative number** $525,000 - $510,000= **$15,000**

Closeout Criteria #2 – 25% Set-Aside Requirement is Met

- Choosing the 3 year option does not change requirements for PI earned post-closeout.

- All future program income earned remains subject to the 25% Set-aside Requirement.

- Grantees may expend future PI earnings toward meeting the requirement for program income on hand at the time of closeout.

Closeout Criteria #2 – 25% Set-Aside Requirement is Met

- Closeout Guide contains a worksheet that will be used at closeout to outline 25% Set-Aside Requirements

- Grantees must continue to report on program income received before and after closeout.

Closeout Criteria #3

All Costs Have Been Incurred.

Closeout Criteria #3-
All Costs Have Been Incurred

Costs are incurred when goods or services are received by the grantee or subrecipient.

Examples:

– When a contractor performs rehabilitation work in accordance with a contractual obligation, costs are incurred even if the grantee or subrecipient has not yet paid the contractor.

– Staff salary costs are incurred daily when the staff person performs the work, even though the person is not paid until later.

Closeout Criteria #3-
All Costs Have Been Incurred
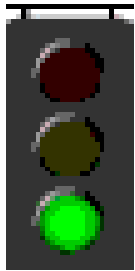
Closeout costs and costs resulting from contingent liabilities that may be paid with NSP funds following closeout include:

– Audit Costs and related admin costs

– Third Party Claims and related admin costs

– Outstanding Attorney Fees

Grantees may draw funds and hold them in a separate account until the resolution and payment of these costs.

Closeout Criteria #3-
All Costs Have Been Incurred

- Line of Credit funds that had previously been reserved for administration cannot be carried over for use following closeout.

- Costs of land bank maintenance and stewardship cannot be drawn prior to closeout. Other funds, such as program income, need to be identified and budgeted

Closeout Criteria #4

Other Federal Regulatory Requirements Are Met.

Closeout Criteria #4-
Other Regulatory Requirements are Met.

Certain requirements apply to NSP 2 and NSP 3 only, and they must be addressed prior to closeout. These will be covered in more detail in the May 1 webinar.

- NSP2 Unit Performance Measure

- NSP2 Action In Target Area

- NSP2 and NSP3 Demolition Restrictions

- Green and Energy Efficiency Requirements

Closeout Criteria #4-
Other Regulatory Requirements are Met.

NSP2 Action in Target Areas

- Must show work in all Census Tracts proposed in the application and/or subsequent amendments.

- It may also be necessary to amend the Action Plan to align the target area with actual projects.

- For more guidance, see NSP Policy Alert-Guidance on Amendment Procedures (update released on April 3, 2014)

Today's Agenda

1. Closeout Fast Facts

2. Closeout Criteria

3. **What can I do to prepare for closeout?**

4. Closeout Process and Technical Assistance

What Can I Do to Prepare for Closeout?

Meeting closeout criteria may take some time, but work can be done to become more prepared for the process once the requirements are met.

Some potential pitfalls to avoid:

- Weak records, poor land inventory, undocumented accomplishments, financial errors, etc.

- Land bank does not have strategy

- Long term affordability not accounted for

What Can I Do to Prepare for Closeout?

Actions to Prepare for Closeout:

1. Reconcile Current QPR in DRGR

2. Complete all activities funded with line of credit funds and confirm national objectives are met

3. Confirm that 25% Set-Aside is met

4. Obligate Land Bank Properties for use that meets National Objective

5. Review agreements with partners

What Can I Do to Prepare for Closeout?

Reconcile Current QPR in DRGR

- Remember that DRGR is a reporting system, so the information contained in it is what you have inputted over time.

- Ensure that information in DRGR is reconciled against current internal recordkeeping systems.

- Correcting errors or omissions in the QPR can be time consuming - Start early!

What Can I Do to Prepare for Closeout?

What appears to be a small correction can sometimes require reconciliation across multiple fields in DRGR

- An LMMI project ends up benefitting households at or below 50% of the area median income and, therefore, would help to satisfy the 25% Set-aside Requirement.

What Can I Do to Prepare for Closeout?

- To correct or change DRGR entries, the grantee may need to:

  - create and/or delete activities

  - revise and move vouchers

  - edit data in the QPR to correct address, beneficiary, and expenditure data

- All errors must be corrected in the **current** QPR through a process called "prior period corrections."

- HUD will not open past QPRs.

Stay tuned for upcoming QPR webinar and new DRGR Microstrategy report on closed activities!

What Can I Do to Prepare for Closeout?

In preparation for closing, grantees should:

- Double-check beneficiary information for each activity

- Ensure all expenditures and program income have been recorded in DRGR and that all other financial data is consistent with the grantee's records.

- Craft narratives that are clear and concise and "tell the story" focusing on accomplishments.

- Verify that addresses are associated with the correct activity and the correct national objective.

What Can I Do to Prepare for Closeout?

Tools for Reconciling DRGR:

- Microstrategy Reports (See summary of reports in Guide Appendices)

- Prior Period Corrections Tool

  www.onecpd.info/resource/127/drgr-direct-benefit-data-entering-prior-period-corrections-for-breakout/

- Maintain Addresses Feature

- Batch Uploads

- OneCPD Ask-A- Question and Requests for Technical Assistance

What Can I Do to Prepare for Closeout?

Complete all activities funded with line of credit funds and confirm national objectives are met.

- Review activities and status to assess how close you are to meeting these criteria.

- DRGR Microstrategy reports are available to show uses of funds by activity to assist grantees in these efforts. (See Financial Report 7b for cumulative activity level financial information.)

- Tune in on May 1 to hear about strategies for spending down Line of Credit funds.

What Can I Do to Prepare for Closeout?

Confirm 25% set aside is met.

- Grantee should review internal records to assess progress.

- HUD is coordinating on the development of a DRGR report that will allow grantees to track progress toward meeting this requirement.

- Test out what your requirements will look like at closeout with the worksheet included in the Guide.

What Can I Do to Prepare for Closeout?

Obligate Land Bank Properties for use that meets National Objective

- Ensuring that properties are obligated for a use that will meet a national objective will prepare grantees for meeting requirements.

- A plan must be prepared that identifies the end use for which each property is obligated or committed within the ten-year post-closeout period.

- HUD is preparing additional guidance on land bank plans. Tune in on May 1 for more details.

What Can I Do to Prepare for Closeout?

Review Agreements with Partners to ensure all commitments are identified and will be maintained.

- Program income and continuing affordability requirements are two main areas of consideration during and after closeout.

- Agreements grantees should review include:

  - Developer and Subrecipient Agreements

  - Long-term and/or continuing affordability enforcement instruments

What Can I Do to Prepare for Closeout?

Information to confirm includes:

- dates and terms

- legal descriptions

- responsibilities of parties

- use of program income

- how long-term or continuing affordability will be maintained during the compliance period.

- whether provisions for other federal regulations, records retention, reporting, and property inspections are clear and complete.
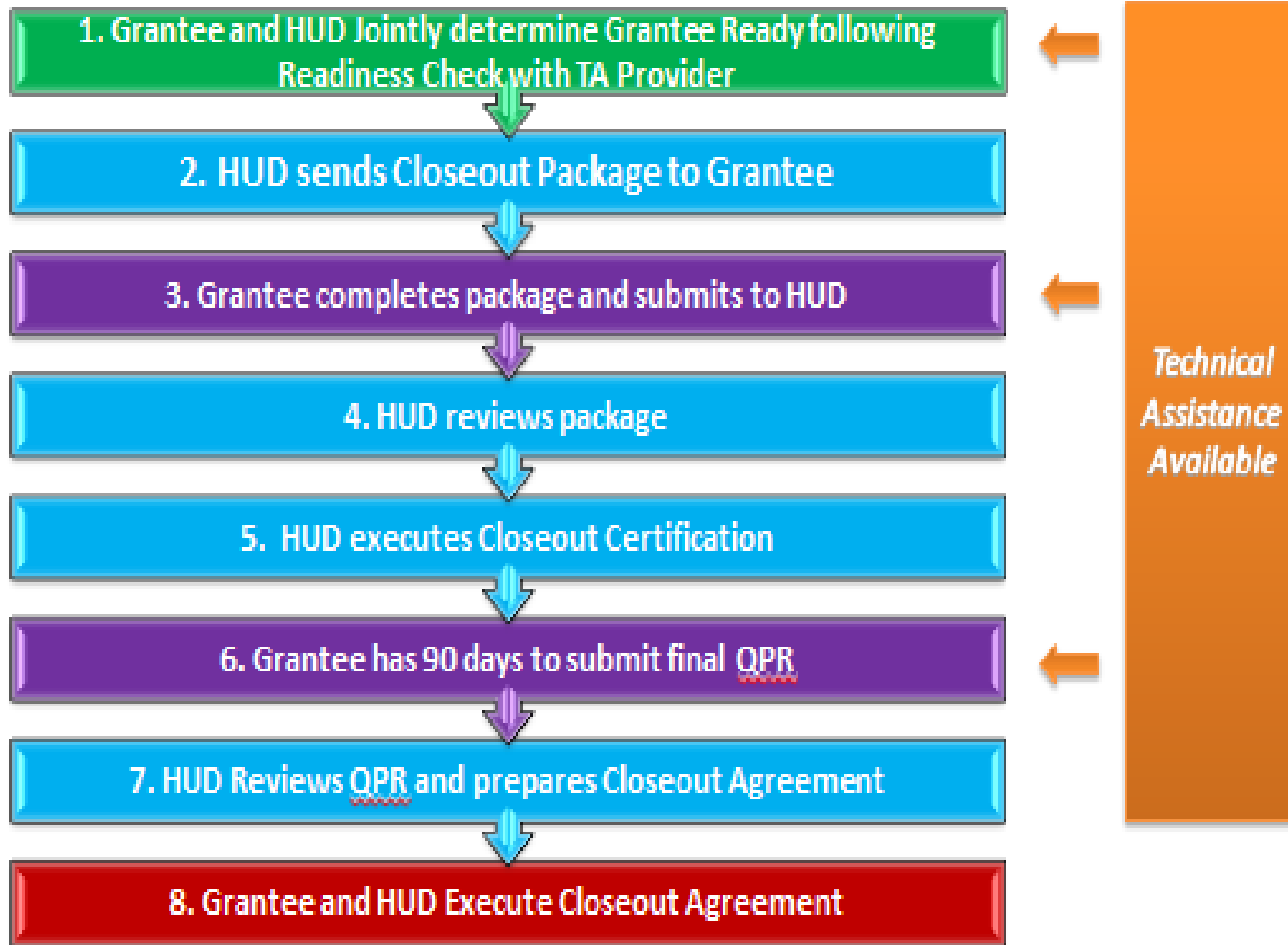
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Closeout Process

1. Grantee and HUD Jointly determine Grantee Ready following Readiness Check with TA Provider

2. HUD sends Closeout Package to Grantee

3. Grantee completes package and submits to HUD

4. HUD reviews package

5. HUD executes Closeout Certification

6. Grantee has 90 days to submit final QPR

7. HUD Reviews QPR and prepares Closeout Agreement

8. Grantee and HUD Execute Closeout Agreement

Technical Assistance Available

Closeout Process

Keep in mind. . .

- Closeout must be completed separately for each NSP grant.

- HUD will work directly with grantees on closeout, not individual subrecipients.

  – Subrecipients should follow guidance from the grantee and comply with their subrecipient agreement.

- Entitlement communities that are members of NSP2 consortia will need to complete some of the closeout forms.

Technical Assistance

The Readiness Review

- Close communication with your HUD rep before starting and throughout the closeout process is necessary.

- Prior to receiving a closeout package, Grantees must submit a technical assistance (TA) request for a readiness review. Submit requests through the One CPD Portal.

Technical Assistance

- A TA provider will be assigned to the grantee and will contact the grantee's field office.

- During the readiness review, TA providers will work with grantees to identify whether

  – closeout criteria have been met

  – the grantee is prepared to commence the formal closeout steps with HUD.

- Depending on the needs of the grantee, additional on-call technical assistance may be provided.

Technical Assistance

As-needed Technical Assistance

Grantees, however, may request TA at any time during the closeout process, including to:

- Understand closeout criteria;

- Prepare the closeout documentation;

- Review documentation prepared by the grantee for closeout;

- Discuss recordkeeping needed to substantiate information provided in the closeout package; and

- Reconcile data and information in DRGR.

Technical Assistance

Submitting Requests

To submit a request for a readiness review or technical assistance generally:

- Go to www.onecpd.info/technical-assistance/

- Click on "Request Technical Assistance."

- Grantees will then be prompted to login in.

- Once logged in, the grantee must complete information about the organization that will receive TA, choose NSP as the applicable program, and provide a description of the requested assistance.

Technical Assistance

www.onecpd.info/technical-assistance/

☐ EDI: Economic Development Initiative

☐ HOME: HOME Investment Partnerships Program

☑ NSP: Neighborhood Stabilization Program

☐ RC/EZ: Renewal Communities and Empowerment Zones

☐ Section 108 Loan Guarantee Program

☐ VHPD: Veterans Homelessness Prevention Demonstration

☐ ESG: Emergency Solutions Grants

☐ HOPWA: Housing Opportunities for Persons With AIDS

☐ OCR Rural Innovation

☐ RHED: Rural Housing and Economic Development

☐ Section 4 Guarantee Recovery Fund

Overall Need for Technical Assistance

*Please describe your need for technical assistance. If the request is not clear, you will be contacted for additional information. If this information is not provided within two weeks, your request will not be approved.

Be sure to include the following in your request:

1. A detailed description of what you need help with;
2. A description of why you need help;
3. An explanation of what the help will allow you to accomplish;
4. List the primary point of contact is for this request (name, email, phone) if different than person submitting the request;
5. If the request is for training, please describe the type of training requested and why it is needed; and
6. Indicate if the agency and/or political leadership is supportive/open to receiving help and making needed changes in staffing, program design, etc.

5000 characters left.

Questions

Questions can be asked in two ways:

1. Verbally via the conference call - To ask a question, press *1 on your telephone keypad and you will be added to the queue.

   OR

2. In writing using the Q&A tool in Webex

NSP Webinar Resource Links

Resources on the OneCPD Resource Exchange	
Search the OneCPD Resource Library	https://onecpd.info/resource-library
Search the NSP FAQs	https://onecpd.info/nsp/faqs/
View All Training Materials	https://onecpd.info/training-events/courses
Submit a Policy Question via OneCPD Ask A Question	https://onecpd.info/ask-a-question
Request NSP Technical Assistance	https://onecpd.info/technical-assistance

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