



U.S. Department of Housing and Urban Development

NSP Closeout Notice 02/25/2014

Community Planning and Development

Panelists and Moderators

- David Noguera, HUD
- John Laswick, HUD
- Hunter Kurtz, HUD
- Mary Paumen, TDA – Moderator
- Jennifer Alpha, TDA - Moderator
- Kathy Kaminski, TDA – Webinar Host & Tech Support

What Will Be Covered

- 1. Closeout Release**
- 2. When is a Grantee Ready to Close out?**
- 3. Closeout Process**
- 4. 25% Set Aside**
- 5. Program Income**
- 6. Land Banks**
- 7. Potential Problem Areas**

Closeout Release

- A Draft Version of the Notice was released
- The Notice will not be final until the PRA process is complete
- We are seeking a Expedited PRA process by OMB
- This will still take at least a month
- We do not expect any changes to the document during this process

Closeout Release (cont.)

- **No closeouts may be approved until the PRA process is finished**
- **This does not mean that Grantees cannot complete forms, etc., in preparation for the process to begin**
- **Closeout TA will be made available for grantees soon**

Closeout Release (cont.)

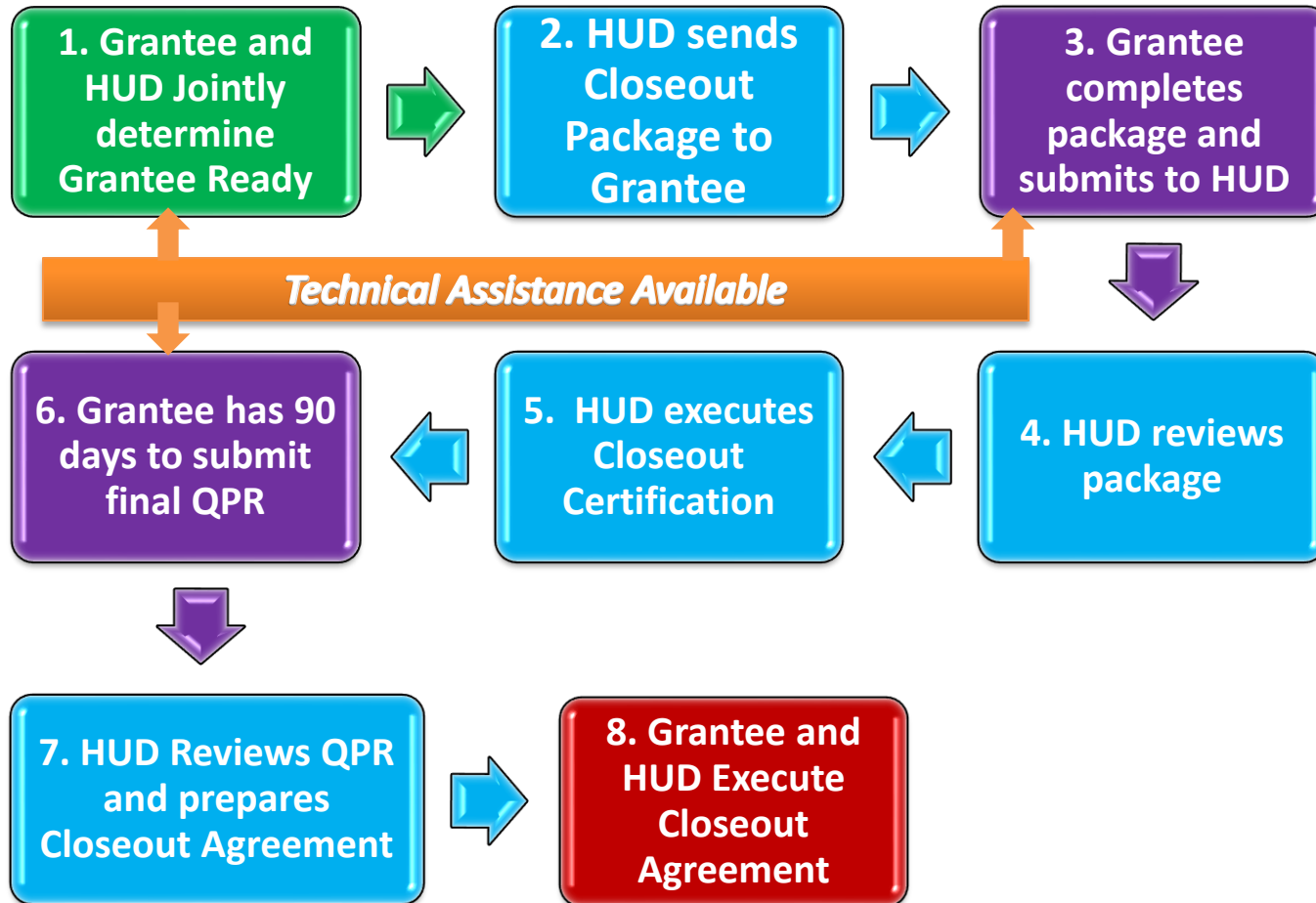
- **February 12th – Field Offices Briefed on Notice**
- **February 19th – TA Providers Briefed on Notice**
- **February 25th – Closeout Webinar (Open to Grantees) SUMMARY MATERIAL**
- **Early to Mid March – NSP Closeout Guide Released**
- **April 3rd and 8th – Closeout Webinars DETAILED**

When is a Grantee Ready to Closeout?

- **A Grantee is ready to close out when all projects funded with even a penny of Line of Credit Funds have met a National Objective**
- **Met the 25% Requirement**



Closeout Process



Closeout Process (cont.)

1. Grantee and HUD Jointly determine Grantee Readiness

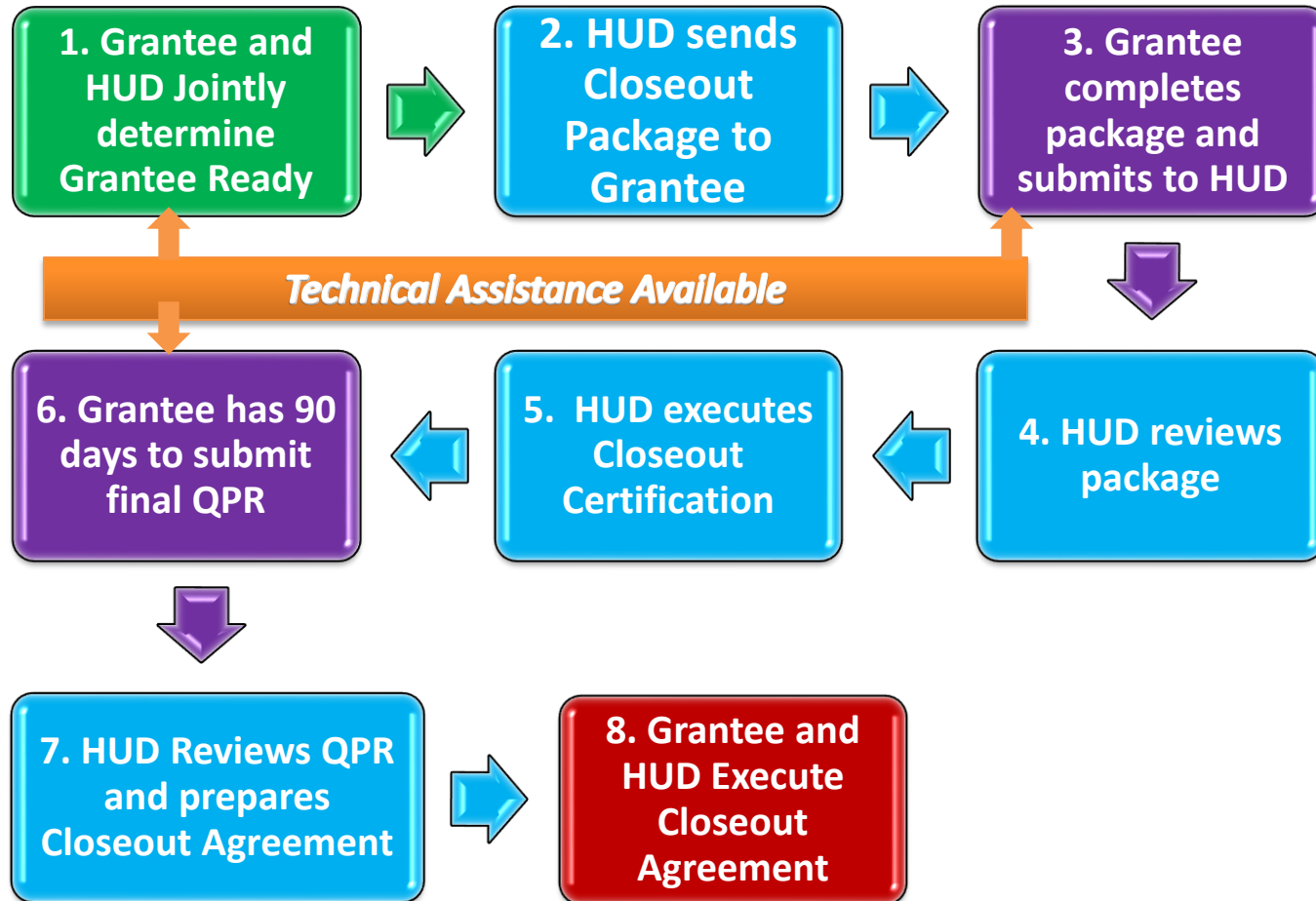
- **Grantees should ensure that every project with Line of Credit funds has met a national objective and the 25% set-aside requirement has been met**
- **Field Office and Grantee should review closeout packet to ensure grantee is ready**
- **Grantees should continue to work on having a complete and accurate QPR**
- **TA Available**

Closeout Process (cont.)

2. HUD sends Closeout Package to Grantee

- **Package Includes (Found in Appendix 5)**
 - Letter from FO to Grantee
 - Grantee Closeout Certification
 - Closeout Checklist
 - NSP Management Plan for Continued Affordability

Closeout Process (cont.)



Closeout Process (cont.)

3. Grantee completes package and submits to HUD

- **Grantees should only complete relevant section of the closeout certification**
 - **Not in Packet but must be submitted by grantee**
 - **An Inventory of any Real Property and Equipment Purchased with Grant Funds**
 - **A Land Bank Plan, this plan should include a current list of all Land Banked properties**
- **NSP Management Plan for Continued Affordability**
 - **Can be an Excel Spreadsheet**
- **TA Available**

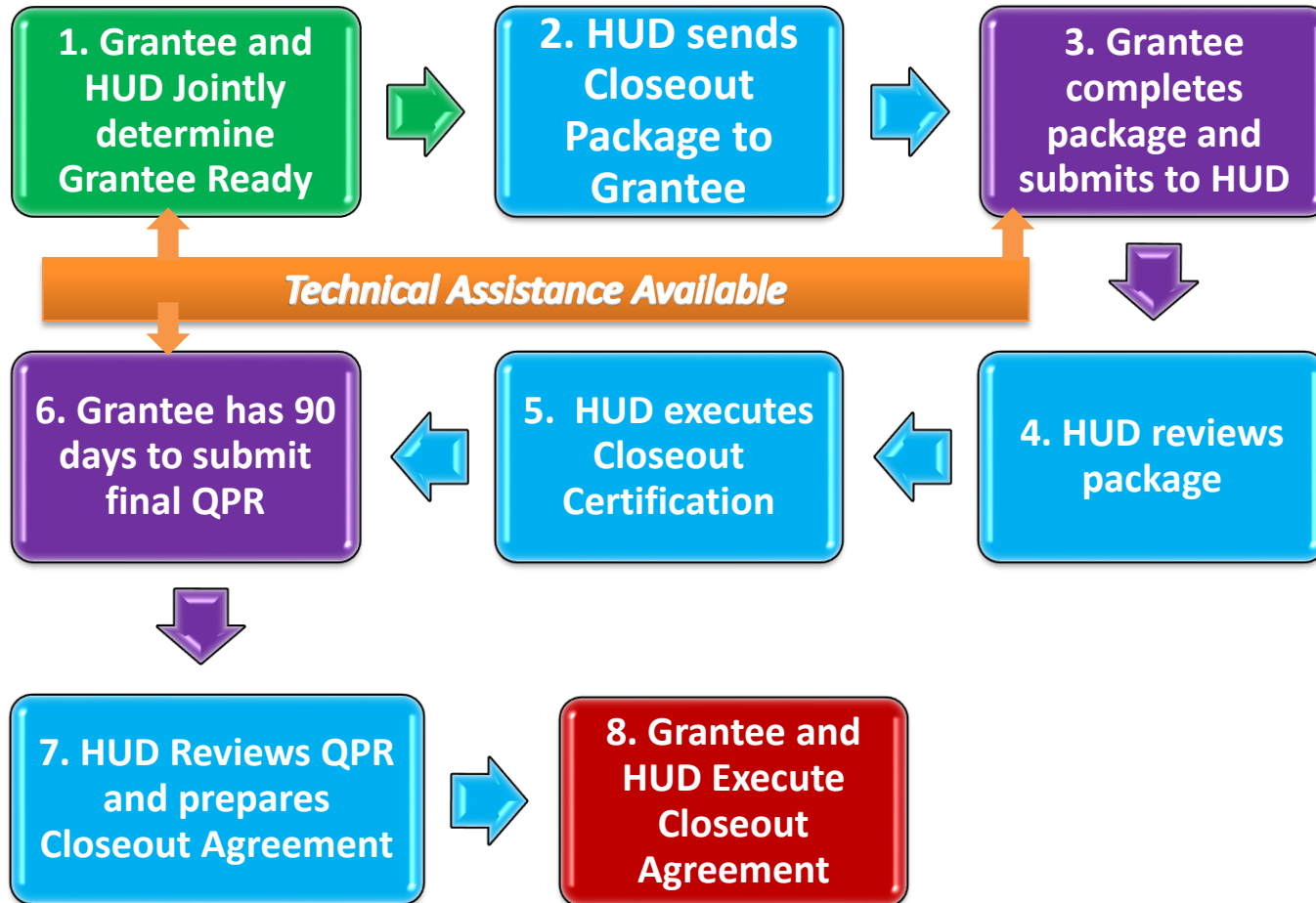


Closeout Process (cont.)

4. HUD reviews package

- Each review will be different depending on the grantee
- Recommended items for FO's to also review
 - Applicable NSP Substantial Amendment or NSP2 NOFA Application, DRGR Action Plan, Additional Amendments
 - Line of Credit
 - Audit Reports and Monitoring Letters
 - DRGR Reports or Financial Status Reports

Closeout Process (cont.)



Closeout Process (cont.)

5. HUD executes Closeout Certification

- **Once FO is satisfied with documents and feels grantees are ready for closeout, FO completes Certification**
- **FO will send a copy of the executed Certification to the grantee**

Closeout Process (cont.)

6. Grantee has 90 days to submit final QPR

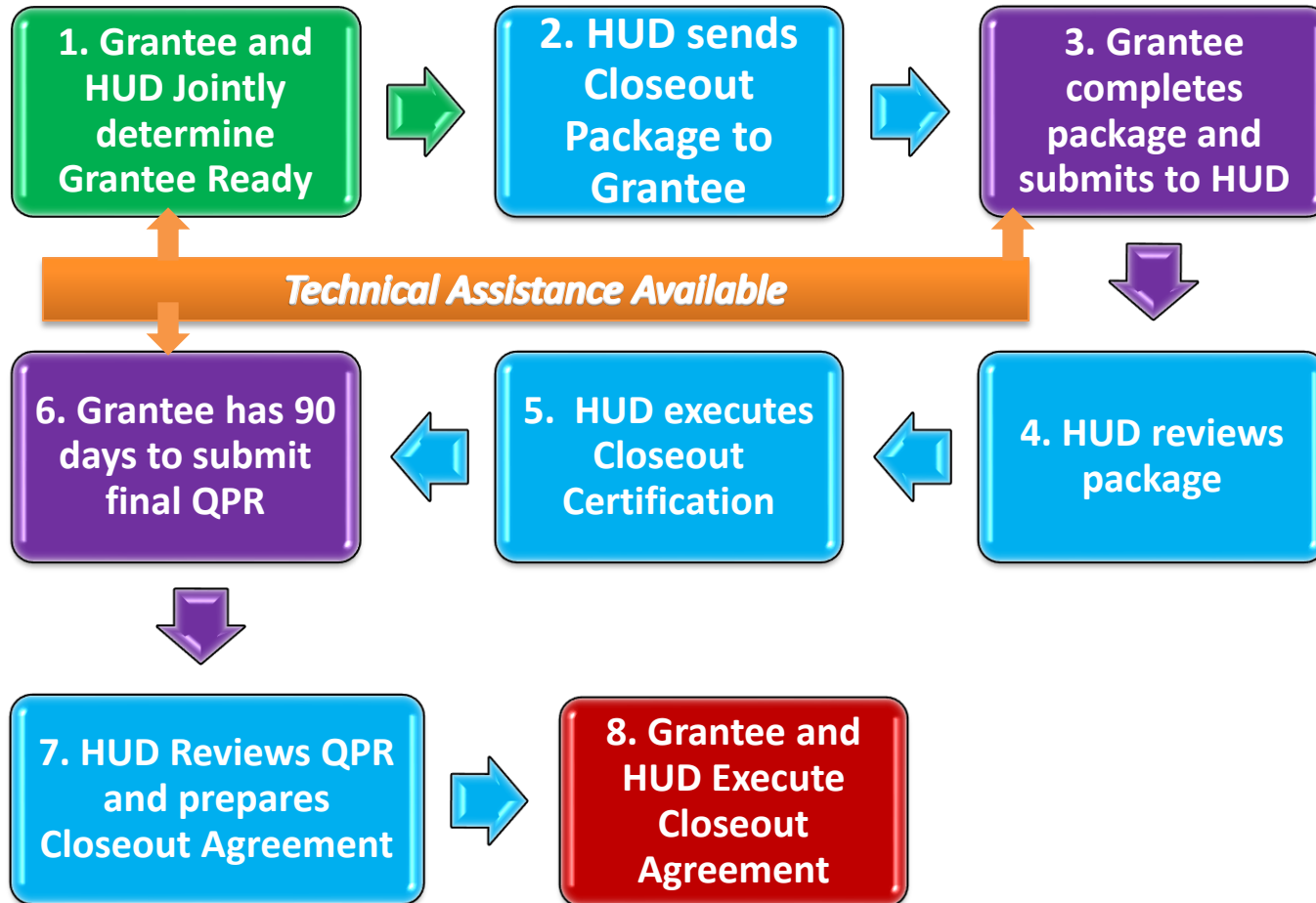
- The 90-days starts from the date the closeout certification is executed by HUD
- QPR should be Complete and Accurate
 - All #s add up
 - Tells a complete story about NSP
- TA Available

Closeout Process (cont.)

7. HUD Reviews QPR and prepares Closeout Agreement

- **FO should ensure QPR is Complete and Accurate**
- **All funds in the QPR must be correctly accounted for**

Closeout Process (cont.)



Closeout Process (cont.)

8. Grantee and HUD Execute Closeout Agreement

- **The Date of HUD execution of the Agreement is the date at which a grant is considered closed.**
 - **This Date is important for**
 - **QPRs/ Annual Reporting**
 - **25% Set Aside**
 - **Program Income**
 - **Land Banked Property**

25% Set Aside

- **To closeout, grantees must expend an amount equal to 25% of their initial grant 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 amount equal to 25% of all PI earned by the date of closeout**
 - **This can be either PI or LOC funds**
- **This change does not change the rules for PI earned after closeout**

25% Set Aside (cont.)

Example:

Grant – \$2,000,000

25% requirement at Closeout \$500,000

PI Earned by date of Closeout \$100,000

Total Set Aside = \$500,000 + \$25,000

**At Closeout they have expended \$510,000
towards the 25% set aside**

**3 years from the date of closeout the
grantee must expend an additional \$15,000
towards the 25% set aside**



Program Income

For States, Entitlements, and Non-Entitlements <u>WITH</u> an open State CDBG Grant:	For NSP2 Non-Profits and NSP3 Non Entitlements <u>WITHOUT</u> an open State CDBG Grant:
<ul style="list-style-type: none">PI stays the same as current NSP PI	<ul style="list-style-type: none">PI <u>received prior to closeout</u> is treated the same as current PIPI <u>received during the first 5 years after closeout</u> must be used for NSP eligible activities that meet a national objective (crosscutting requirements no longer apply).PI <u>received 5 years+ after closeout</u> is considered miscellaneous revenue.

Program Income (cont.)

If you earn.....		
< \$25K in PI	≥\$25,001 but ≤\$250K in PI	≥\$250.001 in PI
This is not PI. You can use the \$ for NSP admin or CDBG activities.	This is PI, but 25% set aside does not apply.	This is PI and 25% set aside applies on entire amount.

Note: If a grantee earns \$1 more than the limit (both the \$250K and \$25K), the entire amount must meet the guidelines.

Land Banks

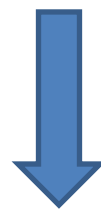
**HUD signs
Closeout
Agreement
(clock starts)**



**10 years to
obligate for a
specific use**



If not used after 10
years, reverts to
CDBG program for
immediate use.



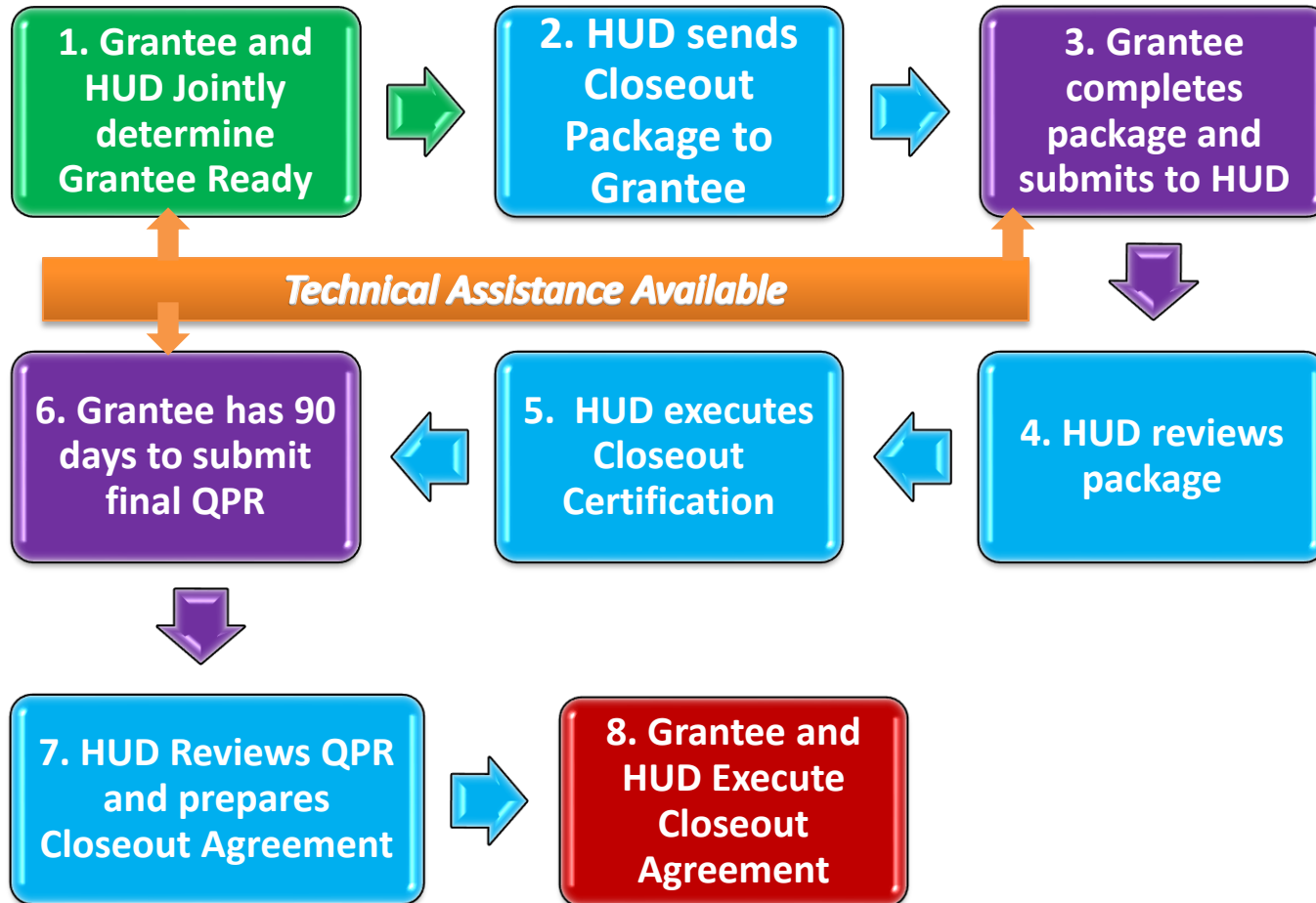
Eligible subsequent uses include:

- Public improvements like parks, drainage
- Land trust designation for affordable housing
- Transfer to CDBG program (no longer NSP)
- Affordable housing under active development
- Designation in redevelopment plan

Potential Problem Areas

- **Weak records, poor land inventory, cannot prove accomplishments, financial errors, etc.**
- **Low-income set-aside not met**
- **Land bank does not have strategy**
- **Long term affordability not accounted for**
- **NSP2 Green Building, 100 unit minimum, all CTs**
- **NSP3 Green Building**

Lest we forget...



NSP Resource Exchange Links

Resources on NSP and OneCPD Resource Exchanges

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

Connect with NSP

Join the OneCPD Mailing List	https://onecpd.info/maillinglist/
Visit the NSP Flickr Gallery	http://flickr.com/photos/nspresourceexchange
Visit the OneCPD YouTube Channel	http://youtube.com/onecpd

Give us your Feedback

- Answer a few short questions
- You will be taken directly to the survey when you leave the webinar.
- Link:
https://www.surveymonkey.com/s/NSPCloseout2014_02_25

Your opinion is valuable!
THANK YOU!

NSP Contacts

- David Noguera: david.a.noguera@hud.gov
- John Laswick: john.a.laswick@hud.gov
- Hunter Kurtz: Hunter.Kurtz@hud.gov

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