

# **NSP Webinar – Live Open Forum Q & A**

## **Tuesday, January 23, 2018**

### **2:00-4:00pm EST**

Moderator: Good day, My name is Elisha, and I will be your conference operator today. At this time I would like to welcome everyone to the Live Open Forum Q&A conference call. All lines have been placed on mute to prevent any background noise.

After the speakers' remarks, there will be a question and answer session. If you would like to ask a question during today's call, simply press star and the number one on your telephone keypad. If you would like to withdraw your question, press the pound key.

Thank you and Ms. Sandy Patel, you may begin your conference.

Sandy: Thank you. Good afternoon everybody and thank you for joining today's NSP Webinar Live Open Forum Q&A session answer session. My name is Sandy Patel. I'm with TDA, a technical assistance provider for HUD.

I will be serving as the host today. I am going to run through some technical instructions on how to ask questions and things like that before I hand it off to our wonderful presenters. Please close the e-mail and all other programs on your computer, and silent your cell phones, and give your undivided attention to our presenters today.

If you have any technical problems logging into your WebEx portal, you can e-mail me at [spatel@tdainc.org](mailto:spatel@tdainc.org). Or, if you have already joined the webinar, and having technical problems, you can send a chat message to the host. That will come directly to me. I can help you during the issues that you might be having.

All participants will be muted during this webinar. Questions can be asked in two ways. In writing using the Q&A tool, or verbally by pressing star one on your telephone keypad to get in queue.

You can ask a written question at any point during the presentation. The panelists will collect those and answer them when we stop for questions. To ask a written question, use the Q&A tool that is located on the right-hand side of the WebEx screen.

You can see a screenshot of what it looks like above the screen. If you do not see it, look on the triangle. It will expand the box. These are questions to all panelists. Then, just type your questions in the box and click send. Again those you can ask at any point during the presentation.

All questions will be answered verbally. We may not be able to get through

all questions. But we will try to do answer the common ones first. If you have any additional questions after the webinar, unanswered and private questions, please send those to Jennifer Alpha at [Jalpha@tdainc.org](mailto:Jalpha@tdainc.org). With that, I'm going to hand it off to Jennifer Alpha with TDA.

Jennifer:

Great, and thank you so much Sandy. Welcome everyone, today we have a very special opportunity with the slide Q&A webinar. We will get to dial in and speak directly with the HUD headquarters staff about all of your most pressing and NSP questions.

As Sandy described just a minute ago, for those shy folks in the crowd if you don't want to call in to talk live, you can also submit your questions in written form the way we typically do on these webinars. Today's webinar is being recorded. An archive will be created on the HUD Exchange.

The archive will include the audio visual recording, a PDF of the presentation slides, and a written transcript. For those of you who may be wondering where you can get a copy of these slides now. These slides are pretty light today. We are going to have some resources toward the end but nothing that you really need to follow along with. Because this is mostly going to be focused on your questions.

Joining us today from HUD headquarters, we have.... I'm sorry. John Laswick and Njeri Santana, Larry Reyes, and Marilee Hansen. With that I'm going to turn it over to John who is going to give us a few update on where things are with NSP as well as new information about technical assistance that's available for grantees. John, do you want to go ahead?

John:

Thanks Jennifer, and yes. Good afternoon everybody or good morning to some of you. It's nice to be on live with the question and answer session. We haven't done one of these for awhile. We invited David Noguera to join us on this one.

He is with the city of Dallas now. But he is going to be out there in the audience with everyone. But we have the rest of the gang. We will hope to answer all of your questions. Let me just give you a little set status report here.

There was a total of 6.82 billion dollars that was allocated to grants for NSP. The balance was for technical assistance and that sort of thing. Up to date grantees in all three programs have drawn 8.165 billion dollars, so almost 120 percent of the original allocation.

Now, that is not all evenly distributed. But what that means is there has been a lot of program income. That's a good thing in most cases. But sometimes it can be a barrier, too. Because if you're trying to close out your NSP grant, you have to get rid of all of the funds in your line of credit, your original grant amount.

At this point, there are still 175.8 million dollars in program, and in line of credit balance that is still out there. It's being blocked by 218 million in program income.

Now and again, that's not all evenly distributed. For example, all of you NSP2 grantees are out of line of credit funds. You should be in here clamoring to close out. There is nothing to prevent that.

One of the most common misconceptions we hear is that you have to be fully spent out to close your grant. That is not true. You have to be spent out of your line of credit. You have to have accomplishments. You have to make and meet a national objective for all of the funds that you have obligated.

But you could keep using this money for quite a few years. I know that some of the NSP2 grantees have 4, or 5, or 6 million dollars in program income that they will be able to continue to use. It gets easier to use after you close.

Right as of today, we have, out of 633 grants in the NSP programs, we have 70 closed out, which isn't very good. We need to step up the pace this year. Really, kind of everybody wants to, I think, kind of move on from NSP, and kind of leave that part of it behind.

We hope that you can join us in closing out some of your grants this year. We are trying to close out one hundred and.... We want to get to 190 closed grants by the end of September. That means we have to close 14 per month.

Those of you with grants that are pretty well finished, or grants that have all of the line of credit gone should be talking to your field offices about what to do. Now, we hear and what we've seen are a number of problems that grantees are having.

Our field offices are having these too. There has been staff turnover. People don't always know the program. You have got some stalled projects. You might be very close to closing out. But, you have that one property you can't sell or haven't figured out how to meet a national objective with.

Therefore, we are revamping our technical assistance approach away from strictly closeout orientation to really problem solving orientation. I think that this is what we have seen. That people aren't.... People are willing to close.

They're just not able to. Their DRGR records are not reconciled with the local accounts. What we're doing is cutting loose our TA providers. They're good and very knowledgeable people to help you get through those problems so that you can close out.

We will authorize 14 hours initially of remote technical assistance. This is by phone. Then, if you need more, we can go for another 16 hours of technical assistance. If things are really in a very confusing shape, we could even authorize direct on-site technical assistance. We want to help you close these

grants out. We think we can do that.

As we go through this year, we're going to be promoting this. But we're also going to be coming up with ways to help you solve those problems to get your grant finished up. Next month we will have a webinar on land banks. It's really on not just land banks.

You don't have to have a land bank. You could have one property that you can't get rid of. Listen in next month, we're going to have a lot of very specific advice about how to meet a national objective wherever possible so that you can get those things finished up and closed out.

We're also planning to have DRGR training. Larry is organizing some of that. We had a very good response last year. We know a lot of new people are still out there needing the training. That will be coming up. It's a little hard to plan because we don't have a budget. But, we will get there.

The context of difficulty, sort of stuck in the programs, and frustrated and the lack of enthusiasm, I will admit it. It's not like most exciting thing you ever did, closing out your NSP grant. But you're going to have to do it, so just buckle down and move forward. We will help you.

We have been training our field staff. They are going to be up to speed on what you're trying to do. They will be able to communicate with us, if there is something that's unusual.

We will be delivering technical assistance. You can order it starting today. If you just call into the NSP questions mailbox, [nsp-questions@hud.gov](mailto:nsp-questions@hud.gov).

Questions with an S....

Questions, yeah, [nsp-questions@hud.gov](mailto:nsp-questions@hud.gov), and say "I need help." That is all you need. Then Larry will jump right on that. You will get some help quickly. Okay. That's the context. We have the whole gang here. Hopefully among us, we will be able to answer questions.

I know that many of you are new and haven't learned that much. I am old. I have forgotten a lot. We're kind of in the same boat.

Now, we have people in the middle like Lois Colson, one of our stalwart people from New Orleans. We have got some old folks and some new folks. We're ready to have some dialogue with you. Do we have any questions on the line yet?

Moderator:

At this time, I would like to remind you, in order to ask a question, that is star one on your telephone keypad. It's star one to ask a question. We'll pause for just a moment to compile the Q&A roster.

Jennifer: Elisha, I have some written questions. I can go ahead and ask those while you collect the folks who may be calling in.

Moderator: Okay.

Jennifer: Okay, great. Our first question asks, "Our state used the number of sub-recipients to deliver our NSP1 and 3 programs." Their contacts have ended, parentheses; our state contracts are still open with HUD. Can our sub-recipients use their program income for an eligible activity not limited to the target areas?

John: Okay. We have had this question in other venues as well. You can use your program income for another, an eligible activity. But it has to be in a target area. Now, the hang up that we have been having is that we're trying to get our mapping tool updated from NSP3.

It's not going well. It's very expensive. We're just not sure that's going to happen. What you can do is amend your target area within your local amendment procedures, just and demonstrate that it meets the area of greatest need or other.

With NSP3 there were certain percentage of criteria that you had to meet. If you can come up with a target area, a revised target area that meets those requirements, you can do it. Otherwise you are still having to spend your money in the existing target area.

Jennifer: Okay. Thank you. Our next question asks, "Is there a community that has actually done the complete NSP project?"

John: My goodness, there are 70 of them. They lived to tell about it. I assume we have... Do you want to talk about a couple of those? Marilee can give us some of those.

Yeah. We have states. We have cities. We have counties. I mean, the real killers in this area are region 5, which is Illinois, Michigan, and Ohio. But, that's got almost half of the closeout so, in the country there.

Marilee: Yeah. The closeout process isn't that difficult. I think the biggest stumbling block is actually the reconciliation of internal financial reporting to DRGR. re as well as the DRGR cleanup and stalled projects. For the paperwork itself, it's almost the same as what we did with HPRP and CDBG-R.

There is a checklist that has to be completed, a certification, an agreement eventually. A management plan of how the affordability periods are going to be managed? A list of all of the properties, those have to match up with DRGR.

If you have a land bank, then we need a land bank management plan also. It's not rocket science. Most of the reps now are pretty familiar with these. It's

not too daunting to get it done. But again, if you're having problems with your financial reconciliation and, or your DRGR, please request TA.

John: Yeah. That is why we've really reoriented it. Our process was kind of oriented to closeout forms and process itself. That's really not the hard part.

The hard part is as Marilee said, the budget reconciliation and completion of maybe some stalled projects. That's what we have help for now through your [nsp-questions@hud.gov](mailto:nsp-questions@hud.gov).

Jennifer: Thank you. Just a reminder that if anyone would like to call in and ask their question directly to their headquarters' team, you just press star one on your phone. Elisha, do we have anyone in line to talk?

Moderator: We do. We have a question from the line to Stephanie Burgess.

Participant: Hello.

John: Hi. How are you?

Participant: Good, and how about yourself?

John: We're great.

Participant: Good, I have got a question. Our NSP1 and NSP3, we closed them out. I sent in the closeout documents on September of 2015. They were closed. The line of credits were completely exhausted. All of the PI that was entered into – and that's the key.

All of the PI that is entered into DRGR was drawn. I looked into it today, and into DRGR. We have an NSP1. It shows a closed status, or a status of closed with PI. But, NSP3 says active. My rep, I did contact them. They said that is going to be changed to closed with PI.

But, we don't have any PI in DRGR right now. It just showed everything is drawn. It should all be zeroed out. We have received some program income lately. We are hoping to move that into CDBG.

But right now, our timeliness is kind of a concern. I don't know yet, if we're going to move it over to CDBG? Or, if we're going to use it as an NSP? My question is, is there a certain amount of time in which you have to log that program income into DRGR?

I have been in and out of an NSP. I will be honest for the last, and say 18 months because we've had other things, and no activity on NSP. At one time there was a discussion.

If you got PI, and everything was closed up, don't put it into DRGR. Or If you think you're going to use it for CDBG. Is that correct? Is there a time

frame in which you have to make that decision, if you're going to go with NSP or CDBG?

Marilee: Stephanie, this is Marilee. I hope I caught all of your questions. The first one about what it says in DRGR. What was PI? That is a workaround that we have to do so that you can access your annual report.

Until we do another update on DRGR, folks who have to submit their annual reports weren't able to access them, if it just said closed. That will change back to closed for folks who don't have PI.

But, it's actually to your advantage to leave it open. It's less work on our end and delays. As far as –

John: You can leave it in your DRGR for awhile. I mean there is no.... It doesn't have a clock ticking like your timeliness does on CDBG. You can just bank it for awhile there especially if you're closed out basically, and planning to transfer it. You can wait a few months before you deal with that.

Participant: Okay.

Marilee: But, you have to receipt it.

Participant: Okay. I need to receipt that in DRGR – ?

Marilee: If....

Participant: – Even though there is a potential to put it into CDBG?

Marilee: If it's a real potential, a matter of a couple of weeks, you could probably slide by. But, they could be a finding of noncompliance, if you don't get it receipted in a time frame.

Participant: Okay, alright. I won't know until closer to April honestly, if we're going to move it over into CDBG. I want to make sure our timeliness hits. We should just go ahead and receipt into DRGR. It came from our NSP1.

We would put it into that. Even though it says closed with PI, I can still receipt program income in there.

Marilee: Correct, and as far as your timeliness for the first year after transferred PI, there is kind of a forgiveness on timeliness. If it's a result of the transfer.

Participant: They give you a forgiveness on timeliness for CDBG, if you transfer NSP for the first year?

John: No. If that's the only thing that's putting your over, we would....

Participant: – For that close, yeah, okay. If we have ninety-five thousand dollars that

needs to be receipted?

John: I think it's better to bank it into NSP until you're ready to safely transfer it to CDBG.

Participant: Okay. Then that answers my question. Thank you.

Moderator: Your next question comes from the line of Dromand [PH].

Participant: Hello?

John: Hi, how are you?

Participant: Hi. I am good. How are you?

John: I'm good.

Participant: That's good. Actually I had typed it in. But also, if you have me on the line, I will ask it. I am wondering what the deadline is to get a vacant NSP property redeveloped and being a national objective?

Because I was little confused about, if it's land bank? Is it like ten years in the time the city acquired it? Or, is it ten years from the time that the agreement between the city and state was executed? I am just wondering what exactly the deadline is to get that like occupied for instance, redevelopment occupied?

John: We would like to see you get it redeveloped and occupied before you close, which would hopefully be in the near future. If you can't see that happening for quite a long time, then you would want to treat it as a land bank.

We have been pretty informal about designation of land banks. If it's a city or a county, it can be held as a governmental entity type of a land bank. In that case, there is a ten year requirement from the date of the closeout agreement. It sounds like you're a subrecipient of the state, maybe or –?

Participant: One of my clients is a subrecipient. I represent the state. Yes. One of my clients is a subrecipient. They have a vacant property that's in there.

They're planning on redeveloping it. I am just curious about like how much time they have before, and per the rate – and the ranks that they have to get it occupied.

John: Do you go through a closeout process with your subgrantees?

Participant: Yes, but we haven't formally initialized it yet.

John: Okay.



Participant: Right now we're trying to get all of our cities closed out before we actually starting closing out with each individual one. Then from there, ultimately closeout with the HUD. That's the plan so far.

John: Now, we're just trying to figure this out here a little bit. Does your subrecipient have a designated land bank? Or, is there some sort of a municipal property?

Participant: Not exactly, I mean I wouldn't say. It's not formally a land bank. But internally, we are like in, well I should say informally designate it as a land bank. Right now, they are trying to redevelop it as soon as possible and not just let it sit there for ten years.

John: Right.

Participant: But right now that's where it stands.

Marilee: Well, if you choose Eligible Use E Redevelopment, I think we do say that it needs to be.... Work needs to start on it in a relatively short time period, a year or so. If they can't do anything with the property, their best bet is to land bank it.

If they don't have a land bank activity or mentioned it in their Substantial Amendment, they would have to go back in, and do a Substantial Amendment, and add the land bank. Then put this property in it. Then the ten-year clock to actually have a viable project is ten years from the date of the execution of the closeout agreement.

It would be your closeout agreement and the states' closeout agreement with HUD. It's not necessarily that subrecipient. There's quite a bit of time. If you go back to the closeout notices from, I think 2014.

There is also an option at the end of the ten years. If they can't and still don't have a project, it can be transferred over to a local redevelopment agency, and then become part of their plan.

Participant: Okay, interesting.

John: They should probably listen in actually through our next month for –

Participant: – Land banks.

John: – Ideas on land banks, and kind of how that is going to work. Are you able to give them some help in terms of figuring out how they could redevelop it? Or, is this just a matter of assembling some...?

Participant: Well, I think they have a plan. It's just implemented. As far as whatever they have to do on at the local level. They need to work through those obstacles and then move forward with the plan. I mean, they have a plan. It's just that

they have to get it in motion is my understanding.

John: Okay.

Marilee: Is this NSP1 or a 3?

Participant: It's primarily 1.

Marilee: Remember with NSP1, they also have the options of public facilities. You're not limited to housing.

Participant: Okay. Alright, well that's good to know. I think I'm all set.

John: Good luck.

Participant: Thanks.

Moderator: Again, If you would like to ask a question that is star one on your telephone keypad. We have no further questions at this time over the phone line.

Jennifer: Okay, great, I have got a bunch of written questions here. If we convert NSP program income to a CDBG look-alike, can we bond those funds the same way we bond formula CDBG allocations?

John: CDBG look-alike, so.

Jennifer: Yeah. I think they're referring to the transfer, transferring their NSP program income over to CDBG. That will it walk, and talk, and act just like the regular CDBG allocations? Or, will there be different restrictions that would prevent them from bonding the funds?

John: No. It will be identical to CBG funds in all respects. You don't have to.... If you have funds that are not committed. You want to transfer them to your CBG program, you no longer have the 25 percent set-aside.

You no longer have land banks. You no longer have new construction. But, you have all of the additional flexibility and restrictions that come with the CDBG. But, it's indistinguishable.

Jennifer: Thank you, our next question. Is there any intention by HUD to set a hard deadline for closeout at some point?

John: HUD is not in a position to do that.

Marilee: It's act of Congress.

John: These funds are, and except for NSP2, these are what are called Know Your Funds. This may be contributing to the lack of enthusiasm for closing these damn things out.

John: But they're and short of administrative law judges, and really extremely bad situations, it would be very difficult for HUD to recapture any of these funds.

Jennifer: Great, okay, and next question. They ask, "How do you meet the side lot program if the homeowner does not want to purchase the property?"

John: Okay. The side lot, we have a couple of policy alerts. One on disposition, and demolition and disposition from 2013, and one on land banks from 2014 that deal with this to some extent.

If it's a low, and moderate income, and middle income area, it may be possible to treat the transfer as an area of benefit activity. If the next door neighbor is not low, moderate, or middle income.

That would solve that problem. It's not necessary to sell them the property. Many cases the properties could be first on a long-term lease from the city. It could in exchange for a maintenance of the property.

It could be sold at a low cost. It could even be donated, if it's really appropriate to do that. I wouldn't recommend that in most circumstances. But we have seen cities financing on long-term financing at zero percent interest to make it affordable, or have some kind of a nominal sales price.

Because the benefit of having that property and being maintained is generally greater than the cost that you would get. Or, that you might not get from discounting a sale to them. You have a lot of flexibility in that area. You are not required to dispose of it at market value.

Jennifer: Okay. Thank you, and the next question. We had a couple of questions asking about what RAMPS refers to on the closeout checklist?

On the closeout checklist there is a reference to the RAMPS data system. Folks are wondering what that's about?

John: We just put that in a security op.

Marilee: Where it was an environmental website used for the grantees to input their environmental reviews. But RAMPS is dead.

It is no longer existing. Hopefully, all of the grantees at least have what paper copies of their environmental reviews as proof that they were completed as well as approved by HUD.

Jennifer: Okay, great.

Marilee: John is moaning up here when I said, "Hopefully they have records..."

John: I'm sure they have records. Maybe they can't find them, but.

Marilee: Somewhere someone did it, so yeah.

Jennifer: On your closeout forms, I think you can basically.... What do we do with that question on closeout forms? Do we did we do with that question?

Marilee: N/A.

Jennifer: N/A, not applicable – ?

Marilee: Yeah.

Jennifer: Okay. That's great. Thank you.

Marilee: Yeah, go N/A, and take actions.

Jennifer: I'll check back with Elisha. Do we have anyone else on the line for asking their questions live and in person?

Moderator: We do. Yes. We have Lois Colson.

John: Hey Lois.

Participant: Hi. I'm sorry. You answered my question. I thought maybe my written one was deleted by accident. It's been awhile since I've been on the webinar. I am not....

I'm not as savvy as I used to be. I'm all over the place.

John: – It's one of our stalwarts from NSP2.

Participant: Yeah. I think you called me old. That was the word you used.

John: It's way young.

Participant: Yes.

John: How is the baby?

Participant: Wonderful, and so her baby sister is on the way.

John: Alright. If you can do it....

Participant: I wish you all could set a deadline. It would help me get things moving.

Participant: But, I understand.

John: I just asked Jessie. I said, "Well, okay, if it really comes down to it, could we go through the kind of process that we do for timeliness?" Where we have an

informal consultation. We give warnings. In some cases, we take money back.

She says, "No," she can't do that without a hard deadline like you have in CDBG. There is no process short of an administrative law judge. Nobody here likes that process. It's very time consuming.

Participant: Yeah. Real quick while I have you. You mentioned earlier. I may have missed the PC. Did you say there is going to be an upcoming, excuse me, upcoming webinar about land banks specifically? Or, did I misunderstand?

John: February 27th, right?

Participant: Okay.

John: Yeah.

Participant: We have got –

Marilee: It's also going to cover how to do land banks and DRGR; which I know you all want to know.

Participant: Yeah. I probably should want to know. I don't even know what I don't know yet on that. But, I will just say in case it makes a difference to anyone else listening and to you all. We have in our program. We were a consortium.

We have one subrecipient/partner that has got ten properties left to sell. That is really challenged with selling them. They have been on the market for a long time. I won't get into all of the reasons why.

Then the other challenge we have with closeout. We have a land bank partner separate from the one I just mentioned. That is basically going out of business. They're selling off their land bank properties to new developers or new land banks in one case.

I think we're muddling through pretty well in terms of how to deal with it and starting intervenor language to make sure that they're meeting one of the national objectives allowed an NSP2 for land banks. But, I am always interested in getting more feedback and technical assistance on sort of how to deal with those exceptions to what typically happens?

John: Yeah. We are trying to make it as practical as possible, and as much oriented to how do you get these properties out of the program?

Participant: Yeah.

John: I mean, you may not ultimately lose control of them through the land bank. But at least you won't be having to report to HUD about it. But there are some things particularly for very low-cost properties that might make it easier

to get them out of the program.

Worse case, I mean, if they are actually selling it. If that land bank is selling properties to somebody. They have met a national objective for the acquisition and for area benefit for example,

Then, you just have to reimburse the program for the current market value. If they're selling them, then they should have some income. Maybe that is not such a bad way to get out of it.

Participant: Yeah. I think talking through what that looks like and the mechanics would be helpful. Just because –Yeah.

We certainly haven't done it before; and just starting to realize they're selling these and making.... The area has gentrified. It's definitely values have improved. Yeah. I think you're absolutely right. We need to start looking at the using some of those proceeds.

John: Right.

Participant: Just figuring out how to insert ourselves in that transaction to get the money rather than just language about keeping it affordable. Because that was my original intent. It was that I just want to make sure these properties stay in the portfolio of affordable Neighborhood Stabilization and not lose them.

John: Right.

Participant: But sometimes that's impossible.

John: Yeah. Hopefully next month, that's February 27th. We will be getting into this in more detail.

Participant: Okay. Thank you.

John: Thanks Lois.

Participant: Take care, and good to hear from you all.

John: Bye.

Moderator: At this time, we have no further questions over the phone line.

Jennifer: Okay. We have got some written ones. We have got some shy folks today. I guess. This question asks – we have tried to work on spending the remaining line of credit balance. However, there are no forced closed properties within the designated NSP boundaries. Would or could we allow the developer, which is Habitat to acquire a foreclosure outside of the area in order to close the grant?

John: Generally speaking, no, but it might be possible to amend the boundaries if you have the demographic and economic data that would support that. I know this is frustrating. It's been almost five years since we issued the maps for NSP3.

We haven't been able to update those. I mean that's the kind of thing that would make sense to do. I don't know. Do we entertain waivers or something like that?

Marilee: I can always request. Nobody has ever said no to the issue. But, we haven't talked about it enough.

John: Okay. I mean we're....

Marilee: Isn't there something in one of the notices that says if the property is contiguous to a target area, they could still use the NSP on it? If it's not on, and buying 20 or 30. But if it's like a one-off.

John: Right. I know in NSP2, we didn't even allow across the street.

Marilee: No.

John: But that was a competitive program.

Marilee: Right.

John: I mean, I think 1 and 3 are less. I mean, it's areas of greatest need. NSP1 in particular is really kind of ill-defined just because it was so early in the program.

Njeri: We kind of talked about it a little bit. The ways that people can come up. We talked. This is Njeri. We talked a little bit about how they could get some data? Whether it's through the Post Office or –

John: – Realtors associations.

Njeri: Yeah. Realtors associations to prove that the area kind of meets our definition of I guess issues, foreclosed and abandoned, and vacant homes.

John: Right.

Njeri: I don't know if we have enough to support,. To say that they could submit that data. We'll look at it and then make a determination then. But that's one way that could help them out.

But the other thing is it seems like from the question, she is focusing on foreclosed. But, there is also redevelopment. That's one avenue that a lot of people are using to kind of move towards closeout. You don't have to stick with the foreclosed and abandoned.

Redevelopment is a huge, very ambiguous term that you can figure out how to develop a property on.

John: But, it's true. A lot of these places where the markets were strong before, and very weak. Then they got strong again in California, of Arizona, or Florida. Places like that really don't have properties left that meet the criteria.

Njeri: Right.

John: We really need to come up with some kind of a solution for that. Maybe waivers, and we'll try to have something by next month. If there is a possibility for you to request a waiver or something like that. Because we're not really getting anywhere on the map side.

Njeri: Yeah.

Jennifer: We have got a couple of new folks who have written in. One person says that they're fairly new. They're wondering. How do they check their line of credit balance?

Njeri: This is Njeri again, Njeri Santana, and actually hyphen Carter. I have been married now for two years, two years on the 28th.

But biweekly, I put out a report for all of the grantees on their line of credit balance, and on their program income, and on their program income balance. You can go to HUD Exchange. I'm guessing, you type in NSP biweekly report?

John: Yeah.

Njeri: Yeah.

John: It's usually listed under the –

Marilee: Yeah.

Marilee: Or, just Google –

John: – Yeah, new event, yeah.

John: To glance over it, yeah.

Marilee: Yeah, Google would be....

Njeri: All of the information there. It's biweekly. If you have any questions, feel free to e-mail me.

Marilee: It's a great report. You can also get it in a convoluted manner. If you wanted a



financial report –

Njeri: Right.

Marilee: – In the DRGR. But Njeri's report is much clearer and easier to use.

Jennifer: Yeah. In DRGR, for those of you who might be interested in looking there. If you pull up financial reports 7a or 7b, it will give you the amount of grant funds that have been dispersed. If you know your grant amount, you can subtract the dispersed amount from your grant's amount.

Then that would give you your line of credit balance as well. Okay. Another person said that they're very new. They are wondering how to begin? Now, it's a very open ended question.

But I think it's a good one. Because I know that there are a lot of new folks out there. I am sure they would love some suggestions on the good first steps to take as a new NSP grant administrator.

John: Okay. Get down on your knees, and – Pray, right.

I actually just put together a list of the policy alerts that we used to kind of guide the program in its more active phases. There is a booklet on them. If you go to the HUD Exchange. [HUDexchange.info](http://HUDexchange.info), I think? You look for the NSP page. You can see the notices, which are the legal requirements. and the notice for October 19th of 2010.

Marilee: Yeah.

John: It is kind of the guiding regulatory basis. The policy alerts are sort of how do you do this? Rather than just what is it you have to do? They are listed by year under two.... In 2014, there's one that's an index.

That is kind of all of the policy alerts except for the very and most recent one. You can go through and look at some of those. I just pulled together a list. I was going to post it on the Exchange of, and sort of where would you start?

But, I think the thing to do would be, and short of reading for three weeks. Contact your field office, and ask them for some ideas. Because if your program is almost spun out, then you don't have to learn all of the new, all the things from the beginning of the program. How to buy real estate. How to do things right.

You need to do more of the problem solving kinds of things. It would really depend on where your program is. What would be the most useful assembly of information for you?

I think that you could get in touch with your HUD Field Office. There is one in almost every state. Ask your field representative for some guidance on

that. Then, I guess I could....

Njeri: I want to say the biweekly report. I would start there. Just because that would give you a good indication of where you are.

John: Right.

Njeri: Do you have a lot of credit on balance?

John: Right.

Njeri: Is it zero?

John: Yeah.

Njeri: Is it insurmountable? Like some people because they have so much PI. If you can start there, then that gives you an understanding of how much more you have to go. Or how much less you have to go. Then, you can use that to maybe ask questions of your field office rep, maybe walking you through the process.

Especially looking at your QPR or your action plan to figure out, if you met a national objective? If you haven't met a national objective? If the QPR or action plan is missing a lot of stuff. You have to really go through a couple of cycles of just starting to input information, so it could be a clearer picture.

But, I would suggest to start with the biweekly report and then touching base with your field rep, and getting familiar with DRGR, specifically the action plan and the QPR. If the QPR is really your guide, and for action plan is your guidance on what actual activities were taking place or should have taken place.

Marilee: The action plan is the outline of the programs.

Njeri: Right.

Marilee: That along with the financial report, I would say it would be some of the two initial documents that you'd need. Then following along with policy alerts and the field office would be the way to go.

Jennifer: Great, that's really helpful information. Elisha, do we have anyone on the call line?

Moderator: Again, that is star one to ask a question or make a comment. There are none at this time.

Jennifer: Okay, great. We have a series of questions about technical assistance. Someone did ask again for the address for making TA requests. Again, that is just e-mail a request for technical assistance to NSP dash questions at HUD

dot gov.

You can go ahead and use that e-mail address to submit your request directly to headquarters. Then from there they will be reviewed. Then, we'll probably check back in with you, and then get you some assistance from a TA provider.

Another question on TA asks whether the technical assistance is available to subrecipient communities?

John: It would be available through the grantee. I guess it would be then sort of a just decision about how much or how far we could go with the subrecipient. But, I mean, if there is one subrecipient that's kind of hanging up the whole closeout process, I think we'd look at it.

I think if you have 25 subrecipients, that might be kind of a bigger door than we want to open. But, what we would look at it on the merits of the situation. The TA providers will start out with a phone call for maybe an hour or two to kind of get a sense of where you are. What the issues are. Where you're having problems.

I think out of that conversation, we can tell how we would want to proceed. We can provide, and in these cases, the TA providers don't do the work for you. But they really can help you through it and understand what you need to do.

This may work for a subrecipient as well. I don't think we have any sort of strict prohibition against it. But there is a limited amount of money.

Jennifer: Yeah. I think that in the past we worked with grantees who had challenges with a particular subrecipient. The TA provider has been able to be a good bridge for the grantee in terms of helping to explain to the TA – the subrecipients, some of the issues that are being faced. It's sort of an extra voice in that process.

While the TA isn't being directed to the subrecipient, the subrecipient is still sort of getting the benefit of that expertise just by virtue of us helping the grantee directly. It's sort of a team approach, right?

John: Yes.

Jennifer: The 14 hours that John mentioned before. Those are 14 hours for the grantees. If there was help trickling down to a subrecipient, and it wouldn't be for each of the subrecipients as we just described. Those 14 hours are for the grantee itself.

That was a question that came up here in the written questions. Then someone asked – is there any additional technical assistance available for the new DRGR flags?

After following the guidance, we have several resistances to being cleared, and still show as flagged in the system. If I could just put a little plug in for the DRGR ask a question?

I think that this is a great place to ask your flag questions initially. I know the DRGR team really appreciates having these flag questions logged into the AAQ. Because flags are a new function in DRGR.

There are a couple of quirks that are still being worked out. The more we can track that information in the AAQ, the better. That will help the programmers better refine those features.

Moderator: I would say definitely....

John: Do you remember the address for that?

Jennifer: Yeah. If you go to the HUD Exchange under the section called Get Assistance, you will see a few options. One is for requesting technical assistance. Another is for submitting questions through the AAQ. When you go into the AAQ section, you're going to have to choose which pool you would like to submit your question through.

You would pick DRGR. But again, you're going to the HUD Exchange and going to get assistance. Then, at the end here of the slide presentation, we have some slides that show us different resources.

I will actually post the AAQ website into the chat box here in a moment so that folks can more easily access it. But it will come up here on the resource slides at the end as well.

John: That's a pretty good Q&A system too. I mean, they get on those pretty fast. They have good people to answer.

Jennifer: Yeah. That's probably the fastest way to get help on flag, if you do the AAQ. You should hear from someone in just like a day or two. Then, if your problem arises to something that's greater than what, say a provider can answer in an hour or so through the AAQ, they may refer you to a little bit more technical assistance. We do have DRGR office hours for NSP grantees.

There is a variety of technical assistance and mechanisms that can help you here. If your question is too big for the AAQ, I do recommend starting there. Because it may not be as big as it feels.

You start at the AAQ, the technical assistance provider who get the questions will know whether it's too big to handle in the AAQ. Then they can always refer you over to DRGR office hours, which gives you up to five hours of DRGR assistance.

Again, that's targeted just to DRGR. This other technical assistance we're talking about with the 14 hours, that's more if you have larger programmatic issues. Certainly, DRGR can be handled through that. But the office hours are really there for smaller problems that can be dealt with in under five hours.

That is yet another option that you might have for dealing with your flags, if they end up being tricky. Okay. Let's see. Anybody on the call line, Elisha? I want to make sure we get to those folks as well.

Moderator: At this time if you would like to ask a question, that is star one on your telephone keypad. It's star one to ask a question. We have no questions on the phone lines at this time.

Jennifer: Okay. The next question also about technical assistance asks how do we request TA in preparation for submitting closeout documents?

Njeri: I'm sorry, and say that again.

Moderator: How would they request TA in preparation for submitting their closeout documents. We talked before about how our new TA is sort of geared towards programmatic issues. Would folks still be able to request help for submitting their closeout package through the NSP to ask questions mailbox?

John: Yeah. I think we could.

That could be a good way just to have an extra set of eyes review it. If you're really pretty confident that you have got the forms filled out properly and everything matches up, you could really just go to your field office and start to work with them. Because they're the ones that process the forms.

Jennifer: Yeah definitely, I think just from being out and talking to grantees at the DRGR Workshop. I think that some folks have this idea that you can't closeout without having the help of a TA provider.

That's actually not the case. The TA is here for you, if you need it. If it would help you get there a little faster. But certainly as John said; if your forms or complete, or you don't have any challenges in completing your form, you can just work directly with your field office.

They're going to be handling it in any case. Ultimately that the TA providers are really just there as a helping hand. You don't need to have a TA provider to closeout. You can go directly to your field office and work with them.

John: Right. If you close it up just by yourself in the field office, we put a little star next to your name.

It provides the history.

Jennifer: Everybody likes a gold star.

John: Yeah.

Jennifer: Okay. Someone said, "What is the closeout process once all NSP financial information and activity narratives have been submitted through DRGR? Basically they have got their DRGR cleaned up. What will happen next?"

Marilee: He can do it.

Marilee: Okay. The first thing is to contact your local field office rep. They need to confirm in DRGR that yes, in fact you are ready. Then they will prepare part one of the closeout package, which consists of the checklist, and the certification, and the management plan. They will complete as much information as they can.

Then, it gets transferred to the grantee. The grantee then completes the rest of the documents. The certification and the checklist are signed. I know the management plan is also signed. Those documents then are returned to the field office. They check them over and make sure all of the addresses are in DRGR.

But it can still pass along the certification form for the CPD Director to sign off on it. Once the CPD Director signs this certification, that starts the 90 day clock for the final QPR submission. Then the grantee has 90 days to submit their final QPR. An executed copy of the checklist is returned to the grantee so they can have that date.

Then once the QPR is approved, all of the addresses are in DRGR. The financial information looks good. All of the grant funded activities have met a national objective. The local field office will then prepare the NSP closeout agreement for signature.

That goes back to the grantees. Three signatures are required. Or three signature pages are required. That gets returned. The CPD Director signs it.

A copy goes back to the grantee. One is kept in the field office. One is transferred to Fort Worth to officially closeout the line of credit. Then, the local field office will also notify me. I will then let the DRGR folks know that the grant is ready to be closed with PI.

It gets closed. The grantee will be on an annual reporting cycle rather than quarterly. We are trying to line up those dates with the CAPER submissions so that all the required reports have to be in on the same time. The first one may not be a full year for your report. But that's basically the process.

Jennifer: Great because the next question we had related to those annual reports. The question asks – the closeout guide indicates that they wouldn't need to submit an annual performance report until the end of all NSP affordability periods. They were wondering how the timing of that would work if have multiple

grants with multiple projects? Any insight on that yet?

John: Your management plan for continued affordability is basically sort of a checklist or a spreadsheet of all of the properties and the dates they received financial assistance. Then how long they are under an affordability restriction, 5, 10, 15, or 20 years.

It really kind of, I don't know. I don't think it really matters sort of where they come in and how they come out of the forum. We're just going to be more concerned with what is the end date for all of these things.

In the annual report we'll say, "Well these five-year people have been completed now." We're not tracking them anymore. You will just kind of keep going until you're all done.

Jennifer: How about for the annual report itself say they have both NSP1 and 3 grants, and once they're both closed? Will they have separate annual reporting time frames? Or, might there be a way to sort of standardize those so they are doing their annual reports at the same time?

Marilee: They will have to do two separate reports. But we're going to do our very best again to get those due dates to coincide with their CAPER submission dates.

John: We have already agreed to that.

Marilee: Yeah. It's just a matter of –

Jennifer: Perfect.

Marilee: – Actually in DRGR.

John: Right.

Jennifer: Great, and can you describe what information would be included in that annual report? How might that differ from the typical PCR, if at all?

John: Not much.

Marilee: No, and yeah, it's basically going to look just like to QPR. They're going to report out on the activities where there are properties that have been taken out of the program for that year.

Jennifer: Thanks.

John: Or, if those activities that you did with program income. It should be pretty limited, really.

Marilee: Yeah. It's not going to be as intense as it was. But there is still a fair amount

of information.

Jennifer: Great thanks, I think that's helpful. Okay. Someone asked –

John: I would like to throw in a comment and a misconception. You are required to fill out a QPR every quarter. We know that there are one or two grantees that have not done this. We are and we have been instructed to issue monitoring findings, if there's a missing QPRs for two quarters in a row.

Marilee: Two consecutive QPRs –

John: But the good news is that you can correct this problem and kind of fill in all of those QPRs in the middle with just the narrative, right?

Marilee: Yeah. You just need to.... A grantee would just need to put in a couple of sentences saying, "We recognize that we didn't submit our QPRs. All information will be found in...."

You reference the most current QPR where all of the catch-up data will go in. Then you just do a copy and paste for all of the others that are missed.

John: Yeah. If they know how to go back and fill them all in. They know that those one or two of you may have missed many of them in fact.

Marilee: Yeah. There are a few. Because some folks felt that once they had expended all of their grant funds and met national objectives, the most recent QPR submitted was their final. It just stopped. They didn't talk to their field office.

The field office staff changed. Nobody picked up on the fact of QPRs haven't been submitted for the last two years. It's just a cut and paste for all of the missing ones. Then the most current will have all of the data entered.

John: You will have to get all of that data. But you won't have to be punished for the missing ones in between, and not too badly anyway.

Marilee: I will say I have worked with a couple of grantees where their Finance Department and their A133 auditors didn't like that approach, and actually did make them go back and use it, and do it consecutively for a better data trail. But, we're not requiring that.

Jennifer: Somebody asked in relation to this. What if you have been submitting your QPRs? But they have been sitting to be approved.

Marilee: Yeah. That's our problem. You should contact the field office and try to request that they do get those QPRs approved so that you can move on.

JOhn: If you have requested and they haven't responded, then you can contact us.

Jennifer: Okay, great. Someone says, "How do you know what QPRs may be



outstanding? Is there a report available?

Marilee: Yes.

Jennifer: Go ahead, Marilee.

Marilee: There is. When you log into DRGR, and you click on QPR, it will take you right to the QPR screen. It's a list of all the QPRs that have been submitted. There is a status waiting for review, or approved, or submitted.

They can see it right there. But there are a couple of QPR reports that could be written and downloaded too through Microstrategies in DRGR.

Jennifer: Yes. Occasionally on your QPR page, when you go into the QPR module as Marilee described, occasionally not all of your QPRs will be listed. But the dates will be listed for each of those reporting periods.

If you look at it, and you can tell from looking at the data list that you have gaps anywhere. At the bottom of the screen there is a button that says, "Missing QPRs." If you click on that, it will refresh and add the QPRs that may be missing from your list.

Marilee: Or you might see that the last QPRs submitted say was January 30, 2016. There are no further ones. That just means that you as the grantee haven't added the ones that you haven't submitted.

Jennifer: Right, exactly.

Njeri: Is it on this Microstrategy? Is this the admin 03 report to find out about your QPRs? Is that the report you can use?

Jennifer: I am not 100 percent sure about that. I think that we'll check as we're talking separately here.

Yes. But, I will double check on that. You're good though, if you remember that off the top of your head Njeri.

Njeri: I have a problem child.

Marilee: Just one...

Njeri: – A lot, but I had to run a report on those.

Jennifer: Another question asked if the submission of the annual reports will be ever transitioned over to IDIS instead of DRGR?

John: Not at this time, there is some hope among the hopeful here that these programs will merge. I'm not on that list.

Jennifer: Yeah, I mean I know that was mentioned as part of the closeout guide narrative. But obviously that's something that would be a more longer-term plan, if at all.

John: We're still using programs from the '90s on some other stuff. Yeah. I don't know. I don't think those.... Some people think they are pretty compatible. But I'm not sure I see that. But, I am not an expert on these systems.

But, it won't be anytime soon.

Jennifer: Okay. Alright, we have a couple of questions here on addresses. The first question is just pretty simple. Where can I look to see what addresses have already been entered in DRGR? If you go to the reports module in DRGR, and enter Microstrategies, the report for addresses is Performance Report 3.

This one I do have memorized. We use it very often. Performance Report 3 will list all of the addresses that you have recorded in DRGR. You can also use the maintain address function to search for individual addresses that you might wonder if you already entered, or to edit them in some way.

You can just do a general search for all of your addresses in the maintain address function. But if you want to be able to export a full list, you want to do that through Microstrategies. That will be a Performance Report 3.

Marilee: As long as we're talking about reports and how we do things, I just want to remind everyone. We do have a pretty comprehensive DRGR User Manual that was just updated in August of '17.

That you can also find on the HUD Exchange or Google DRGR User Manual. It will come right. It's pretty good.

Jennifer: Yeah. The DRGR manual is wonderful. I recommend this to everybody who is struggling with the DRGR function. There are really great step by step directions, including screenshots. It's a great place to start trying to figure out how to use a particular function in the system.

Another question about addresses said that they have been trying to clear out addresses. When they delete them, it seems that the pages are scrambling. They can't get a consistent list.

They always have to start over. Here is an example of if you're working. Probably this person is working within the maintain address function. They're trying to clean things up in there.

That it can get a little bit confusing as you're kind of removing things and researching for the addresses that are in there. If you use the Microstrategies Report, and Performance Report 3, you can get an overall list of all the addresses that are in there. Then you can start kind of searching for them individually and making changes.

The other thing I would plug here is that if you have a messy address situation, there is a DRGR upload for addresses. You can actually.... We've done this with a number of grantees who sort of had a real mess of their addresses. We just go in. We delete all of the addresses that are DRGR.

We use the data upload template to repopulate DRGR with the addresses in their complete and accurate state. That prevents grantees from having to search through hundreds of addresses trying to edit things and delete things.

The upload templates are a great resource. You can find them on the HUD Exchange. If you just Google DRGR data upload template, data upload template, you'll find it immediately.

There aren't a lot of things that match that search criteria. You will see that there are templates from many DRGR functions. The one you want is the address template. It's under the QPR section.

Now, I certainly recommend that you complete this template before you start deleting anything. Go in there, and fill out the template, and make sure it's complete and accurate. Then you can delete everything that is in DRGR and upload the template.

If you need help with that, you can certainly go to the AAQ, and submit a question to get some assistance in doing that upload. Then, there is also the DRGR office hours, if you think that your concern is something that could take a few hours to address.

Again, if you just send a request for help to the [nsp-questions@hud.gov](mailto:nsp-questions@hud.gov), Larry and the team there can sort of sort out the TA that's best for you. But those are some options for dealing with addresses.

We know that over time folks have had duplicate addresses and missing addresses. Things that are in the wrong activity. Oftentimes the cleanup is easier if you just wipe it out and start fresh. Okay.

John: Jennifer – ?

Jennifer: Yes.

John: There is one, the question that seems to have been missed accidentally. It says even though public facilities is an eligible use NSP1, the actual property is required to be a foreclosure. No. In fact, in NSP1 public facilities is listed under Eligible Use E.

The only requirement for Eligible Use E is vacant or demolished properties. That gives you a lot of room. Now this would still need to be in your target area. But this gives you a lot of flexibility for not only what you build but where you build it, right.

Jennifer: Okay. That's great. I'll take a pause here. We do have other written questions. But is there anyone waiting on the line Elisha?

Moderator: We have no one waiting on line at this time.

John: They're safe.

Jennifer: I know everybody wants to hide in the question box. Okay. Somebody asks here. We were wondering what the role of our asset management's division should be? When should they start monitoring a project completion or grant closeout? Is there anything they should be monitoring beyond income compliance?

John: Your asset management division, really that's except for the continued affordability. We're not really tracking out at this end. I think that would be more of a local call than anything. I don't know.

Marilee: Yeah. For a long-term monitoring for the NSP properties most of it is going to be a desk monitoring. Just to make sure that the properties – that the grantee is certified that the properties are still owner occupied. That the properties are being maintained on the grantee.

The easiest way to do that is to make sure that they get a copy of the homeowner's insurance. That the grantee's name does an additional insured on the policies, so that they get the renewals. They know that it's being kept up. That also validates what address the property owner is receiving their policy at.

John: Multifamily, you would want to have some sort of a schedule every few years.

Marilee: Yes.

Marilee: Yeah.

John: – Of inspecting the property. They're not required to re-certify the incomes after the first occupant or the initial.... Well, at the first occupant or any turnovers, they have to income qualified. But, that is unlike in HOME.

There is no annual recertification. But you do want to keep an eye on the condition of the property.

Jennifer: That's great. Thank you. We have got a question. Let's see here. Some of our questions are really more chat in nature. Let me get down to an actual question. Someone asked, "You mentioned that program income should be receipted in DRGR. But what if we don't have a project planned yet?" Or a plan to transfer to CDBG? Can you receipt in DRGR without assigning funds to a particular activity?" I can take that one, if you would like.

In DRGR, when you receipt your program income, you're receipting to the activity that has earned the PI, not where you're going to use the program income. If you have already earned the program income offer or an activity, it would already be in DRGR.

Because you have already set it up so that you can disperse funds from it. You run the PI. Then you receipt the PI to the activity that earned it. Now, if you have marked that activity as completed in DRGR, or the grant status completed. I am sorry, the activity status completed – you may need to change that back to underway in order to receipt the PI.

That may be your one step you have to take before you can actually do the receipt. But, yes, so you'll be receipting the PI to the activity that earned it. Then once you are ready to spend that program income, as long as that activity is not in its own program income account, you can spend that PI on any of your activities.

The way DRGR works is that you're budgeting out a budget number, not a specific program fund type. You don't have to tell DRGR that I would like to spend one hundred thousand dollars of program income on activity B. You'd just say, "I want to spend a hundred thousand dollars."

Then assuming that all of your program income has gone into the general account; or if activity B has its own PI account, the PI will just be spent on that activity first, if you have any PI. But the key there being just that you shouldn't have any trouble receipting the PI in this case.

Because you're receipting it to the activity that earned it. Your only step before the receipt may be updating the status of that activity, if you had already marked it complete in the past.

John: Let me just –

Marilee: Go ahead.

John: I was going to change the subject. Go ahead of me.

Marilee: Jennifer, wouldn't they actually, once they have completed that activity, and it's completed? They need to if it's going to continue into the closeout period or post-closeout.

They need to create a new post-closeout activity that's solely with PI. Then PI gets receipt into that activity.

Jennifer: Yes. If we're talking about post-closeout. If you've already closed your grant, then Marilee is absolutely correct. Then you would have a new activity set up that basically mirrors the old activities in your action plan. For any activity that's going to be moving forward, whether it's receipt PI to it or spending

funds from it in the post-closeout period, you would set up those activities fresh.

Those would be just labeled post-closeout. That's definitely true. But it sort of depends on if you're talking about pre-closeout or post-closeout. You may have some separate steps. But this is again a good for submitting to the AAQ, if you need a little help in sorting that out.

John: Let me just go back to the previous question on asset management. I didn't want to sound too casual about that. I mean there are some requirements. We did have really two excellent training sessions, two webinars in November or December that deal with systems for managing your assets.

You have got a lot of them; and the schedules for the reviewing physical conditions, and financial conditions, and so forth. But you might – those are posted on the HUD Exchange. They were just this past November and December. You should be able to find them, long-term asset management.

Marilee: In the long-term rental properties, yeah.

John: Yeah, for rentals, yeah, it's not going to really apply to single family. But if you have rentals, you really need to think about those systems.

Jennifer: Someone asked like a follow-up question. I think this relates back to the question about public facilities. Whether they need to be foreclosed? It asks – and so just to confirm. It can be a vacant property land, not in foreclosure that could be acquired to develop a public facility. Do you have examples of other jurisdictions that have done this with NSP funding?

Marilee: Sure. I mean I can't name them off hand. But, it's fairly common in NSP1.

John: – Only NSP1.

Marilee: – Only NSP1 where public facilities.... There was somebody I saw that had done quite a bit of public facilities actually. I can't remember who it was.

John: Yeah.

Njeri: If they can give us their e-mail address or, they can give you their e-mail address. I'm pretty sure that we can – Scour our grantees and come up with dozens of examples for them. I don't know how that works.

Jennifer: Sure, certainly if.... We can go back in and redo it, and ask those questions and follow up with them to get some contact information.

Marilee: I could run it in the report.

John: Why don't we just give Marilee's e-mail address? it Marilee, M-a-r-i-l-e-e dot.... No, there is no middle initial?

Marilee: No.

John: Hansen, H-a-n-s-e-n at HUD dot gov, and Marilee.Hansen@HUD.gov. just as a central place, and we'll try to follow up on some of these questions that we didn't have all of the answers for.

Jennifer: Okay. That's great. Someone is asking if these oral responses will be transcribed into a document for future reference? They will indeed be put into a transcript and posted on the Exchange along with the recordings for this webinar. Elisha, do we have anybody who has called in or on the phone lines?

Moderator: Just as a reminder, that's star one to ask a question. We have had no one call in as yet.

Jennifer: Alright, this is another.... I think we may have touched on this already. But it's written here, so we'll talk about it again. The census block we looked at individually. If there is a foreclosure there? If it reflects low-mod, would that qualify as greatest area of need?

John: I didn't quite hear the first couple of words there. What – ?

Jennifer: Sure. It says could a census block be looked at individually, if there is a foreclosure there? If it reflects low-mod, would that qualify as an area of greatest need?

John: Yeah. There is at least for an NSP2 and 3, there are minimum scores to show areas of greatest need. They look at not just vacancies and foreclosures. Then, there is a score above which you have to get a number for your area.

I mean, what you're describing is not a sort of part way to a solution. But you would have to get enough information about that block group to know that it would meet the criteria for whatever program you're in. Whatever your standards were for that.

With NSP1, it might have been a little looser. If there were different approaches around the country. But you really have to show, or just having one foreclosure is not likely to qualify you as an area of greatest need.

Jennifer: Thanks, that's great. Alright, a new question we just got here. It says, "I inherited a 2009 NSP grant issued from the state." We are collecting NSP program income. Whose approval do we need to transfer the NSP PI CDBG in the city of local CDBG account?

She is saying, "I inherited a 2009 NSP grant issue from the state." They are collecting the PI. Can you guys decipher that? Or do we need a little more information?

Njeri: It sounds like they might have an agreement with the state.

Marilee: Yeah.

Njeri: They would have to go back to the state. I would look at the agreement first. How the PI is supposed to be divvied up. If it goes back to the state and if they can keep it. Then from there, I guess you....

Marilee: But they might not have had it. Because we didn't give a lot of instructions on keeping PI. But if it's subrecipient of the state has PI; and they would like to transfer to an open CDBG grant that they have from the state. They need the state's approval. We have got some forms on the HUD Exchange.

Njeri: That's right.

Marilee: That detail out that process. There is also an instruction sheet. But basically, the subrecipient would have to identify the amount of on obligated PI that they would like to transfer to their CDBG grant. Then send it, a request to the state, and then they will approve it, and complete the form, and sign it, and get it back to the grant team.

They can make those changes. But the state has to approve it. Then it goes into the local HUD office. They will double check and send out a verbal approval to the state as the grantee. Then the state would have to notify the subrecipient.

Jennifer: Great, thank you. She did follow up to say that she has reached out to the state, but wasn't able to get a response. She will check those instructions sheets and forms. Then, I encourage you to follow up. If you have more questions, you can always submit an NSP or AAQ.

On the AAQ, there is actually a DRGR pool, and a separate NSP pool. If you have some follow-up questions anybody.... Anybody in the world . . .can submit an AAQ. You don't have to be a grantee in order to do that, a direct grantee. You can –

Njeri: If your just having problems with getting a response. I would definitely try to loop in the field office. Once they contact the field office, if they continue to have an issue with getting a response, then we'll step in. But, we do have like an escalation technique to try to get an answer. With this grantee, just tell them it's not an uncommon problem.

I had an issue with the state responding. We had to get involved here. They responded. We're trying to do our best to help with the closeout. If they don't want to answer a simple PI question, we can help them so they can get to closeout.

Jennifer: Wonderful, okay. This grantee says that they have, I guess a subgrantee who bought a property for twenty-nine thousand and five hundred dollars. The



nonprofit sold it for a hundred and nineteen thousand dollars.

The grantee does not know what money was put into the property. But if there is a profit by the way of the nonprofit selling it, where would that money go?

John: It depends on your agreement with the grantee. But I mean it's not impossible that somebody or some subrecipient bought a property, and then put a lot of rehab money into it also. That's why it's so expensive.

But you really have to understand what happened. They should not be selling it for more than the total development costs, though. Even if they could sell it for above the total development costs, then it was still within the fair market value. Our rules say you can't sell it above total development costs.

Marilee: It's the lesser of total development costs or fair market value.

John: I mean you would probably have a soft second for the difference. I mean, and there could be any number of things that went wrong in that transaction. But not necessarily anything went wrong, either.

I think what you might want to do is maybe request some technical assistance, and see if we can see and send somebody out there. Let us call you up and figure out what happened there.

Njeri: Do you want to go into those for people who maybe new- how they get the fair market value? How that is aligned, and like appraisals and that.

John: Yeah.

Njeri: Just for the new people.

John: For the new people, yeah, so when we say total development costs. We mean what it actually costs you to buy, fix up, or build a house. Let's say, and all of the attendant costs like lawyers, and appraisers, and that sort of thing. Appraised value is what it would sell for on the market. What we saw in NSP was a big disconnect between those two.

Actually in most cases the appraised value was less than total development cost. Because values were sinking. But we didn't want to put people into a situation where they were actually buying and paying more for a house than it was worth. We have had to kind of work out the arrangement so that if the house – if the total development cost was more than the appraised value,

You have to write that down, and just take that as a loss. If the appraised value is more than the total development cost, you have a gap there, which is basically sort of free money for the buyer.

You would need to tie up that differential in some sort of a soft second

mortgage. But, I don't know. I think I'm scaring the new people.

Njeri: I think it was a good explanation

Jennifer: Yeah. Thank you. Someone has asked, "If there are unused loan loss reserves, are those funds treated as program income?"

John: Yes. There is that –

Jennifer: Okay.

John: There is a loan loss reserve policy alert. I don't remember when it was? Sometime in the last three years or so, some time since 2013, but there is one on loan loss reserves in the NSP program.

Njeri: They can always Google NSP loan loss reserve and policy alert. I'm sure it would be the first thing that pops up.

John: I mean, the problem with loss reserves is that you have got potentially a long-term commitment to the lender.

That's the same. The idea of a loan loss reserve is that basically we're going to guarantee you, that bank, that you won't lose money. We're going to put this money on deposit here. You're going to pay us some feeble amount of interest. That money is going to sit there as a cushion.

Over time, if you have calculated this properly, you know that you will have loans going bad. If you're really good at this, your loan loss reserve will be just about exactly the same amount of money as the loans that go bad over a 20-year period. Or whatever the period of the mortgage is.

But you can't just pull that money out after five years and say, "Hey, let's do something with this." Chances are you have got a longer term commitment there.

Now if you have exceeded that commitment period, and there are still funds left. It is program income. But, you need to make sure that you can actually get those funds out of the loss reserve and back into circulation.

Jennifer: Thank you. I think the last written question here might be what if code enforcement has deemed a property to have code violations? Could that possibly fall under the definition of blight?

John: I mean it could. But . . . The only thing that needs blight definition as demolition in our program, so unlike CDBG. Yeah. I mean, it might qualify as blight. But, it probably isn't going to do that much good unless in NSP unless you plan to tear down the house.

Marilee: The definition of blight is set by the grantee in their action plan.

John: Right. Most communities have some sort of a definition –

Marilee: Usually based on state law.

John: – Based on state law, right. He can write back and tell us what you're trying to do. I think we kind of kind of changed the game on you a little bit there. If you want to follow up.

Jennifer: Okay.

John: Let us know.

Jennifer: Yeah. I'm going to send them the NSP questions e-mail address so that they have that handy. If they want to chime in and ask for a little more assistance on their specific scenarios. We have got another question.

They're asking, "Can you suggest the best web link for information on selling one of our NSP homes to a tenant home buyer class, and sell price.? What to do with properties built up, and maintenance funds, and things like that?

They want to make sure we're using the most current information requirements.

John: There is a toolkit on that for single family homes. That kind of runs through all of the options for disposing of a property or umm...there is a home ownership policy alert.

But it's more oriented to the purchase of the property. How do you get the family in? What you are allowed to do and not do than it is about how do you get the property out of the program?

Marilee: Most grantees used the HOME regs as a safe harbor. They followed the lease purchase at least for single family for the HOME regs. You can find out what in Building HOME Chapter 5 or 6.

John: Right.

John: Yeah. I mean the HOME regs are fairly tight on time frames for selling properties to the residents. We don't have that same time frame. I would go to that lease and purchase guide.

I think that kind of walks you through all of the ways of handling that. It wasn't.... I would say the lease and purchase wasn't something that really worked all that well for us.

Njeri: In fact, I was going to say it wasn't. I think we have a couple out there. Again, if you want to submit your questions to [nsp-questions@hud.gov](mailto:nsp-questions@hud.gov), I'm pretty sure we can find the one or two.

Marilee: The Reno Housing Authority had an excellent lease purchase program.

Njeri: Yeah. We can connect you maybe to another grantee who has done a great job of implementing it. Then, you can talk to them – Get some questions answered, or some templates, or ways to design your programs to get it sold.

Jennifer: Thank you. That's a great resource.

John: Reno Housing Authority had a good program. But the people that ran it aren't there. I'm not sure. But you might make on their website. They did a pretty extensive program.

Marilee: Yeah. They had 35 find homes. Thirty-four of them they were able to convert in three years to home ownership. But that was partially because they also had Section 8. They had the pull and tight control over the folks that were in the program.

Jennifer: Okay. That's the last of our written questions. Elisha, do we have anyone on the caller line.

Moderator: We do not have anyone on line to ask a question.

Jennifer: Okay. I am going to give you some resources here and maybe give folks a couple of more minutes to decide whether they want to dial in or submit a written question before we wrap up for today. On the slides you will see that we have listed out some NSP resources.

There's a wealth of NSP information on the HUD Exchange. Beginning here at the top, we've got the NSP page for the HUD Exchange. That is a good starting place for those of you who you were asking about, "I'm brand new and where do I start?"

You might want to go to the NSP page on the HUD Exchange and just start familiarizing yourself with the materials that are there. Here is the specific link as well to the closeout guide. There is closeout guidance that was put together in a whole guide.

Some things have changed a little bit over time in terms of process. But the overall criteria in the things, the policy statements in there about closeout are all of the same. Now as they were when that was released, back in I think 2014. That is still a good resource.

If you want to look at some past webinars. I know John mentioned the rental management webinars that we had in November and December that were really wonderful and well received are up on the HUD Exchange on the webinar page. There is lots of other great information there, including tons of information about closeout and program income transfers.

Speaking of those program income transfers, there are instructions. But, I know Marilee talked about those program income instructions along with forms for completing your program income transfer request. A reminder that all program income transfers need to have written HUD approval before you can complete them.

You need to submit a written request, and get your written approval before you can actually transfer those funds. The instructions are all laid out here on the HUD Exchange at the web address for instructions. It's just here for instructions. In addition to that, there have been lots of questions that have come through about program income and lots of things about NSP.

You can search all of those questions through the FAQ website on the Exchange. There is a link for that as well. We talked a good bit about DRGR today. There is a DRGR FAQ specific to DRGR concerns that are frequent things that might come up as you're using the system.

You can search the DRGR knowledgebase for these Frequently Asked Questions. But as Marilee mentioned, the HUD Exchange has the 2017 DRGR User Manual. This was updated as of the very last release of DRGR. It has got all of the current information in there, including all of the information you need about flags. Things that were added to the system as of the last release.

This is a great place to start, if you're kind of struggling with a particular function. The guide is broken out very neatly into the modules. It's very user friendly.

There is a link here as well for the IDIS guidance. This really is here just because some folks might need this as they're working on their program income transfers. If you're not doing a program income transfer, you won't have to worry about IDIS. But that is there as a resource for folks who are going to be working on transferring their program income to their CDBG program.

Finally, we have the Ask A Question link here. As we talked about before, you're going to go to the HUD Exchange. You're going to go to the section called Get Assistance. In that section you can submit an Ask A Question for lots of different pools related to HUD programs. Of interest to folks here today would be the NSP pool, and the DRGR pool, and maybe even the IDIS pool, if you're doing your transfers.

This is a great place to get quick guidance on things that may be troubling you. From there the providers can answer these questions. They have a good sense of whether it's something that might need bigger assistance. They can refer you out for greater technical assistance, if needed.

Then finally, the NSP questions mailbox is open and ready to take your technical assistance requests. You can e-mail NSP dash questions at HUD dot

gov, and submit your requests for technical assistance. Or, if you have any specific follow-up from things today that you think might be helpful to get directly to the folks that were answering your questions on this webinar, you can go ahead and use that, [nsp-questions@hud.gov](mailto:nsp-questions@hud.gov) mailbox.

With that, Elisha, do we have anybody else who has called in?

Moderator: Again, as a reminder, if you would like to ask a question, that is star one on your telephone keypad. It's star one to ask a question. It appears that we have no more questions over the phone lines.

Jennifer: Okay, great. Folks at headquarters, do you have anything, any parting words before I wrap things up?

John: No. Thank you for showing up, and asking a lot of good questions. We don't know all of the answers to some of these. We're going to be getting answers on some things like state subrecipients and land banks, and state subrecipients of program income.

We have pretty much got those figured out. But when we have these open sessions, we always manage to find some more things that we don't know. Thanks for bringing those up. We will try to bring those to your attention next month when we have our land bank workshop on February 27th.

Jennifer: Yes. Speaking of that, if you want notices about upcoming webinars and opportunities, Larry mentioned, or John mentioned that Larry is working on putting together the DRGR workshops for 2018. All of that information comes out on the HUD listserv.

If you're new to NSP, and you're wondering how to get started, and learning about the program, definitely sign up for the HUD listserv so that you're getting announcements about things like these webinars. The next webinar on February 27 for land banks and other training opportunities that might become available.

At the end of this webinar, there will be a survey. Your computer will prompt you to complete that survey. We always love to hear from folks that helped us improve the webinar experience for everybody.

There will be a place for written responses. We love to hear from you there. But this isn't the greatest place for policy questions. If you have a policy question, you want to submit those to the AAQ.

With that, thank you to everybody at headquarters for taking this time and sharing all of your expert knowledge with folks today. Thanks to everybody for joining us. We look forward to having you with us again on an upcoming webinar. Thanks everyone.

John: Thanks Jennifer.

Moderator: This does conclude today's conference call. You may now disconnect.

[END OF TAPE]