HUD NSP TA Open Forum Q&A, 6/11/13

Kent Buhl: So now let's get to our main event, NSP Open Forum Q&A with HUD staff.

Today's webinar NSP grantees the opportunity to ask questions and solve NSP problems through discussion with HUD headquarters staff and with your peers. Additionally, HUD environmental staff are here to discuss the latest hot topics and help to answer questions.

This webinar is one of the series of webinars and open forum sessions that give all NSP grantees and their affiliates the opportunity to ask the questions they have about NSP rules, regulations, or any other current NSP issues of interest.

So we have with us today people at HUD, without whom NSP as we know it would not exist. So please welcome back John Laswick and Hunter Kurtz -- I guess David Noguera is elsewhere today -- and also special gues Liz Zepeda, a HUD expert on complying with environmental regulations, has joined us today and has some comments, I guess right about now.

So let me get them unmuted. Hello, Liz, John, and Hunter.

All: Hello.

Liz Zepeda: This is Liz Zepeda from the Office of Environment. Thanks for giving a minute to the environment today.

I just wanted to give a quick reminder, an update, as we move towards closeout that environmental requirements do still apply in some cases; notably land-banked projects and projects funded with program income.

Environmental reviews are required for projects funded using NSP program income, just like the program requirements. As long as those program requirements apply, environmental reviews are still required before funds can be committed to an activity. So remember, that still applies.

Similarly, if you have land-banked properties, an environmental review is required before the final activity can be carried out or funds can be committed for any physical activity. Just as the environmental review is conducted before for the acquisition, it's required for the redevelopment or demolition or whatever activity is finally decided upon.

So hopefully this isn't news; just a reminder.

So be patient as I answer questions. This is a little bit of new ground for us. So hopefully I'll be able to answer your questions. Some things we might have to delay and see how specifics work out. Of course as usual, or as always, you can go to your field environmental officers with project-specific questions, but happy to answer anything now. Thanks.

Hunter Kurtz: And I think I think it's worth noting -- we mentioned it in other webinars -- about closeouts, that for some of the grantees there will be -- no environmental reviews need to take place. But that's after a grantee closes out as a nonprofit. That's not today. Nonprofit grantees today -- like was said -- still need to complete environmental review.

John Laswick: It's only for NSP 2 nonprofit consortium members.

Liz Zepeda: Yeah. I apologize. But for Part 58 environmental reviews --

Hunter Kurtz: Yeah. But for anybody who doesn't fall into that limited category of grantees from NSP 2, everybody else you're always going to have to continue to do environmental reviews.

John Laswick: Yeah. The general rule is that it's still NSP money. So whether it's before you close out, after you've spent your grant, or after you close out and you're getting program income, it's still NSP -- just because you're grown to love it over the years.

Do we have any written-in questions yet?

Kent Buhl: None yet.

John Laswick: Liz is going to stay with us for a while at least so that you don't have to necessarily remember your question right quick.

I think we should also mention that we are doing these clinics -- before we started doing clinics this year, the environmental staff from headquarters are for the most part joining us for these events so that you would have direct contact with someone in headquarters. But they do have a field network that's pretty robust. We expect that to continue to be useful for you.

So if you have a question for Liz or for anybody, you should write it in now. We are going to show you some photographs of some projects that we visited recently; we're pretty excited about them. We want to share some of the work of your colleagues. When we go out to clinics we have been trying to arrange site visits for one or more of the cities that we're visiting. It is an encouraging thing now to be seeing so much of the construction coming to completion and the projects that are going to occupancy or are ready for occupancy in many cases. So it's a pretty good time.

I just noticed that over the last quarter an additional 8,000 units went into occupancy, from 52,000 to 60,000, over the last quarter. And they don't count as completed until they are occupied, and for the most part all the demolition was done early in the process. So these are housing units that are being completed and the majority of what's left are either rehab or new construction housing. So that's going to continue for another 40,000 units or so.

Well, let's go to the first slide, Kent. Do we have it?

Kent Buhl: You guys have the ball. Here you go.

John Laswick: So here's a project in Santa Ana [California] that I was really impressed with. Architecturally I think it's got a lot of really interesting features; looks more like kind of a high-end type development. It's the Terraces at Santiago. It's very near downtown Santa Ana, 36 units including one manager's apartment, for 50 percent and 30 percent area median income folks. So this is quite low-income housing development; cost us around $10 million.

As you see on the left upper photo, that's several of our staff -- Daisy Hernandez from the L.A. office; a woman from Santa Ana whose name I can't remember, and Eliot Halanian [ph]. In the yellow shirt facing us is Jim Yerdon, from our staff here. We were just out there a couple of weeks ago. This development has two courtyards that are both enclosed so the kids can play there. It's got very nice features. As you can see, downtown Santa Ana is right there, where the water tower is. Immediately below the water tower are solar panels which provide all the power for the common areas. So that's kind of a great feature, and we've seen quite a few extra features like solar as well as just good insulation in windows and other green building things that have been going on throughout the program.

So then a lot of interesting things in a fairly concentrated manner in South Los Angeles. On the left you see an example of some small multifamily buildings that they've done. This is just a duplex and kind of a good way to do infill. In several areas they demolished a house that was kind of the worst one on the block, and then the city's recreation department went in with their own funds and constructed these small "pocket parks" on the site. They're not that small; it's got very nice equipment, the spongy stuff for the kids. And then having some beautiful jacalanda trees blooming when we were out there, so the moms are under there in the shade.

This is an exciting project because it's an historic building, and in many ways it was the center of jazz and blues entertainment in South Central Los Angeles in the '30s and '40s. They had a ballroom that you could kind of see part of the on the lower right-hand corner there, where people like Duke Ellington and Billie Holliday performed, and then they stayed in the hotel as well. This is being converted into a total of 82 units. There are some adjacent buildings that are not part of the Dunbar Hotel, but it's a beautiful restoration with this big atrium that you can see here; nice fixtures. And then there's two buildings on either side like the one on the upper right-hand corner, additional apartments that were built in the '70s, I believe, and renovated somewhat for this development.

And then we have another interesting project in Chinatown, which is just a little bit east of downtown Los Angeles. It's an old warehouse/storage facility, basically, that was converted to senior apartments -- for 123 senior apartments. It's billed as "seniors with an interest in the arts." It's not a requirement, but -- and the way the building was laid out, they had space for -- on the lower right-hand corner -- quite a few conversation nooks and places for people to gather, which was a nice feature. The roof has this just killer deck that you can see all around Los Angeles. It would just be a wonderful place to hang out at any time of the day. And some great amenities, including a 40-seat mini-theatre in the basement; some nice exercise equipment; some meeting space and classroom-type space with views of downtown Los Angeles.

So for those of you who are not working on the East or West Coast, I'll tell you that these units cost $355,000 apiece to develop, and that's pretty typical development cost in the L.A. area, which gives you an idea of why low-income can't afford nice new housing on their own. But thanks to NSP and some tax credits and a lot of other things, including transitory interdevelopment funding on this one, they have a very nice new project right near a Metro stop, near downtown.

So we're going to stop here and we'll take you to the East Coast after we answer some questions for a while. So we'll jump right in. Kent, do you have some for us.

Kent Buhl: I do. Yep, Thanks, John. We've got a two-part question from Edie [ph] in Minneapolis, who says, "We have a developer who foreclosed on single-family houses and is rehabilitating them under NSP. We've told them that their acquisition and foreclosure cost is not an eligible cost under NSP. Is that correct?"

John Laswick: If they foreclosed on them before they received a commitment for NSP, then yes, that is correct. That's usually what would happen in that scenario. She could correct me if I'm wrong.

We've had this question from the early days. I mean, developers have owned properties -- they could even own vacant properties, and if they had them before they can't use NSP funds to reimburse themselves for the acquisition. But they obviously can take out the -- when they do the take-out financing when they sell them, they'll get reimbursed at that point. So we're not expecting them to eat those costs, but they have to keep them in the project until it's sold.

Then the second part of the question is, "Can they include the current appraised value in their pro forms to determine the total development costs on the project even those acquisition is not eligible?"

Yeah. I mean, we know that they have a cost. And we've done this for Habitat as well, because a lot of times Habitat will own a piece of property -- a Habitat affiliate -- and we agree that it has value. We're just saying that it can't be -- it's not a reimbursable NSP expense. But in terms of running your numbers you should include a fair market value, and that's an appropriate way to structure your deal.

Kent Buhl: And we've got a question that came in when you were showing the South L.A. project slides, and Anthony was wondering if you happen to know what the per-unit subsidy amount was for that particular project.

John Laswick: On the duplex, I don't know. But we saw some single-family homes in that neighborhood and they were running around $330,000 to $350,000 total development cost. L.A. is fortunate enough to be able to sell those for in the $240,000 to $260,000 range, so relatively speaking they're not leaving as much in as our friends in Detroit are having to do.

I think that that $325,000 to $375,000 range is pretty typical for Southern California. And then the subsidy amount would kind of depend on who the end users would be.

Kent Buhl: Let's see. Rocio [ph] asks, "Back in March we have a cash advance to the developer to purchase materials. He did not use the funds as planned. At this point we're asking for the funds to be returned, and the question is if whether or not interest is due, and if so, how much?"

John Laswick: So assuming that you actually drew funds from your line of credit for that, which would be sort of the most that you would do, as opposed to advancing local funds, I would say yes, because basically the way the Treasury department looks at that transaction, they would say, well, you took money out of the Treasury and you really didn't use it and you didn't need it, or you didn't use it in an expeditious way; and therefore we would have been earning interest on that and you owe us the amount of interest.

The good news is T-bills are not very high these days, but that amount -- the original principal amount -- would have to be put either back into your line of credit or used right away if you have another use for it. And then the interest, I would say, get in touch with your local office or call us or send a note in, because how you calculate that interest and what you do with it is a little technical and I don't remember it off the top of my head. But if it's just for a few months and it wasn't too much money, it shouldn't be a whole lot, but it would have to go back to the Treasury.

Kent Buhl: Great. Thanks for that question, Rocio. And that's all we've got at the moment.

John Laswick: All right. So any other hot topics that we're --

Hunter Kurtz: We're still working on the closeout information.

You know, that's actually something that we've been hearing a lot of, and I know we've talked about closeout a lot in the webinars, but I want to emphasize that you have the closeout notice that's come out, and we will be providing more information about how to close out grants. We have something that's called the CPD notice, which is currently going through clearance, which will provide forms and letters and things that you'll use to close out your grant with your field office. That CPD notice provides direction to the field office how to close you out.

And then we're coming out with a separate guide to closeout, which will be coming out a little bit after the CPD notice is published -- or at least the draft form is published. That will also provide information of what to do.

John Laswick: And I think that'll be more sort of strategic thinking and how-tos and stuff like that as opposed to just how to fill out the forms. But that's what we're trying for.

Hunter Kurtz: Yeah. So don't feel like there's nothing else out there to provide you with guidance. There's going to be a lot, and it's coming.

John Laswick: Yeah. But if you haven't heard this already, we have realized that it's going to be physically impossible for us to get through both the internal clearance process and the Paperwork Reduction Act 90-day song-and-dance in this fiscal year, which ends in September. So there's basically no way in the world we're going to close a grant until sometime next fiscal year at the earliest. So take a deep breath.

Like we said, it's going to be NSP pretty much forever, so there's really no urgency to closing on this. Focus on getting your work, getting your projects completed and occupied and making sure that you have good records and then you can take it from there.

One other thing that we wanted to talk about is we kind of keep bumping up against this -- and I wouldn't say it's widespread, but I just want to make people aware that you should be -- when you're putting financing on a house that you sell, typically you're going to use either the recaptured method or the resale method that's described in the HOME program regulations, in 92.252, or 92.254 for owners.

Most organizations use the recapture method. If you are in that category, you should take a look at your agreements to make sure that you do not have a lien that obligates the family to pay an amount above the fair market value when they purchased it. We've seen some errors in this respect and it's just kind of sticky to get out of it. But we don't want to be putting people into a situation where inadvertently they owe more on the house then they could sell it for, if for some reason they got a new job on the other side of the country and they had to sell the house and to take a loss.

So you should be putting liens on up to or close to the amount of the appraised value. But in this program, we typically see development costs exceeding appraised value. So there is an amount above the appraised value that's called the development subsidy, and that's basically money that's sort of lost to the marketplace because you can't build houses this nice and sell them for market value, so it's a loss that you write off.

And if you accidentally put liens on your loans for amounts about the market value, please get in touch with us and we'll try to get you straightened out. It's a paper exercise, but it is something that you want to go through.

Kent Buhl: We have gotten a couple more questions. Luann [ph] says that in the last webinar it was mentioned that there'd be more guidance on lease purchase, and wondering if you know when that will be released.

John Laswick: Well, I don't know that we're planning lease purchase. I think the guidance that we were looking at was to define -- well, we were going to write up a short description of a rule and we have not done this yet, and it's on me. I apologize -- to say that if you rent a house to someone who is then unable to buy it, and sell the house to a different entity, that the new party would be expected to meet the entire affordability period. They would not get credit for the two or three years that the first family stayed there, then rented the building. It's only in the case when the family who rents it and then converts the ownership, they would get to count the entire period. But if you are changing occupants -- or owners, in this case -- and going to a new person who's buying the unit, they would have to do the five-, 10-, or 15-year affordability or 20-year affordability period.

We'll get something brief out on that. I've got a note to myself right here on my desk, so hopefully this week.

Kent Buhl: Thank you. Let's see. Lana [ph] asks, "Any future potential for Project Rebuild funds or another future round of NSP? It seems a shame to have all these trainings, expertise, and such, only to end the program.:

John Laswick: Yeah. I agree with that. I think there's been a tremendous growth in capacity to do complicated rehab projects and it's not something that comes easily or cheaply. It's hard to say to make people compete for a shrinking CDBG dollar, but I would have to say that we are not expecting Project Rebuild to be approved anytime in the near future.

It has been submitted, as it was last year, as part of the president's budget at the $15 billion level, and we remain hopeful. I think it's kind of a long shot at this point. What we have been directing people to is the program income stream, which has nearly reached $1 billion nationally out of the three programs. NSP 1 is a little over $700 million; NSP 2 was $241 million last time I looked; and then NSP 3 is just about $30 million. But that's close to $1 billion right there, and I don't see any way that's not going at least double.

But it's not always coming in to the places -- it doesn't come back evenly. If you don't have an acquisition/rehab/resale type of program, you're probably not going to see as much program income. Most of the rental stuff that we look at will, at best, get some sort of a residual receipt stream and maybe some piece of take-out financing down the road a number of years.

But those folks that have been doing ac/rehab and selling the units have gotten quite a bit of program income already, and that's -- I think leveraging that, trying to get -- hopefully the banks are getting more adventurous in your markets and are willing to participate with you so you can get better mortgage terms.

The Community Reinvestment Act is still a way to sell banks on this because they get CRA credits for projects that are in NSP target areas. And I talked to a woman at the Office of the Comptroller of the Currency a couple months ago, and she didn't think that they were -- she thought they would continue to keep that incentive in place, so that's one way to do it.

And I kind of mentioned briefly, on some of the these multifamily projects -- just about all the ones that you see today -- there are tax credits involved, either 4 percent or 9 percent, and private financing. So leveraging is the way to think of it, but you won't have as much to leverage with. I guess the best we can hope for is to keep the program momentum going, try to connect it with your HOME program, try to connect it with your CDBG program; try to bring in other investment to make it as effective as it can be.

And I got to say, that from seeing the neighborhoods that we're going into -- and we've harped on targeting and so forth -- but it really is obvious that it's working. You can see that in the neighborhood investment culture data. They continue to show that three out of four properties outperforms one comparable, and about 25 percent, or one out of four properties, outperformed all comparables in either vacancy or sales price.

You can see that on the ground. [inaudible] in L.A. was telling us about how they've probably maybe 20 houses in that area that we looked at, that you saw pictures for that little neighborhood part was -- 20 houses in a one-mile radius. We'll see some more in Philadelphia where we're filling in entire blocks, basically; in Camden, the same way, where 30 units judiciously placed 10 stabilized three- or four-block districts.

So that's kind of the way you want to keep thinking about it -- leveraging, targeting, and being strategic in how you approach it.

Kent Buhl: And Lois [ph] chimes in that NORA -- which I believe is the New Orleans Redevelopment Agency -- is using what we created and learned in NSP 2 to model future programs from other sources. Not all the systems and lessons will translate, but it's good to know your efforts and ours are not entirely wasted.

John Laswick: Yeah. That's great. We have to give credit to Lois for getting married two weeks after the expenditure deadline, too. So way to go, Lois.

Kent Buhl: And I see that Lois is one of the few people here who is connected with the phone icon, and she's got another question. So Lois I'm going to unmute you.

Q: Hi, there. I couldn't figure out how to do the audio question, so I've just been typing my thoughts.

My question I'll just ask -- I typed it in -- I know y'all have had a bit of guidance on the closeout and I'm still getting questions here; people are eager to know if there's an absolute deadline and if there's something that I need to be setting up for us not to get into any trouble. I keep saying no; "flexible" might not be the right word, but there's not be the right word but there's not a hard and fast deadline. And I want y'all to correct me if I'm saying anything wrong here.

My goal is to try to close it out as close to a year after the last deadline, which would be February 2014 for us, partly because the funding for the administrative, the oversight, what I'm doing, what others are doing while these projects are not closed out starts to weigh on the budget and I just kind of want to get them out and done.

Hunter Kurtz: Yeah. There's no deadline to close out.

Q: Are other folks having the same sort of questions and what are they doing about budgeting issues? Because I would imagine we are running into, like third-party contracts that we had that we only -- without having the foresight we kind of had them expiring right after the deadline. And we realized, well, we don't have all the houses built.

So like our building, we had some technical assistance in the third-party contract for building standards, but that's coming to a close even though we've still got about 44 units to build; things like that. Have you guys been talking about that at all and come up with any, I don't know, silver-bullet ideas?

Hunter Kurtz: I don't think we have any silver bullets for that. I mean, obviously any program income that you generate, 10 percent of that can be used for admin. I think we are tossing around the idea of doing a webinar in the next couple months about this very subject, because I know a lot of people are facing it.

You're going to have to look at other funding sources and things. It's not an easy solution; there's not an easy solution out there.

Q: Right. Right.

John Laswick: In your case you do have a little more incentive because you're one of the par 50 environmental group, and therefore when you close out you have more flexibility with your expenditures. But it's not anything that we're going to be pushing on you. Certainly -- I don't know who it was just recently, somebody else asked me about contracts and saying, geesh, we wrote these things thinking that'll be plenty of time, and it might have been just with consortium members. You're just going to have to extend those. Hopefully that won't be a problem.

I mean, I think sooner or later everybody's going to be squeezed on these admin costs, particularly places with land banks and stuff like that. You guys going to be carrying a number of properties?

Q: NORA ourselves, for land banking, or just in the consortium?

John Laswick: Yeah, in the consortium.

Q: Yeah. In the consortium I think less than 25. A few of them are already going into eligible use B development, but not all of them.

John Laswick: Okay. Maybe when you were dialing in I was telling people how you managed to somehow get married right after the completion.

Q: I heard you. I was sheepishly letting that slide. Yep. I did it. I don't know quite how, now that I look back, but it got done.

John Laswick: Okay.

Yeah, I think don't stress on it too much. But I think obviously if you can start looking at combining sources of funds or streamlining operations. Certainly we've seen people reducing their staffs in anticipation of reduced revenues, and that's always difficult to do. But these are all things that you're going to have to contend with.

Q: Okay. That's good. I just wanted some validation that I hadn't missed anything or there wasn't something that I was missing. I'll just keep --

John Laswick: Very clearly, no deadline. It's hard to believe from NSP, but there's no deadline on closeouts.

Q: Right. Well, you've [inaudible] deadlines, give us a little bit of a break. That's good.

John Laswick: No. It's like, how do we do this without a deadline?

Q: Right. I know. Well, it's funny you say that because one of the things I want to see carried through is to maybe impose our own deadlines to other programs. You know you're always going to fall back on them if there's not somebody holding the stick over you. But man, it really makes you make some decisions and figure it out pretty quickly.

John Laswick: Yeah. I think that's good. And if you can make that work, it keeps your costs down; it delivers product faster.

Q: Yeah. It may not be the most perfect product, but even when you have all the time in the world, you don't end up with the most perfect product. So I don't know. It's a balance.

John Laswick: Yep.

Q: Well, thanks, guys.

John Laswick: Sure.

Kent Buhl: Thank you, Lois. And now we have a question from Jim [ph] that is perhaps unanswerable with specifics. He says, "What is the realistic cost and square footage acceptable for a single-family home?"

Hunter Kurtz: Depends on the market. The difference between Los Angeles and Alabama is remarkable. You can't dictate something like that from here in headquarters.

John Laswick: Yeah. I mean, your market costs are what they are. I think one thing that's kind of fairly consistent is that the amount of subsidy generally runs in the 30 to 40 percent of total development range, is what I've seen, and that's a very rough range. Private builders can't build new affordable housing and get the rents that it would take, so that's why we have programs like HOME and NSP, and there's nothing wrong with the private sector. They just can't get those rents, so we come in and fill that gap.

Even in other projects I've seen it's been at 25 to 35 percent, so that's just kind of a rule of thumb that I've come up with. And I think it's more expensive now, not because costs are necessarily higher, but because values are lower. We're always going to be making up the difference between total development cost and current market value.

And those values are coming back. Like in L.A., Doug told us they were selling these houses in the low-200s, and now they're in the mid-200s appraised value. Even Detroit, which probably the most challenging projects, has seen their appraised values going from maybe $85,000 to in the $125,000 range. And the interesting thing is that, both in Los Angeles and in Detroit, the total development cost is around $350,000. In Detroit's case, they're subsidizing two-thirds of the cost, but what they're saving is 75-, 85-year-old historic structures with large square footages, all kinds of woodwork, wonderful features and stuff like that. But it's expensive.

But if you want to talk about a specific area -- I don't know specific areas as far as prices around the country. Probably if you're subsidizing in the range of what seems like a lot of money, might be 35 percent, is probably not oversubsidizing it.

Kent Buhl: These are all good questions; keep them coming. At the moment we have no more. Also, if you have any environmental review kinds of questions, we've got Liz Zepeda with us, who can answer those, too. So submit your questions using Q&A at any time.

And I suggest, John, that you continue with the slide show.

John Laswick: Okay. So moving to the other coast, Camden, New Jersey.

Now, this is a very distressed community that is right across the river from Philadelphia. In the upper left-hand corner you can see across the Ben Franklin Bridge is some really great views from the second floor or the roof gardens, roof patios of some of these row houses that are typical in the area.

In the lower right-hand corner are a number of projects, parcels that have been demolished, and the city is working with a nonprofit to maintain them. It's a job training program, so they get generally young men and teach them to do gardening and landscaping. Some of them have graduated to private sector jobs. It keeps the money in the community and the costs down.

I've seen both in Philadelphia and we saw in Camden these low gray fences that tend to demarcate the publicly-owned properties. They seem to have -- they sort of send a signal that these are properties the city is going to maintain. But as you can see here, there are more to go in the block behind us. They do seem to be in very good shape, the ones that we've seen, all the little fenced properties.

This is in that same neighborhood. These are new apartments that were probably the first new construction in this particular neighborhood in quite a while; maybe 20 years. The redevelopment authority did these. We were very impressed with the work they did. They were an NSP 2 recipient. Housing authority also got an NSP 2 grant and was working in a somewhat different area but also doing good work.

Here he is pointing to a lot on the left, right by his hand, that's across the street, and then on the far right another house, another lot across the street where they're doing some additional units of this type in this area and filling in a whole corner here. So you can imagine that that's going to have a pretty significant effect stabilizing the neighborhood.

I say the one that got us really excited is the work that they were doing downtown. The redevelopment authority's working I think two nonprofits and one for-profit -- or maybe the other way around -- to do a total of 45 infill units in the downtown area, in a neighborhood called Cooper. There's several different projects in there. They're doing some new construction infill but mostly rehab of these beautiful townhomes, where they're close to the downtown area; they're close to the Rutgers University campus, which is building a medical school, so they're going to have some economic drivers in the area.

And you could kind of see in this reasonably same area that we were in, of maybe six or eight blocks, they're doing 45 units and it's really filling in most of the gaps in that area; not all of them but quite a few. This is the kind of interior and fixtures; you see granite countertops. These are going to be the sort of amenities that you want to get, to have to attract some middle-income people to these neighborhoods as well as some units would be available for low and moderate income. So beautiful work.

The lower right-hand corner shows you that there's still vacant houses right up next to the ones that are in pretty good shape. The lower left-hand corner in the property, the row house on the far right there, is the one that we're looking at the inside of here. Nuno, who is their project manager, is standing there. He is also the guy that got us out of the elevator, where we were stuck for 25 minutes.

Hunter Kurtz: With 11 other people.

John Laswick: Right. So a great example of public-private partnership. And fortunately he knew everybody who could possibly get us out and they were all waiting for us on the other side.

Hunter Kurtz: I think it's an important lesson, though, that we learned is don't ever get in an elevator with a project manager onsite -- building manager, because he's the one that knows how to get you out of the elevator. And if he's in the elevator with you, you have problems.

John Laswick: He did pretty well.

Hunter Kurtz: He did, but --

John Laswick: [laughter] And I guess the nice thing is -- you can see this fireplace with the brick, or glass -- I know that Juanita Jones in Detroit uses some of these features, too. The hardwood floors, in some cases -- well, this one, you can see, is a three-story building. It's really a nice unit, and they're hoping to attract a real mix of incomes.

It's just the kind of neighborhood -- you know, I really didn't know what to expect going into Camden. I knew they would have problems in terms of their challenges; it wasn't an easy job. But they really seemed to be getting on top of it and creating some positive momentum. And then the housing authority is doing similar projects. We saw a bunch of row house floor plans.

But you can see here again this is a nice level of finish in the kitchen. This building is just down the street and you can sort of see here there's a layer, façade of brick that's kind of peeling off from the original brick; not exactly sure why it was done this way. But they're having to take this apart carefully and save the structure underneath. Liz is going, I hope they did the environmental review on there, too. [inaudible].

And in Philadelphia, across the river, some very interesting projects. Nicetown is the name of this neighborhood. The neighborhood organization's motto is "putting the nice back in the town." I think this is one of those places where they're actually developing pretty much a whole block that has been vacant for quite a while, and then some infill along the other side and down the street. They had originally built the Nicetown Courts 1 project, which is two blocks away, so this continues that.

At the lower left there -- it's a little hard to see -- but past the chain link fence and across the street is a train station. This is a commuter rail hub and the rail line is redeveloping the station. And then immediately on the left -- well, both sides of the street coming out of the station -- there are going to be commercial spaces as part of this property. So in the lower right-hand corner you see one of the commercial spaces. Lower left, you can kind of see both sides with the train station in the background.

And then this just shows you some of the units under construction. These are two- and three-story buildings. In some cases they have two-story units with the first floor on the second story and the second floor on the third story, so they've got some interesting floor plans.

Here they've kind of gone from a neighborhood with a lot of holes to having filled in all the holes. And then not too far away they did a major demolition of an old industrial facility, so they're stabilizing the neighborhood by eliminating blighting influences as well.

And then our illustrious NSP staff meeting with the community builders. Both the community builders, which was an NSP 2 grantee, and the city of Philadelphia have NSP 2 funds in the Nicetown project.

We've been seeing a lot of great accessibility features. Here's an accessible kitchen and bathroom in these units in some ground floor apartments. People have been showing this kind of stuff off all over the place.

Here's another beautiful building. This is pretty much the only thing that still exists where the walls and this fireplace -- and the builder's standing proudly next to that. Everything else, from the floors to all the interiors, had to be rebuilt. But these units are going -- I think their total development cost averages around $200,000, and I think they're selling these, depending on the unit, in the $120,000 to $150,000 range. So it's pretty good level of subsidy, pretty decent cost structure in a neighborhood that's coming back, called Point Breeze. And Philadelphia uses the resale method of continued affordability, so these houses will continue to be affordable well into the future.

Mount Vernon apartments. In the upper right kind of gives you the sense of the before, and on the left and below are the after. This was a 1980s HUD-insured and subsidized project that had been going downhill, and the city and the redevelopment authority worked to get a new board in the nonprofit that was operating it and a lot of subsidy into development to make it work.

This is 75 units for a total development cost of about $16,500,000, or $220,000 a unit. These are affordable rentals. Then there's another phase which I think they're doing later kind of catty corner from this. The housing authority's got some really beautiful new apartments in this area. They are teaming up to enhance each other's impact in the Mantua neighborhood.

On the lower left, one project that was a redevelopment of an existing apartment building, and then one of Philadelphia's 3,600 murals in their mural program; again, one of these lots that is shown to be part of the city's inventory and maintenance program, and always seem to be really pretty clean. So I don't know what frequency they are attended to, but that really sends a pretty strong signal there.

The one on the left is called Rae Homes. It's a 50 percent AMI project; 53 units, $10.6 million total development cost, so again right around $200,000, maybe a little bit less, per unit.

So Philadelphia's doing an outstanding job. They've completed and sold 160 out of 190 units. And Dana Hanchin is celebrating her last day with the redevelopment authority. She has done a great job, along with John Carpenter and the people from the Philadelphia Department of Housing and Community Development. So good work, Philadelphia.

All right. Back to questions.

Kent Buhl: Back to questions. We've got one here from Jim, who asks, "Can these programs be used for both urban and rural development?"

John Laswick: Yeah. You know, most of the rural stuff in NSP has been done through state agencies. We have, except for NSP 2, given our funds primarily to either states or counties or cities that get funds from us and the states administer the funds for non-metropolitan areas; and they do so in different ways and they have their own additional rules about where they put the money and so forth.

Hunter Kurtz: And there's also a requirement in the NSP program that the census tract that you're working in meets a certain needs threshold based off of vacancies and foreclosures. There's a formula. So the states, if they are going to work someplace -- especially the upper Midwest states, work in rural areas.

John Laswick: But even those are smaller towns as opposed to farms or something like that. Hunter's right. Just the one or sort of scattered foreclosed units in a farming area, for example, will probably not qualify as an NSP target area. But quite a few small towns have had the same sort of problems that everybody else has.

Hunter Kurtz: But if you're interested in the program, please go to the NSPHelp.info website. On there, there's a dropdown bar that gives you the contact information for grantees. If you click on that it'll give you the contact information for all the grantees across the country, and you can look up the state that you're interested in working with and contact them and see how they manage their NSP program.

Kent Buhl: So other questions, simply use the Q&A box to submit your question in writing.

Hunter Kurtz: Do we have any more, Kent?

Kent Buhl: At the moment we do not.

So while you're thinking about any questions you may still have, let me remind you that you can ask your question these ways, and that this webinar is being recorded and will be archived on the NSP web site. And surprisingly quickly, the written transcript becomes available -- considering how many words are spoken.

John Laswick: I like this idea of using photographs, too. I've got some really good before and after pictures of some projects in Miami that I'll develop as soon as I can for the next one of these. I was down there last February and then I was down there this March, and it's really remarkable, the kind of turnaround that you see in some of these projects.

Hunter Kurtz: Kent, could we go back to the future webinars?

Kent Buhl: Yes.

Hunter Kurtz: Just want to point out that next week's June 18th webinar on DRGR is also going to have a focus on cleaning up your QPRs and getting ready for closeout through QPRs, because one of the things you need to do to close out is submit your final QPR, and you can't do that if it has problems. So they're going to talk about how to fix errors that you might have from past QPRs and those types of things.

Even if you're not interested in the closeout part yet, it's still a good way to clean up your QPR. If you're looking for something to do to get ready for closeout and you're waiting for us, this is a good thing to start, just cleaning up those QPRs.

John Laswick: Yes. And if you've been through that process, there are certain corrections that require you to go back and correct previous documents and various things like that.

Hunter Kurtz: We don't do that anymore.

John Laswick: We don't do that anymore?

Hunter Kurtz: That's what we'll talk about, and how to fix your old QPR.

John Laswick: Oh. Man, I should keep up with this stuff. Good. It can be confusing. So our motto is "perfect your QPR." That's essentially an unattainable goal, but we would want you to get close -- close enough for closeout, anyway.

Kent Buhl: Antoinette [ph] has a slight twist on a question that was asked earlier. She says that she knows that there's no closeout date for NSP 2, but is there a deadline date for NSP 2 recipients to have all projects completed?

Hunter Kurtz: No.

John Laswick: You can't close until your projects are completed and until you've met a national objective. There isn't a specific deadline for any of those things. But as Lois mentioned, sooner or later you start running out of administrative money. So it's in your interest to keep these things moving through the process and into occupancy.

It has an impact on the neighborhood, too. Even if your house is finished and you haven't had it sold yet or rented, then it's susceptible sometimes to vandalism. So there are not regulatory requirements but it's just good common sense to try to get them done and into service as quickly as you can.

Hunter Kurtz: Plus you won't have to do any more QPRs. You'll only have to do a yearly -- APR, annual performance report. That's always exciting.

Kent Buhl: Bonus.

Hunter Kurtz: Big bonus.

Kent Buhl: And Gary asks, "Is there a benefit in a post-closeout scenario for an NSP grantee to establish a revolving loan account to hold a portion of the program income to meet the 25 percent set-aside requirement?"

John Laswick: Not intrinsically. It depends on your program.

For example, if you only have acquisition rehab and resale, then creating a revolving fund doesn't really change much because you're not sheltering that project or that activity from other activities that might use it.

You know, we're still going to be looking for you to have completed your 25 percent low-income set-aside requirement for your original grant amount before you close, but program income will be able to be satisfied. Projects that you do with program income will not have a specific deadline. You will report those as complete as you go forward.

So it really kind of depends on your program and what you're trying to do. I think they can be helpful, but I don't think -- they're not always helpful, I guess. So what I would suggest is if you have a question, you want to talk that through, contact your field office or write to one of us and maybe describe the scenario and maybe we can help you think it through.

Hunter Kurtz: [inaudible] post-closeout.

John Laswick: Post-closeout? Well, again, I don't think those sort of dynamics really change post-closeout unless you're a nonprofit, and I don't think we're worried about it then.

Yeah. I don't know. It seems to me there's more of an incentive to have a revolving fund when you still have money in your line of credit, because otherwise you may never get to spend all the money if you've got a lot of program income coming in that you have to keep spending first; and therefore you can't close out because you can't close out your line of credit because you haven't spent all the funds out of your line of credit.

But once you've closed out, there's less -- then it just depends on the program design and if you want to, like, save some money for rehab and there's maybe other things that are competing for its attention.

Or if you've got political demands, it might give you a little cover as far as having money in that account. There's a lot of variables, so I don't want to speculate too much. But sometimes it's useful, sometimes it's not.

Kent Buhl: Thanks for the question, Gary. Would any of you panelists like to say anything about what the energy efficiency requirements of NSP are for new construction?

John Laswick: They're a little different for each program. Basically I think what they end up being, Energy Star is kind of a minimum. But if you're doing gut rehabilitation or new construction there's a higher standard for NSP 2 and NSP 3. I don't really know them off the top of my head to be able to give you the particulars.

I think we've got some material on the website and Enterprise has down a lot of work with us and on its own to develop its green building standards. We've seen quite a few LEED-certified houses or houses that meet a LEED standard, whether or not they go through the certification process.

You know, I think that once people have figured it out and their contractors have figured it out, they've gone through this phase shift from the old way of doing things to the new way of doing things, and NSP has been the tool that's sort of pulled them through that. It seems to us a lot of places are just doing -- are going to have these standards going forward and their builders know how to do it now, so it's not too difficult and we've just kind of bumped it up a level.

NSP 1, it was really kind of local standards; really wasn't a specific standard. NSP 2, it applied to different types of buildings and at different levels. So if you have a specific question we can try to get an answer for you.

Kent Buhl: How's planning going for the 2013 holiday neckwear?

John Laswick: I don't know. We haven't got past the 4th of July neckwear competition yet, so --

Kent Buhl: Okay.

John Laswick: Jim Yerdon wore a flag tie yesterday, so I'll have to get mine out. We can try and make me think of cool weather. That does help, Kent. I don't know. I'm feeling like I've got a lot of Christmas ties now, so we'll have to go into a new Thanksgiving tie.

Hunter Kurtz: Arbor Day.

Liz Zepeda: We're furloughed on Arbor Day.

John Laswick: That's right. We're furloughed on Arbor Day, so there's no ties on Arbor Day.

Kent Buhl: Here are a list of all sorts of resources and websites that you can go to to get various answers to all kinds of questions.

John Laswick: Yeah. That one up top really, you can go into the resource library and do the advanced search. It allows you to pick NSP and it'll allow you to pick different search terms and different types of information, like policy alerts or toolkits or whatever. You can find, I think for example, on this green building standards there's quite a bit in there that you can get pretty easily.

Kent Buhl: We'll wait to see if any more questions come in. If you have any, this would be the time to submit them in the Q&A box. And while you're thinking about that, I'll just remind folks that when you do leave the webinar you'll be automatically redirected to a SurveyMonkey site for a brief questionnaire, and we appreciate your taking the couple moments to answer those questions. Written comments are always especially helpful.

If you have specific project-related questions, however, that's not a good place to ask them because we can't tell the person who is asking the question or submitting that.

Hunter Kurtz: This is problematic.

John Laswick: And we're not looking for those kind of questions there. We don't get those reports often. We get them once a month. The one you want is this One CPD Ask A Question, which is a service that we've been offering all along and really is pretty fast. I hate to say the demand for NSP questions is down from its glory days, but you'll get a pretty quick answer because we're not swimming in questions the way we were three years ago. So that's a pretty good way to get some service.

And if the people that are answering those questions don't know, they send them to us and we take a look at them every week. It's a pretty good system, I think.

And if you really think you need some help, you can request technical assistance also. There is still technical assistance money available for the short-term, 6 to 16 hours of remote technical assistance we can approve within a week. Longer, more complicated projects will take a little longer to set up. But there is money and we're happy to try to increase your knowledge of the program.

Well, I see no more questions coming in, so I think we might as well wrap it up. I appreciate all the participants being here today, as I know the HUD staff does as well. That would be John

Laswick and Hunter Kurtz, and also Liz Zepeda, who patiently waited for questions that never came. [laughter]

Liz Zepeda: I'm happy to accept by email, should they occur to you later.

Kent Buhl: Great. There's the email addresses right there, so don't be shy. And thanks to everyone for being here today, and we hope to see you soon on another NSP webinar. Take care, everyone.