Neighborhood Stabilization Program
Closeout Efforts and
Program Income Transfer Notice

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Community Planning and Development

Today's Hosts

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Today's Topics

- Closeout Efforts – NSP Closeout Package Assistance

- Program Income Transfer Notice

- Resources

NSP Closeout Effort

Reminder! **Closeout Criteria**

With consultation from the Field Office, grantees may begin closeout when these criteria are met

1. Activities funded with even a penny of Line of Credit (LOC) funds are complete and meet a National Objective

2. Grantee has met the 25% Set-Aside Requirement for LOC amount

3. All Costs have been incurred

4. Other regulatory requirements are met

For NSP Closeout Guidance:

https://www.hudexchange.info/resource/3811/nsp-closeout-guide/

NSP Closeout Effort

- New effort launched to assist grantees identified as "ready" with preparing closeout packages.

- Readiness Checks were assigned previously for nearly 300 grants.   To date, 125 of these grantees are receiving assistance to prepare closeout packages.

- HUD goal to close **100 grants** by September 2016 - 34 grants have been closed to date.

- Remember- any grantee that is ready can consult its FO to proceed with closeout – TA is not required.

Closeout Coordination Team

HUD HQ

- Jessie Handforth Kome
- John Laswick
- Ebony Madyun
- Larry Reyes
- Njeri Santana

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- Dionne Roberts
- Jennifer Alpha
- Ernie Hernandez
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HUD Field Office Advisory Group

- Sarah Ciampi (Chicago)
- Bob Digruccio (LA)
- Marilee Hansen (Las Vegas)
- Casey Hines (Detroit)
- Lori Serino (Jacksonville)
- Brian White (Columbus)

NSP Closeout Package Assistance

<u>Purpose</u>

- Follow-up on previous readiness checks to:

  - Move "Ready" grants to closeout by assisting in Closeout Package completion

  - Assess whether "Not Ready" grants have cleared obstacles

    - Move those that are ready forward;

    - Possible recommendation for TA for those who are not ready

- Goal is to facilitate closeouts by delivering a complete, thoroughly reviewed Closeout Package to the Field Office

NSP Closeout Package Assistance

Purpose:

- Closeout Package Assistance is for package advice and review only (unless question can be answered very quickly)

  - Purpose is **NOT** to provide TA outside of assistance with Closeout Package review

- In the event difficult or lengthy obstacles are discovered, Closeout Package Assistance may be put on HOLD and separate TA may be provided

- TA providers will be working closely with FO representatives to determine the best path for moving grantees toward closeout. All decisions ultimately rest with FO and HQ with respect to recommendation and assignment of direct TA

NSP Closeout Package Assistance

Steps:

1. TA Provider reviews the previously completed Readiness Check Recommendation Form for each grantee to understand issues and considerations at time of initial Readiness Check.

2. TA Provider Primary Contact reaches out to FO to discuss assignments. Communication will be ongoing. Primary Contact relays information to team members, as necessary.

NSP Closeout Package Assistance

3.   Providers reach out to Grantees to assess status. (Est. 3-5 hours)

- Conduct Due Diligence Interview with Grantee

- Conduct DRGR Review

- Report information to HUD on an ongoing basis

- If obstacles are encountered, discuss with FO. Recommend TA where appropriate and put Closeout Package Assistance on hold.

NOTE: For grantees in "Ready" category, begin assessment immediately. For "Not Ready" grantees, check that initial obstacles were cleared, then begin if initial obstacles cleared. If initial obstacles remain, discuss with FO. Targeted TA may be needed. If other grantees meet conditions for closeout, refer to field office.

NSP Closeout Package Assistance

4. For grants where assessment confirms Grantee is ready to complete the Closeout Package, TA Provider will communicate with HUD FO to ensure Closeout Package is sent to Grantee by HUD FO. Field Office will need to complete some portions of forms for Grantee but not all.

5. TA Provider will review closeout forms once completed by Grantee. Information collected during assessment will inform review. (Est. 1-2 hours)

    - TA Provider will refer to Due Diligence Interview in reviewing Closeout Checklist.

    - TA Provider will refer to DRGR Reports for financial information.

NSP Closeout Package Assistance

6. TA Provider will complete a Recommendation/Closeout Report form.

7. TA Provider will inform FO that closeout forms are submitted and continue follow-up with FO Rep until confirmation that Closeout Agreement has been executed and grant is closed.

NSP Closeout Package Assistance

DRGR Reconciliation

- DRGR is where data is stored

- Data is used to assess performance and compliance

- All financial records reside in DRGR

- Reports are used by HUD, Congress, and Media

- Detailed focus on reconciliation- start now!

NSP Closeout Package Assistance

Important Reports to Review

- Draft Final QPR

- Admin Report 2b – Activities Summary

- Fin Rpt 7a – Financial Summary

- Perf Rpt 01 – Performance Measures (Income, Units, Green Measures)

- Perf Rpt 03 – Addresses

- Perf Rpt 06 – Beneficiary Statistics (Race, Ethnicity, Female Headed Households

- NSP Closeout LH25 Report

- Support Data for Addresses – Affordability information for Management Plan for Continued Affordability

NSP Closeout Package Assistance

TA Resources and Guidance

- If you think you are ready, contact your field office!

- DRGR/NSP AAQ and Requests for On-Call Assistance
  - https://www.hudexchange.info/get-assistance/

- DRGR Office Hours by referral from TA Provider or FO for quick DRGR assistance

- August Webinars to assist with closeout preparation

QUESTIONS ON CLOSEOUT ASSISTANCE?

Program Income Transfer Notice

- The original closeout notice issued in November 2012 (FR–5660–N–01) required that NSP program income must continue to be used for NSP uses following closeout.

  - Exception if the amount received annually after grant closeout totals $25,000 or less.

- On June 14, 2016, HUD issued a Notice on changes to program income requirements (FR–5933–N–01) that allows for greater flexibility in how grantees can use program income.

Program Income Transfer Notice

<u>Background</u>

- Grantees with large program income balances are having difficulty reaching remaining Line of Credit funds, which delays grant closeout significantly.

- Some grantees no longer have an adequate pool of NSP-eligible foreclosed or abandoned properties in their target areas but have other CDBG needs.

Program Income Transfer Notice

New Flexibility

NSP grantees will be able to transfer NSP Program Income before, at the time of and after closeout to the CDBG program if they meet certain criteria:

- Applies only to CDBG grantees (entitlement or state) with an open formula entitlement grant or a unit of general local government (UGLG) recipient with an open CDBG grant from a state.

- Grantees must meet the NSP 25% Set-aside Requirement for low-income housing for all funds expended or obligated (PF+PI). This calculation is made after subtracting the PI that will be transferred.

Program Income Transfer Notice

<u>Nonprofits and Non-Entitlement Local Governments</u>

- The transfer option will not be available for nonprofit and non-entitlement grantees, including those that are part of a consortium.

- These entities will continue to follow original closeout requirements:

  - PI received within 5 years after closeout must be NSP-eligible and meet NSP requirements, but no other federal requirements apply.

  - Any income received 5 years after grant closeout, as well as program income from funds outlaid after the date of the closeout agreement may be used without restriction. Such grantees are encouraged to use such funds in accordance with the principles above.

Program Income Transfer Notice

Entitlements that are Part of a Consortium

- Ability of these grantees to transfer PI will depend on whether the funding agreement between the lead applicant and the entitlement consortium member permits the entitlement to retain PI.

- Additionally, consideration must be made for whether the PI may be needed for the Consortium as a whole to meet NSP requirements.

- If funding agreement permits, then entitlement can transfer PI at closeout without Consortium permission, and before closeout with Consortium permission.

Program Income Transfer Notice

Treatment of PI Following Transfer

- NSP PI transferred will become CDBG PI upon receipt into IDIS

  - All funds will be subject to all CDBG PI requirements

  - CDBG expenditure caps apply (20% admin/15% public service)

  - Some flexibility for meeting the CDBG 1.5 ratio

  - NSP requirements will no longer apply (e.g. 25% Set-Aside Requirement not applicable; no longer able to serve up to 120% AMI or construct new housing)

Program Income Transfer Notice

Treatment of PI Remaining in NSP

- NSP requirements will continue to apply

- Reporting for funds left in DRGR will continue in DRGR

Program Income Transfer Notice

How Do I Process a PI Transfer?

- Send a written approval request to field office on the template provided by HUD identifying amounts of unused NSP PI and sources of expected future PI, if future PI will be transferred.

- When approval received, PI is transferred from DRGR to IDIS. Then, upload permission and add explanation to QPR and Action Plan.

- For CDBG, Con Plan/Action Plan may require amendment depending on local citizen participation plan and 24 CFR 91.505.

Program Income Transfer Notice

Upcoming Resources

- Detailed procedures and forms will be provided for submitting requests for transfer approval and transferring PI between the systems.
    - Webinar on July 19th to review procedures

- FAQs available on HUD Exchange

- TA available through AAQ and On-call requests

More Resources

NSP

–NSP on the HUD Resource Exchange:

https://www.hudexchange.info/programs/nsp/

– NSP Closeout Guidance:

https://www.hudexchange.info/resource/3811/nsp-closeout-guide/

– NSP Webinars- Search here. . .

https://www.hudexchange.info/training-events/

TA Requests

https://www.hudexchange.info/get-assistance/

More Resources

DRGR

– HUD Exchange Frequently Asked Questions (FAQ):

https://www.hudexchange.info/resource/134/drgr-knowledgebase-faqs/

– HUD Exchange 2016 DRGR User Manual:

https://www.hudexchange.info/programs/drgr/guides/

IDIS

https://www.hudexchange.info/resource/2685/idis-online-for-cdbg-entitlement-communities-training-manual/

Ask-A-Question for NSP, DRGR, and IDIS

https://www.hudexchange.info/get-assistance/

QUESTIONS?