U.S. Department of Housing and Urban Development

Neighborhood Stabilization Program

Update on Program Income Transfer Procedures

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Community Planning and Development

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Today's Topics

- Program Income Transfer Procedures
  - Advantages and Disadvantages
  - Basics
  - Request Template & Reports

- FAQs

- Q&A

PI Transfer – Advantages and Disadvantages

REMINDERS

- Grantees are not required to transfer Program Income.

- With field office permission, a grantee may make several transfers over a period of several years, if desired.

- There is no NSP spending deadline at this time and no deadline by which PI must be transferred.

- Once PI is transferred to CDBG, it cannot be transferred back to NSP.

- Funds transferred are no longer NSP and take on CDBG requirements.

PI Transfer – Advantages and Disadvantages

ADVANTAGES

- Allows NSP program to access and spend remaining LOC funds and close out NSP grant.

- Provides new CDBG program income for activities with a wider range of eligible activities.

- Increases planning and admin and public service caps, though 20% admin cap on program income is subject to a one year spending limit.

- Most useful when there are CDBG projects that can use the funds relatively soon.

PI Transfer – Advantages and Disadvantages

DISADVANTAGES

- Affects balance of unexpended CDBG funds, with implications for 1.5 timeliness test.

- Prevents use of the program income for activities that are eligible in NSP but not in CDBG, such as new housing construction, land banks, and beneficiaries with 80-120% AMI.

- May result in a CDBG substantial amendment.

PI Transfer – Advantages and Disadvantages

CONSIDERATIONS

- Time the transfer right. The timeliness test is 60 days before the program year start date.

- HUD will work with you but will also expect to see actions within the same year as the transfer to accelerate CDBG use sufficiently to take timely advantage of the transferred program income.

- If it's not necessary to transfer 100% of NSP PI, split it into several annual installments.

PI Transfer – Advantages and Disadvantages

CONSIDERATIONS

- Amendments to CDBG programs are required whenever there is a change in the "purpose, scope, location, or beneficiaries" of an activity or when the activity is new.

  – If possible, time any transfers to coincide with the Action Plan cycle to simplify amendments.

  – This also allows more time before the 1.5 timeliness test.

PI Transfer – Advantages and Disadvantages

CONSIDERATIONS FOR SUBRECIPIENTS

- If the NSP subrecipient agreement allows the sub to retain program income and use it for NSP eligible activities, a transfer of the program income to the CDBG program will also require an amendment to the terms of the subrecipient agreement to ensure that eligibility, national objectives, and other CDBG requirements replace NSP requirements.

PI Transfer - Basics
WHO CAN TRANSFER PI?

- Most NSP grantees are state or entitlement CDBG grantees that can transfer NSP program income (PI) to their own CDBG programs.

- Some variations from this norm occurred in the competitive NSP2 process, which allowed direct application by non-profit organizations and created consortia of non-profits and entitlement communities.

- The NSP3 formula, mandated in the legislation, gave direct funding to about 30 non-entitlement cities and counties.

- The new rules also have implications for State subgrantees.

PI Transfer - Basics
WHO CAN TRANSFER PI?

RECIPIENT OF NSP FUNDS	ELIGIBILITY FOR NSP-CDBG TRANSFERS
States, Entitlement Cities, Urban Counties	May transfer accrued, unobligated NSP program income at any time.
Non-entitlement NSP3 Grantees	May retain PI for NSP uses or transfer it to an open state CDBG grant. Otherwise, PI follows the rules for non-profit NSP2 sole applicants below.
Non-Profit Sole Applicants in NSP2	May not transfer program income. NSP funds received in the first five years after closeout must only meet standards for eligibility and national objectives. Income received beyond five years after closeout becomes miscellaneous revenue.

PI Transfer - Basics
WHO CAN TRANSFER PI?

RECIPIENT OF NSP FUNDS	ELIGIBILITY FOR NSP-CDBG TRANSFERS
Mixed Public-Non-Profit NSP2 Consortia, Including consortia with entitlement and urban county grantees	These are driven by the consortium funding agreement. • If the Lead Member is an entitlement: Lead member may transfer PI allocated to it. • If the Lead member is a non-profit: Transfers of funds from entitlement communities to CDBG grants are allowed if permitted by the agreement, which may be amended. • Transfers from non-profit members are not allowed. These follow the rule above for non-profit NSP2 sole applicants.

PI Transfer - Basics
WHO CAN TRANSFER PI?

RECIPIENT OF NSP FUNDS	ELIGIBILITY FOR NSP-CDBG TRANSFERS
State subrecipients, including subgrantees that are entitlement communities	• As in the state CDBG program, the subgrantee/subrecipient agreement sets the terms. • Subgrantees permitted to retain PI can continue to use the funds as NSP. • If there is an active CDBG grant from the state, it may, at its option, allow the transfer of those funds to the community's CDBG program. • This rule also applies to Entitlement subgrantees of states.

PI Transfer - Basics

RECAP OF PROCEDURES

I. DRGR System

1. Reconcile Program Income

2. *Request Transfer from Field Office*

3. Cancel DRGR PI Receipts

II. IDIS System

A. Add Receipts

B. Edit/View Receipt

C. View Receipt Accounts

PI Transfer – Request Template

2. Request Transfer from Field Office

- After PI is reconciled in DRGR, Grantee will need to submit a written request on the HUD Template.

- Requests are for <u>PI ON HAND ONLY</u>. Any future PI received will need a separate approval if grantee wants to transfer it to CDBG.

- Transfers should be completed promptly after approval is received.

- Let's review the information you will need to complete the template. . . .

PI Transfer - Request Template

- Grantees will need to insert:

  - Grant number,

  - specific appropriation, and

  - activity number(s) associated with the NSP activity(ies) that generated the program income;

    - Grantees can use Financial Report 5e to see list of all activities that generated PI and receipt amounts to determine from which activities PI will be transferred.

    - This report can be exported and the activities from which PI will be transferred can be copied into Attachment A of the Request.

PI Transfer – Request Template

Example Financial Report 5e

Activity Number	Receipt Number	Receipt Date	Receipt Amount
441049-Acquisition	441049-11022012	11/5/2012	$15,000.00
441058-Demolition	441058-04042012	12/9/2011	$2,038.00
	441058-04052012	3/2/2012	$1,538.00
441044-FRANKLIN CTY MORPC	44104409032014	9/3/2014	$382,963.14
441054-CHP-1066 E LONG	44105411112015	11/11/2015	$74,862.45
441043-HOTH-4919 FOX RIDGE	44104312092015a	12/9/2015	$19,219.19
441052-WEINLAND PARK 50% AMI RENTAL	44105201052016	1/5/2016	$50,946.00
441053-CAMPUS PARTNERS	441053-08032012	8/3/2012	$65,442.33
	441053-02062013	2/6/2013	$81,114.58
	44105308022013	8/2/2013	$50,086.31
	44105301082014	1/8/2014	$29,489.99
	44105302042014	2/4/2014	$37,893.27
	44150306052014	6/5/2014	$73,821.65
	441053061320147	6/13/2014	$5,126.00
	44105307072014	7/7/2014	$14,999.99
	44105308052014	8/5/2014	$75,098.26
	44105309032014	9/3/2014	$46,632.12
	44105310062014	10/6/2014	$26,794.19
	44105312022014	12/2/2014	$3,533.71
	44105310052015	10/5/2015	$14,999.00
441054-CHP-266 N 21ST	441054-03052013a	3/5/2013	$75,970.94
441054-CHP-259 N 21ST	441054-03052013b	3/5/2013	$37,072.37
441043-HOTH-5436 WESTGROVE	44104312092015b	12/9/2015	$49,146.89
441043-HOTH-585 FOX RIDGE	441043-03052013	3/5/2013	$69,273.82
	441043-09052012	9/5/2012	$37,864.81
	441043-01032013	1/3/2013	$99,080.39

PI Transfer – Request Template

- Amount of available NSP program income, including:

    – The amount of program income receipted and drawn in DRGR and the remaining DRGR program income balance.

    o Use Financial Report 5d

PI Account	Metrics	Activity Budgets	Activity Obligations	PI Received	PI Disbursed	PI Balance
GENERAL ACCOUNT		$8,375,154.26	$8,375,153.26	$1,503,341.08	$1,092,406.35	$410,934.73
HENDERSON		$933,171.55	$933,171.51	$226,779.12	$130,399.92	$96,379.20
CITY OF		$10,291,815.54	$10,291,815.54	$4,898,139.97	$4,251,555.47	$646,584.50

PI Transfer – Request Template

o Include <u>Financial Report 5d</u> with request as **Attachment B**;

o You will indicate the amount you are requesting to transfer

o You will indicate the amount of the remaining balance of NSP program income in DRGR following the transfer.

PI Transfer – Request Template

– The amount of program income that has not been receipted in DRGR

- Use grantee internal records to confirm.

- This amount may be zero.

- Note amount of PI that has not been receipted that you would like to transfer.

- Include documentation from local accounts at **Attachment C** of the request.

PI Transfer – Request Template

- A copy of the NSP program income reconciliation record

  - Consider using <u>Financial Report 5e and 7b</u> as tools for reconciling PI. Fin Rpt 7b includes a summary of all financial information for each activity.

  - Include copies of DRGR reports and internal records to demonstrate reconciliation that shows grantee records match DRGR and include as **Attachment D.**

- Template includes a statement that DRGR agrees with the grantee's internal financial records less any NSP program income on-hand that has yet to be receipted in DRGR

PI Transfer – Request Template

- A statement that the grantee has met or will meet the LH 25 requirement. Grantee will demonstrate:

  - A minimum of 25% of program funds and NSP program income will be used to benefit low-income individuals or households (incomes of 50% AMI or less); and no more than 10% of program funds and NSP program income will be used for administrative purposes.

  - Compliance with the LH25 set-aside and administrative cap should be performed **AFTER** subtracting the NSP program income that is proposed to transfer to the CDBG program.

PI Transfer – Request Template

- Following Field Office review and approval:

  – The grantee will scan and upload HUD's written response to the Administrative Activity in the DRGR Action Plan module as documentation of authorization.

  – In the Action Plan:

    o Choose Admin Activity

    o On Edit Activity Page 2, click Add Additional Documents from the Supporting Documents box.

PI Transfer – Request Template

Edit Activity, Page 2 of Admin Activity:

PI Transfer – Request Template

- After clicking Add Additional Documents, click Browse and choose the documentation from your computer.

- After the file uploads, click Save Activity.

Supporting Documents   * Valid file extensions are: .png .gif .jpg .jpeg .doc .docx .xls .xlsx .ppt .pptx .pdf

Select	Document		
☐		Browse...	

Add Additional Documents | Remove Selected Document

Edit Previous Screen | Save Activity | Cancel |

PI Transfer – Request Template

- Following Field Office review and approval:

  - The grantee will note in its current Quarterly Performance Report (QPR):

    1. HUD's approval,

    2. Date of approval,

    3. The amount of NSP program income approved for transfer and,

    4. The activity number(s) associated with the NSP activity (ies) that generated the program income in the Overall Narrative Section of the QPR.

PI Transfer – Request Template

REMINDER:

– The NSP program income transfer is to be completed **promptly** after HUD's approval.

– The following resources are helpful in completing the transfer steps:

  o Program Income Transfer Instructions

    https://www.hudexchange.info/resources/documents/NSP-Program-Income-Transfer-Instructions.pdf

  o July 19, 2016 NSP Webinar on Program Income Transfer Procedures

    https://www.hudexchange.info/training-events/courses/nsp-program-income-transfer-procedures-and-faqs-webinar/

PI Transfer and Closeout FAQs

Q: Will HUD approval be needed each time NSP program income is receipted in IDIS or will one approval cover all future transfers?

A: Yes, the approval is for PI on hand at the time of the request only. HUD is working on a notice that may allow grantees to request approval for future PI receipts so that requests are not needed for each transfer.

PI Transfer and Closeout FAQs

Q: Will HUD waive or extend deadlines for meeting the CDBG 1.5 ratio due to an influx of NSP program income transferred into the CDBG program?

A: HUD will take into account the timing and amount of program income transfers when evaluating timeliness, but HUD will expect to see actions within the same year as the transfer to accelerate CDBG use sufficiently to take timely advantage of the transferred program income.

PI Transfer and Closeout FAQs

Q: Do I need to enter Address Supporting Information for all addresses in DRGR?

A: Yes, all addresses should have, at a minimum, the start and end date of affordability periods and the affordability method along with any other information marked with an asterisk reported on the Address Supporting Information Screen. This information satisfies the NSP Closeout Notice requirement that affordability information will be recorded in an online registry.

PI Transfer and Closeout FAQs

Q: After closeout, what must a grantee update over time with respect to the affordability information in DRGR?

A: Grantees will update the status of affordability for each property annually after closeout. Updates may include information such as "The affordability period for this property is complete;" "Home sold and $xx recaptured;" etc.

PI Transfer and Closeout FAQs

Q. What information needs to be provided on land bank properties at the time of closeout (including what information should be entered into DRGR for land bank property addresses)?

A: Grantees will need: 1) List of all properties in land bank including address and description, 2) definition of specific use for which each property is intended to be obligated and 3) projected timeframe for disposition. See page 31 of the NSP Closeout Guide.

PI Transfer and Closeout FAQs

Q. Can land banked properties be transferred to IDIS following NSP closeout?

A. No, they stay a part of NSP until disposition.

PI Transfer – Resources

- **HUD published FAQs to guide grantees through the policy considerations and mechanics of completing the transfer in DRGR and IDIS.**

  - Search for FAQs here:

    https://www.hudexchange.info/faqs/programs/neighborhood-stabilization-program-nsp/

  - View full list of PI Transfer FAQs here:
    http://tinyurl.com/jlerp8y

- **PI Transfer Instructions can be accessed here:**

  - https://www.hudexchange.info/resources/documents/NSP-Program-Income-Transfer-Instructions.pdf

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/

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/

More Resources

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

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

NSP Questions Mailbox

nsp-questions@hud.gov

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

QUESTIONS?