NSP3 High Performers Roundtable, 1/28/14

Kent Buhl: So let's go to the reason we're here and that's "NSP3 High Performers Roundtable."

Worried about meeting the NSP3 expenditure deadline? This roundtable webinar features high performing NSP grantees who will discuss concrete short-term steps they've taken to speed up expenditures when deadlines were approaching. Participating grantees include Adams County, Colorado, Columbus, Ohio, the New Orleans Redevelopment Authority and the El Paso Collaborative for Community and Economic Development.

So if you have NSP3 expenditure concerns you should also review the NSP3 Slow Spenders Strategies and General Q&A Webinar on January 16th. Some tongue twisters in there. So thanks for bearing with me on that. At this point I would like to welcome our moderator today, Phillip Bush. How are you, Phillip?

Phillip Bush: Doing great, Kent. Thanks for handing things over to me. Hello, everyone. Thanks for taking the time to join us. We're going to have -- today we're going to go through and discuss strategies to hit the NSP3 expenditure deadline. We have four panelists today. Each one of them has managed a successful NSP program and they're going to share their wisdom and insight with all of us and you'll get a chance to ask them questions about how they were able to hit the deadline appropriately.

We have JoAnna Guillen from the El Paso Collaborative, Claire Mannato from Adams County, Colorado, Lois Colson from the New Orleans Redevelopment Authority and Kim Stands from Columbus, Ohio. But before we get into that, let me hand it over to Hunter Kurtz and John Laswick from HUD. They're going to give everybody an update on where we're at overall for NSP3 expenditures.

Hunter Kurtz: Good afternoon, everyone out there. I hope those of you being affected by this nasty storm are staying warm and dry. I just want to give you a quick update as to where we stand towards meeting our goals here. Our first NSP3 expenditure deadline is coming up here in the end of February. So we are quickly approaching these deadlines. Right now we stand at about 78.3 percent expended, which means we've just spent just a little shy of $760 million, but that leaves us with about $210 million left to expend in the next couple weeks.

Nineteen grants are currently under 50 percent expended and 110 grants are under 75 percent expended, but about 42 grantees have met the expenditure deadline already or are above the 100 percent deadline. So that's a big picture of where we stand.

John Laswick: Yes. And thanks. I was telling Hunter we should've renamed this, because I think the only other high performers are showing up for the high performers club whereas what we're trying to do is get those folks on the bottom of the scale up higher. I just wanted to make a note here, I think there was a webinar a couple of weeks ago that I wasn't able to attend, but we hear different things that people are thinking, saying or asking and they center around the question of, what's HUD going to do if we don't make the expenditure deadline?

And I don't think HUD's going to do anything if we don't make the expenditure deadline. And that's not true. We took money back last year. We are prepared to take money back this year. So I really encourage you to focus on the expenditure deadline. If you absolutely cannot make it, it will be to your benefit to be under contract for all your funds even if the projects aren't completed.

So in terms of the process we will have informal consultations as we did last year for those who missed, sanctions and corrective and remedial actions based on the situation that you're in and your reasons for being there. You know, I think there's a tendency to take this a little bit lightly and I really want to encourage you to take it seriously. And I want to thank all of our participants for coming in to share their experiences and maybe some tips and some things.

We can see from the expenditures that we know we have more drawdowns than expenditures, which is an incorrect ratio. You know, you spend more than you draw, because you expend funds every time you enter into a contract and get an invoice for a service that's performed. So some of the hurdle here is just making sure that your expenditures reflect what has actually happened in your community.

So I don't want to take any more time away from our guest grantees and I want to thank them again for generously sharing their time.

Kent Buhl: Very good. So at this point let's go to our first guest panelist. And JoAnna Guillen, here you go and let me give you the ball.

JoAnna Guillen: Okay. Hello, everybody. This is JoAnna Guillen here from El Paso, Texas. And I just wanted to share a little bit about our NSP2 program. We, as you can see, are a four-member consortium. All of our members were small nonprofits, included one Habitat affiliate, a colonial group, an all-women's group, immigrant women and then a little bit larger, but still local nonprofit that also has healthcare and some other education programs.

So we applied for the funds and luckily got it. At first we had a little bit of difficulty getting started, because we did have to do several manuals and things to get started. So we were delayed about nearly one year in implementation. We didn't actually start to implement until December, 2010. So to meet our first deadline that was a little bit, I guess you could say, challenging was the word, but once we got the ball rolling we started to roll full swing.

One of the things that I think was very important is that continually throughout the program we kept assessing and reassessing our strategies to see if they were working or not and if we had to change them we had no problem going to our HUD grant manager and discussing them and saying, what do you think about this, do you think this might work, we'd like to try this. So as that first limit approached we actually made the deadline that was February, 2011 and we made it the October before.

And a lot of that had to do with the help we got from HUD, but also, I think some of the keys that we had was we had to get the right team in place onboard with our staff. We had to make sure everybody was, I guess you could say, playing their A-game, because there was no room for people really not understanding their role. We were able to acquire 133 units so far and we've met the national objective in 124 of them.

So at this point we only have four homes left to sell and five left to rent and I think we're going to generate enough program income to get another two and possibly even three more units. Our real estate market is shifting a little bit. I would say, if I was an NSP2 grantee just starting out I think it would be a little harder now, but good deals are still out there. Let me go to the next slide.

Okay. One of the challenges we had, I guess you could say, was with our consortium, because as good as all of them are in what they do, trying to get everybody on the same page was a little bit of a challenge.

Everyone's used to doing things in their own way and in some cases it was like trying to fit a square peg in a round hole trying to get them onboard with doing things in a similar fashion that we could all agree on and that we could all be in compliance with. So one of the things that we did was keep our communication very open. We held regular meetings. In the meetings we gave them regular updates as to the progress.

The ones that were a little behind we offered our assistance, we offered to go there, we offered to take different steps that was needed to get them on track, especially in those we saw floundering. And in a very gentle and politically correct way we wound up, in a sense, taking control of the majority of the development for them, which we didn't mind doing, because it got us to the finish line. It got us to that first expenditure.

We also had -- in between our meetings we sent out emails that talked about progress, we met with the consortium members one-on-one and we also had to, in one instance where there was a noncompliance issue visit with one of the agency's boards so that the director and the board members and everyone was on the same page with helping us meet our internal goals. We established a tracking system that I think is worth mentioning.

We put a board up, I guess you could call it, a man-made board, I guess our director is saying. We have on a wall all of the different properties that we've purchased and we made code so that at a glance we were able to see how many we've acquired, how many were under rehab, how many were sold, how many we were lacking, how many met the national objective. So in addition to that, we would meet weekly and we still meet weekly until we close out and probably through closeout to make sure that we stay onboard with each of our deadlines and our thresholds.

Let me see, I'll go to the next slide. In the support to the partners, like I said, we had to take a greater responsibility where we saw some gaps and in offering the nonprofits the assistance we asked them if they would like us to take over the entire development process. So that's what we did in several of the cases. We acquired the properties, we were involved with helping them form the scopes of work for the rehab, we were involved with bidding out the work to the contractors, monitoring the construction progress and the draws and everything until we turned it over to them for them to rent or to sell.

At this point we have rented -- one of our nonprofit partners, our consortium members, has 15 rented and that's the total of their number. The other total was five for a small nonprofit and then our Habitat affiliate wound up completing their 15 properties that were assigned to them. Then our two for-profit developers, they've developed and resold 81 and they only have 4 left to go. And then the collaborative itself, we did a little strategy changing.

We were able to acquire and keep some units for the collaborative to use as rental for LLMI and that's what we're doing at the moment. Going to the next slide, I think that's one of the most important was simplifying everything. In standardizing our closings we assigned one member of our team to be the specialist in closing, but we also had her write up her processes and we had another person assigned to be her backup.

And so anytime somebody was sick everybody's processes were written down. Everybody had a backup, nothing stopped or slowed down because somebody was on vacation, out sick or any of those kinds of things or if there was a change in staffing. And that, I think allowed us to reach the finish line more quickly. We didn't use any blended financing. It was 100 percent HUD funding from the NSP2 grant.

We did look at and consider blending the finances in the middle of the stream. There was some webinars about that and we did the analysis and didn't find that it would work out better. The simplifying, at first we had a very difficult and cumbersome homebuyer assistance calculation based on if this, then you could get that or if you were in this income group you would get that. And we just decided it's just much easier to do it one simple way and that's what we did.

We made some changes and that's how we were able to get more realtors onboard to bring in families who would become eligible homeowners. Let me see, what else did I need to show? That I think the most important thing that I want to stress is don't be afraid to change your strategy as you implement your program, because you might need to change it a few times to get to the finish line.

I look at that first threshold in February, 2011 as the first half of the football game. And then we went to the locker room and we said, to get to the number of units that we told HUD we deliver we need to make some adjustments and change our strategy and that's what we did. And I think that's what's allowed us to get to the number we're at to generate that amount of program income.

And also, we were able to help the city of El Paso out with their NSP1 and we're now owning two of their units, which wasn't originally projected, but now we own two of their units and we're renting them out also. So I think that's it.

Phillip Bush: JoAnna, thank you for sharing. One of the things you talked about and it'd be great to hear a little bit more is stepping in to help some partners who had stuck projects or having a little trouble with development and dealing with the political sensitivity of that. I'm' sure many people on this call have partners or properties that are a little stalled and they want to lend a helping hand, but it's just not an easy conversation to have. Would you mind talking a little bit about how you made the decision that you needed to step in and how you broached that subject with the partner?

JoAnna Guillen: Okay. Well, through our compliance officer we were able to see who, according to their consortium agreements, was behind the deadlines that we had established in the agreement. And so we would meet with them individually and kind of start to gradually have them come around to the way that we thought we needed to do it to get to the finish line.

And I don't think it's politically incorrect to mention that if any of you have Habitat affiliates they're wonderful people to work with, but the NSP2 for our local affiliate, I think it was a difficult transition, because they weren't used to some of these federal guidelines. And they're used to a lot of volunteer labor and they were used to depending on the seasons, like college kids would come in and help with volunteer labor.

Unfortunately, that didn't work with the timelines we were under. So we cut them a deal and said, let's figure out what's a reasonable number of units that you all are used to doing in a year to meet the timeline and let's take the rest of them and help you out with them. And I think because we both looked at it as helping you out rather than being punitive in any way I think that's what led them to come around to let us do that with them.

Phillip Bush: That's really helpful. That sounds like a very positive conversation.

JoAnna Guillen: Yeah. I think it helped a lot and they only wound up being one quarter late in their timeline with having done that.

Phillip Bush: Great. Kent, I don't know if there were other questions that came in.

Kent Buhl: There is one, but it's not specific to the El Paso collaborative. I think we can hold that one until the end.

Phillip Bush: Sounds good.

JoAnna Guillen: All right. Thank you.

Phillip Bush: Thank you, JoAnna.

Kent Buhl: Okay. Let's go on out to Claire Mannato and get you unmuted, Claire. There you go.

Claire Mannato: Okay. Thank you very much for this opportunity and I want to share a little bit with you about what Adams County looks like and then talk about the programs that we've been involved with over the last couple of years. Adams County is located in the northern part of the Denver metro area. So that makes me tell you that I am not a sports fan, but I do need to say, go Broncos. Yeah.

Adams County's current population is about 450,000 people spread over about 1,100, 1,200 miles. The range of communities that we have go from urban communities all the way to some farmlands. We were lucky enough to be awarded NSP1 funds back in 2009. We received a direct award from HUD of about $4.6 million in grant funds and then we also had 2 additional contracts that were awarded of NSP1 funds through the state of Colorado.

With those funds, what we did is we had a subrecipient agreement with the Adams County Housing Authority. So they were our partner in all of this. And through this funding, the program concentrated mostly on single-family acquisition, redevelopment and resale. We did have a small multifamily project of about 16 units and we also did some homebuyer assistance, but the majority of the work was single family, acq. And rehab. Through those programs we were able to redevelop 37 units and the last one of those just sold last week.

So it's been a long four years to get to that point. Then in 2002 we were awarded funds out of the NSP3 funding. We used the same process where we requested applications from the community and we awarded that subrecipient award to the Community Resources and Housing Development Corporation, which is a nonprofit organization. They also concentrated on acquisition and redevelopment.

And in the past year they've purchased 10 homes and I think of those, three have resold and the rest are in various stages of rehab. And through both of those programs we've been able to generate about $3 million in program income that we're hoping some of its been re-funneled back into the existing projects, but we're also hoping then at some point to be able to put that back out into the community and maybe work on some additional multifamily projects.

When I was asked what we've learned, what were some of the successes that we've seen, it was interesting to think about where we've been over the last couple of years, because it's been definitely a learning process. And when I thought about some of the things that we put together to try to make this program a success these three words seemed to be a common theme throughout all of that, flexibility, communication and consistency.

I think the flexibility came in, because this was a new program a few years back and we had evolving guidance and we needed to make sure that we were in compliance, stayed on top of things and had to learn from trial and error to make sure that we built on what was successful and reevaluated what wasn't working and the communication. And I think these are things that you probably heard from JoAnna as well. I think communication was the second piece of what made this successful.

And again, through trial and error, through some really open and honest communications we learned that we really needed to make sure that we had that back and forth honesty going on. We go to a point where we were having weekly meetings and this included all levels of staff from the directors to finance to program folks. And there were times when these conversations were probably a little bit painful, but they helped us to move forward.

And although we don't meet on a weekly basis, we do stay in regular communication with both subrecipients. And then the third key, again, is consistency. And again, this is making sure that those processes are in place, that you have the same steps, guidelines, checklists in place from one day to the next, that when you do need to change things, again, that communication is in place and you just make sure everyone is on the same page and moving forward.

And I think that using consistent processes, forms and checklists has helped us with that learning curve, especially with new people moving in and out of the program. So some specifics of some of the challenges that we faced, one of them was early on we had a issue with our payment process with our subrecipients. So we needed to take a look at what wasn't working, how we could make it work, what we needed to do to make changes and I think probably we were all a little too eager in the beginning to make sure that everything was reviewed, checked and double checked.

We didn't want -- certainly, compliance and monitoring is an ongoing thing with everything that we do, but I think we were just a little too anxious to make sure that everything was copasetic. So what we -- as the program started gaining momentum, what we found is we were running into a log jam of making sure that payments were happening back to the subrecipient in a timely manner. So we came up with some discussions and then some solutions. And so as you can see on the slide, this is some of the things that we put into place to try to reduce that log jam and that waiting period for turnaround time.

And one of the things that has been absolutely very effective is we are using an online drop box for all of the documents. So instead of having to recreate everything that's being produced at the sublevel everything gets put into the drop box and we have access to it anytime that we need to. This also helped in simplifying some of that review. So early on we probably had here at the county -- now, this is after the housing authority would go through their process of making sure that all of the documentation and paperwork was correct and sent to us.

We probably had five different people taking a look at that paperwork. And what we realized is that was really getting to be a little too overzealous. We really didn't need to have that layer. So we simplified that internal review process. We still have both finance and program take a look at everything, make sure everything, again, is in line with what it needs to be and then there's a final review at the administrator level.

But just, again, trying to have all of the information available, not ask for more things than we needed, having documents available on a regular basis so that if we needed, for instance, to look back at what the general contractors' documentation said we didn't need to ask for that all over again, it was all available online. So I think that was one of the lessons that we learned and one of the ways that we were able to move things along. And if I were to use a word to describe that, I think that was consistency, just making sure everything stays consistent, appropriate and in compliance.

One of the other issues that we then ran into is we were dealing with the closing. So when the housing authority had a property that they were going to be setting up and having a closing for there was we often operated in a crisis mode. It's like, oh my God, we have to have this money, we have to get this to them, we need to make sure it gets there when they have the closing. And what we were learning is that as a county entity we have different layers here.

So we needed to make sure that the program piece and the finance piece in the treasurer's office were all on the same page. And so I think, again, this is a key point with communication, making sure that everyone understood the date when things were going to happen, how much money was necessary, making sure that we had all of the information we needed for the right title company and hopefully having no glitches in that process.

So same kinds of information that we've already shared, having standardized closing documents, notifying all of the departments as soon as possible that the date -- you don't always know until the day before exactly what the dollar amount is going to be, but making sure the treasurer's office is aware that there's going to be an electronic transfer and that they are aware and, again, knowing that the staff is online with everything that needs to happen at the timeframe that it needs to happen.

I think the final one is working through some stalled projects. One of the issues -- and I think this goes to flexibility -- one of the homes that we were working with really needed to be completely demolished and then rebuilt. The housing authority worked with the contractor and architect and they had plans in place and everything was moving along very well until we got to the point of going to the city for some permits and finding out that it was actually zoned for it to be a duplex and not a single-family unit.

And so that put a hold on things and we had to recoup. It was one of the last properties that we had in the process in the portfolio. So we just needed to figure out what was the best way to move forward. I think having that communication with the housing authority and with ourselves, making sure that we were aware of all of the issues as they were happening. And so our solution was we agreed to put in additional fundings. The housing authority worked with the city with all of the zoning issues.

They went to all of the meetings that they needed to at the city level and then we also worked on making sure that we were able to come up with the right architectural plans and move forward and actually ended up with a beautiful duplex that was actually one of those units with the last unit that was sold just last week, which was wonderful. So the impact on Adams County, besides the fact that we were able to -- I think there was 37 units all told with NSP1 that we were able to turn over to eligible homeowners and make livable.

We have an additional $3 million in program income that some of that has already been recycled into the program and some we're hoping to look at what are some of the needs currently happening, especially around multi-families and maybe taking a look at using some of this money for those projects with our NSP3. With NSP1 we targeted low-income communities, but it wasn't as targeted as we've made it with NSP3.

And so that's been a little bit more helpful to really look at specific communities that have been the hardest hit using the CPD mapping tool and really concentrating on those communities. And then finally, I think one of the lessons that I've learned is the DRGR system, using that to better track how we move forward with these projects. That's been a huge learning curve for me. And I think that's about it for me.

Phillip Bush: Okay. Thank you, Claire. I guess I'd ask, one of the points you talked about is for closings, being a bit of a scramble initially, crisis mode to get the money and everything together for closing. I know that I've been part of that scramble a couple times. How did you realize that's the pattern you'd fallen into and then actually change that pattern so you had an actual process instead of just keep falling into crisis mode?

Claire Mannato: You know, it's that reflection, taking a look back at we can't keep functioning in the crisis mode. We have to come up with a better way of making sure that everybody's in line and everybody has the information that they need to do their job instead of that last minute panicked phone call to the treasurer's office that said, we have to get this money for the closing, they've having a closing today at 2:00 o'clock, we have to have the money there.

So I think it was just that self-awareness and that communication that we just can't function in a crisis mode. Another issue that was interesting that came up more recently is the fact that our community is actually doing better on the housing market; we've rebounded a little bit. And so one of the issues that we're working through now is finding properties. And so as I said, with NSP3 we've targeted specific communities.

So as we move into our next phase with NSP3 we're looking at expanding those communities, still using the CPD mapping tool, but maybe looking at expanding that a little bit.

Phillip Bush: To repeat, because the market has become tighter, more buyers out there, you're trying to give yourself a little more flexibility so that you can get ahold of properties in a timely manner; is that what you're saying?

Claire Mannato: Right. So what we did from NSP1 to NSP3 is we said, instead of just looking for an appropriate property that fits the criteria we want to look for that appropriate property, but in a specific targeted community. We need to expand that a little bit. Again, the learning curve, what works yesterday doesn't necessarily work tomorrow. And you have to have that flexibility to be able to make sure you stay within the guidelines and they're still compliant, but still doing the best program that you can.

Phillip Bush: Makes a lot of sense. Thank you so much.

Kent Buhl: Thank you, Claire. And at this point, let's move on to Lois Colson-Casey at the New Orleans Redevelopment Authority. Hi, Lois.

Lois Colson-Casey: Hi. Thank you for having me. I hope it's not lost on any of the listeners how much of a pattern there is between the three of us, as I can have the same slides as the first two panelists and be pretty accurate. I'm obviously in New Orleans and we have a pretty large consortium. It's actually 16 members if you include us as the lead. I didn't correct that on the slide before, that's my fault.

And we have just under $30 million from the grant that was divided among all the consortium members. And to date, we've generated just over $4.5 million in program income, total expenditures at around just upwards of $32 million. And as the slide says, we do everything on the eligible uses. We didn't do a lot of acquisition, because probably unlike the other panelists we have a little bit of a different market here.

We used a lot of our, we call them road-home, which was the state program that bought a lot of properties back from homeowners who sold after Katrina. And NORA, New Orleans Redevelopment Authority, I guess we're the landholder of all of those homes in Orleans Parish. So we had a lot of properties to work with and to transfer to the developers. So that's a general context.

I'll repeat what Claire said about the flexibility, communication and consistency. It's so important and I think that definitely is a pattern that you would see across any of the high performers or who you're calling high performers. Let me see here, one of the things that we did allow to make sure that -- we did this early on; this is not a backup plan -- e saw that we would be needing to allow the pre-purchasing of materials. The thing that made me hesitate a little bit when we started talking about this was just having risk controls, because we didn't want to get too far out on a limb.

And that could be easy to do that, especially when you're trying to juggle 15 developers that are all out there constructing at the same time. So we had some documentation controls in place to make sure they couldn't go out and purchase materials for any house, it had to be a house that we already knew about and that we approved for them to move forward on, but they just may not be starting construction in the next 30 to 60 days or so. They purchased anything from SIPS panels to solar panels, lumber.

Those are the most common ones. There were a few unique items, appliances. There were some of those. But that did help a little bit. Not every developer took advantage of it, but some of them did. We also made it very clear, communication, again, and very consistent, because we wrote all of this down in our manuals and our policies and we communicated it over and over that we were not going to be NORA and the NSP2 funds were not going to be responsible if there was theft or damage.

They had to make sure to have insurance and have them in a secure place. One thing I should mention, I think both Claire and JoAnna mentioned this is communicating with the partners in a consistent way. For things like pre-purchasing materials when we started to allow that, because it was towards the beginning, but it was after the program started, we did a lot of communicating through e-mail, but I made sure that when we communicated, this may sound petty [inaudible], but I think it was important that it always came from me.

So it was always from the same person, the title of the e-mail was always the same beginning. So it was policy update, then it would have the date and then it would have the general topic. And it would go out to everyone. So everyone would see who got it, everyone would see the title of the e-mail, it would be from the same person. If they lost the e-mail in six months they could go back and find it easily theoretically.

That was the purpose of that and I think that helped. It helped keep everybody on the same page, it helped people print things out when they needed to or just keep them in their own file folder and use them as reference later on. So we did have some backup expenditure plans, because we did start to have some projects fall behind. I think it was a little harder for us to do direct -- I did hear a couple of good examples of how JoAnna and Claire dealt with folks that fell behind.

In our case, with 15 I think we felt a little overwhelmed being able to address each of them individually and get into going in and taking over the project completely. But we did do a couple of general things where we looked at everyone across the board and we said, for those that are really going like gangbusters, they're doing a good job, we don't have any problems with their documentation and we're not going back and forth talking about policy, what works, what doesn't and being consistent we're going to allow them to draw a lot more for construction, which generates a lot more program income for those folks.

But it made us feel secure that they knew what they were doing and they would get it done. We also reallocated program income. So for folks that were generating a little bit or had already met their unit count and had generated program income we could transfer some of that to other folks who still had more units to meet, but didn't have necessarily, I guess the same idea. They were able to draw more on their construction, but they were able to use program income to do that.

And then also, at the beginning we had a five units maximum out under construction at a time that were not sold, but we changed that, because we realized that they were not going to be able to sell them and get onto the next units with enough time to expend the funds .So for the ones that were doing well and that we felt comfortable that they were going to be able to sell them fairly soon we let them go out to about anywhere from 8 to 10 at a time.

Talking about communication again, I guess we met very regularly all the way up through the deadline weekly for internal meetings. As the deadline got closer we, being our project managers here at NORA, would contact either by phone or in-person or by e-mail weekly with the developers that we were getting nervous about meeting their own deadline. The project managers were very much in touch with them probably more than once a week, twice, three times a week sometimes, where is your pay request, what are your problems, what are you running into.

But we started this six months before the deadline came and as it got closer it would be more touching base, but it wasn't very last minute. The executive team at NORA would meet with boards if they needed to. They went and did a public meeting with the council and discussed how our NSP2 program was going, because it's a pretty large program for us, this $31 million. So the council was very interested. They went to the council meeting, did a presentation, showed all the developers where their expenditures were, what their status of units was.

And so I think that really helped keep the developers interested and wanting to show off that they could get it done. So I think that did help. We emphasized a lot of partnership. We really did treat it like a consortium. We have consortium meetings monthly before the deadline where all the consortium members were invited to come to our offices. We'd sit together, we'd go over what the concerns were, what the successes were, if they needed help, where we could help them.

We really treated it like we're in this together, because we were and we wanted them to feel like we were not just there to crack the whip. We were there to help them and make sure they get it done. And one of the things that we did do and I thank Phillip for reminding me of this, we had administrative costs at the end that we knew we were expending, but typically, this is probably somewhere in most cases the finance department does not close out their administrative costs on the same schedule that HUD would've needed to know the expenditures and the draw.

So what we ended up doing is we could figure out manually how much we had expended on admin, but we didn't actually draw it. So I think John Laswick was saying this at the beginning of the webinar, that your draws and your expenditures will be off, but typically, your expenditures should be more than your draws. Am I saying it the right way? Yes. So we would enter expenditures for admin, but we didn't actually draw the rest of that until after the expenditure deadline when we had all of the backup and we did the actual closeout from finance for the admin costs.

Hopefully that makes sense. If not, I can try to explain that a little better, but I think that was important to make sure that we had in the system to meet our deadline. And so we are -- our unit obligation just for development is going to be upwards of 470 and currently, I was just looking this up while others were talking, we're about just upwards of 300 of met a national objective and we're going to meet shortly about just upwards of 470 total units when it's all said and done. And I think that's about it. So I probably glossed over a lot of stuff, Phillip.

Phillip Bush: You covered a lot of great stuff, Lois. And 460, 470 units, that's a great number. That's very impressive. I guess I'd love to hear, you talked a little bit about backup expenditure plans. So pulling program income and reassigning to those who are more successful. So can you talk a little bit about as you were coming into the homestretch, the last six months, the last three months, the last two months, how you were both internally keeping track of where you thought the expenditures would be and how program managers were reporting in on that and how you were reallocating funds, that process for -- I feel you guys were dialing it in even until the last [inaudible].

Lois Colson-Casey: Yeah. We were, thanks to [inaudible]. It's all a blur now when I look back to it. I should mention, because somebody else mentioned a tracking sheet, and we definitely have what I call our grant bible that has all of our partners and the expenditures to the minute, the program income to the minute and where their units are in terms of status, how many are constructed, how many are sold. We created a separate tracker about six months before the deadline that I'm trying to remember exactly how it was on there.

But we had a projection of what they should spend by a certain month and every single month we were being aggressive with that projection so that it would make us pay attention, call the developers and find out why they didn't meet it. So we have what they were supposed to spend by the deadline and then we had what we projected them to spend each month leading up to the deadline.

And the project managers were responsible for anywhere from four to six developers and if they met their deadline they were off the radar for that time and the rest of them would get a call, you didn't spend this in November, what's going on, where's this house, did you start it, when do you expect your next draw. I mean, we were really talking to them a lot and that's how we were tracking it. And those projections came from conversations with them. So they weren't just pie out of the sky.

They were telling us what they were expecting to start and that sort of thing or, I can't start this, I don't have my funding source from my other source secured yet and that's when we started talking about allowing them to use a little bit more program income or to start another unit if they said, we've got our five out, we can't start another one. And that's where the flexibility came in. But we would've only seen that if we'd done these month-by-month projections. You know, to go over those projections we met together as a team.

And it's very important, you've got to meet together. Everybody hates it, they don't think they need a meeting, they don't want to meet, they're going go to do it. But without that meeting, without actually all looking at the same worksheet together you're not moving forward together.

Phillip Bush: Great. Well, thank you for sharing that process. I'm sure it was a frenetic six weeks there at the end, but a nice celebration once you made it.

Lois Colson-Casey: Yes. Absolutely.

Phillip Bush: We'll move onto --

Kent Buhl: Yes. Very good. And thank you, Lois. And let's go now to Kim Stands in Columbus, Ohio. Hi, Kim.

Kim Stands: Hi, Kent. Okay. So I'm Kim Stands, the assistant housing administrator in Columbus and I think that Lois and JoAnna and Claire have said everything and I have nothing left to say. So we'll just go to questions at this point. Actually, I could throw in a couple of things. I want to actually focus on NSP3. You can see from this site, we've had one, two and three. And it seems like NSP3 should've been easy, because it was only $4.8 where we had $22 million and $23 million in the first two.

But it seems to have been the hardest of the three, although the other two were a lot of work and we did make it to the deadlines. But I think that's because we were working so much on one and two, that three we thought was going to go on its own and we ended up trying to play catchup and because we were working with at least one new developer who didn't work with us on one and two as well as some of our former developers.

So here's some of the lessons that we've learned as we get to -- and because we're within a month and a half of having to be completed and I'm sure almost everybody else on this call is within about that same time period. So one of the things we did in the last few weeks is we found two nonprofit developers that we'd worked with in NSP1, 2 and 3, Community Development for All People, Franklinton Development Association, had good track records for timeliness, quality work and here was the key, they already owned property.

Therefore, they can move quickly to construction. So if you are at a place and you have some dollars that still need to be committed and expended that's one thing that seems to be working for us, because when you're into the acquisition stage lots of things can fall out. It takes a lot more time if they haven't acquired something yet. So we looked for people who already owned property, already had a good track record with us.

And so now we're working with them, have entered into agreements with them, are working with them to get construction completed. So that was one thing. Another thing was we had a struggling partner and they're still working on the ones that we started with, but there are other funds that they were supposed to have spent. And because they couldn't get them spent we found another, again, proven nonprofit developer, Habitat Mid-Ohio for us who they were working in the same NSP3 eligible area.

And so we had got them working with us on NSP3. And so now they've produced housing and are getting us to the finish line in that respect. A couple of other things that I had thought of while people were talking was we provided some TA to some of the nonprofits who are struggling with their invoicing. So we could take care of things once they got in, but for them to get invoices to us as they worked with their contractors was a struggle.

So we worked directly with them and also had another collaborative partner who works with different nonprofit organizations come in and provide some TA for them in terms of assisting and invoicing. And then the last thing that I'd want to share is that this is an element of trust on our part. Normally what we do is we hold the developer fee until the unit is completed and then we hold a 10 percent retainage, this is a homeownership unit, until the unit is sold.

Because of the time of year it is, you can see from the picture that we're in winter, not many people are into buying homes right now. And so what we've done is go ahead and pay out that retainage and take -- it's a level of trust that we'll have with the developer and then they'll eventually sell the house, because what we don't want to end up with is a vacant unit sitting there. And so that'll help us expend the rest of those funds. So that's about all I have right now at this point in addition to what others have said.

Phillip Bush: Great, Kim. That's helpful. One of the things you touched base on a little bit about your changing housing market and how NSP3 is a little bit more challenging. Could you talk a little bit more about how you adjusted to that and how you think others might adjust for that as the market shifts?

Kim Stands: For us, it is shifting for the better and surprisingly, we've been mostly surprised that we've sold more units than we expected, more quickly than we expected to. I think it depends on the neighborhood. And in this particular neighborhood where we are with NSP3 it's a little bit rougher. Things aren't coming back around as quickly. There's lots of vacant units in this area of town. And so what we've done is we've gotten some NSP TA for this nonprofit developer to work with the marketing.

There's now a real estate agent onboard with this particular nonprofit who's helping start, as we move into spring, to hopefully move these along.

Phillip Bush: Okay. That's helpful to hear. Good to hear about. Kent, tell me if I'm incorrect here, but I think we're at the question and answer phase.

Kent Buhl: That sounds just about right. We are there indeed. So let me just remind folks that if you do have a question the best way to do it, given how most of you are connected, is with the Q&A panel on the right side of your screen. And first, while you're thinking of your questions let's go back to John Laswick and Hunter Kurtz who I think have some comments.

John Laswick: Yeah. Just a couple of amplifications of maybe what people said, which is we've really seen that even having weekly meetings at this point in the process can be valuable. You know, people say, it's a couple months away, is this really going to change things? It can and we've had this experience with a couple of our more exciting grantees. So I would encourage you to think about that. I think, as Lois said, there's a lot of consistency among the comments of JoAnna, Claire and Kim.

And so I think this proves that it's worthwhile. We would also want to say a couple of clarifications or maybe just expand on the expenditure issue and I think there's a question coming up on that too. In terms of retainage, we did allow, starting last year, grantees to consider retainage to be expended if the work was completed even though the house might not have been sold. The work was completed to the satisfaction of the grantee. So you don't necessarily have to fund that back to the developer.

I mean, I don't really have a problem with it if you trust them as Kim seems to do in Columbus and that's fine. But this is one of those things that can count as an expenditure that you don't necessarily think of as an expenditure. And as Lois was pointing out, the same thing is true for your staff expenses and administrative costs. Any costs that you have incurred up to the date of your deadline is an expenditure. And the reason that you should have more expenditures than drawdowns is that you're not coming in and reimbursing yourself with the drawdown until maybe weeks or more later.

So your expenditures show up in your QPR and it's not the same as drawdowns and they are reported separately. And you put them in there and the way that you do that is you open your quarterly progress report for the quarter that we're in, which has not ended and you just put the expenditure data into the QPR and just save it without closing it.

Hunter Kurtz: Or submitting it.

John Laswick: Well, submitting it. Right. And they can keep updating that as you go along. You know, right now we're showing draws of $14 million more than expenditures and it's probably quite a bit the other direction. So expenditures are reported directly by you in your QPR, not through drawdowns. Let's see, I think we're going to have a question that'll amplify that. We want to really thank Kim Stands, he was drafted later in the process and we understand he spent the weekend with no heat in Columbus.

So a special thanks for the extra effort, although Lois may be frozen into her office for doing this. But we appreciate the extra effort that it took. So thanks. Hunter, did you have any other --

Hunter Kurtz: You know, you were talking about selling properties and trying to move properties. Always remember that you don't need to have met a national objective for every property at the expenditure deadline. The closeout process and the expenditure process are two separate processes. All we're looking for right now is that you've expended 100 percent or amount equal to 100 percent of your initial grant allocation and that could be any combination of program income or line of credit funds.

That's all we're looking for for these deadlines. You don't need to sell every house that you've worked on. That is something that we need to do by closeout and there is no deadline for closeout.

John Laswick: We like having [inaudible] of our speakers too, that's good. Fortunately, you don't have to --

Hunter Kurtz: Yeah. You have to look it up.

John Laswick: Well, it's amazing how much, like George Clooney, Hunter looks.

Hunter Kurtz: We'll be sure to get photos next time.

John Laswick: Yeah. Well, it's amazing how much like Keith Richards Kent looks like. I mean, God, geez.

Kent Buhl: Yeah. So at this point we will start taking your questions. And I know that JoAnna, Claire, Lois or Kim would be delighted to answer any questions you may have specifically for them. So don't be shy about submitting those questions as well. But while you're thinking about the questions you've got let's start with the ones we've got. Robert asks, we're under contract with a nonprofit, the final house will be cutting it very close on the final drawdown. If we are just past the deadline, will we lose that final money for the final drawdown?

John Laswick: Right. So this is what I was alluding to before, we have taken a pretty benevolent attitude when you have essentially completed a project and it's all under construction. In this case, you may have expended all the money, you just haven't drawn it down yet. So once you have received an invoice for work that has been performed to your satisfaction you have expended that money even though you haven't written the check yet and even though you haven't reimbursed yourself.

That expenditure is a legitimate expenditure when you have received an invoice for work that has been completed.

Hunter Kurtz: I mean, we encourage you to get it in the DRGR, but we're even going to give you a grace period after your expenditure deadline to reconcile those records. So you've got the invoice that's sitting on your desk, but it's now 12:03 a.m., the day after your deadline, that's okay. Keep entering that stuff in there. Just as long as it's dated the day before.

Kent Buhl: Very good. And Mike says, we have a project that will push against our expenditure deadline. We'll have the certificates of occupancy by the deadline, but we probably will not have the final payment made. Will we have some time to process the final payment after the deadline? That sounds like a very similar situation.

John Laswick: Right. So hopefully you will have deduced by this time that you're not in a problem at that point, because you're just talking about a drawdown or a payment. If the work is completed and it's been invoiced to you, you are expended. And if the trim painter still owes you an invoice for $295 we're not going to make you eat that. But the big point is to get those invoices in and get the work done.

And if you can't get the work done at least get the work under contract so that you have a basis to show us that you've made a good faith effort.

Phillip Bush: We keep getting questions about invoices coming in and I know that process of actually collecting invoices can be a real challenge. I don't know if any of the panelists would be willing to share some of their horror stories or methods for shaking invoices out of contractors or developers before the deadline. I know Lois and her project managers made some threatening phone calls or some encouraging phone calls. I don't know if anyone has any stories they might like to share or talk about how they were able to get as many of those invoices in so they could enter them as expenditures. No? You don't want to tell us how you do it?

Lois Colson-Casey: Phillip, your memory is better than mine. I mean, I remember doing it, but I don't remember anything particularly other than the admin ones that I talked about already.

Phillip Bush: So one of the things you all did down in New Orleans is you actually worked with the -- some of the project managers gave letters to the developers that explained that funding wouldn't be available if the subcontractor didn't get the invoice is, because we had developers who were having a hard time getting supporting documentation. NORA provided some letters just to help the developers collect all the invoices ahead of time.

You know, I don't want to harp on this too much, but I thought it was a great illustration of exactly what Claire laid out, which is NORA and the developers were in communication about what the problem was. NORA didn't really have a policy of writing these letters or doing this, but they developed it, because that's what needed to get done to get all of the expenditures, everything into the system and it was a good example of partnership.

Lois Colson-Casey: You reminded me too, something John Laswick said at the beginning as well about, would HUD take the money back or whatever. You know, we leverage those threats with the developers and we totally believe that HUD would take it back and we needed to pass that on to the developers and say, they will take it back, which means we take it back from you first. So we definitely use that as leverage and let them know and where we had to we --

And I hate to harp on that too much too, because you don't want to get bad invoices or invoices that are not going to stand up when they're reviewed in audit or monitoring. So we were careful. We didn't say, we'll take anything. You know, we needed to get the legitimate information. But I think it was JoAnna saying, it was hard in the beginning before the first 50 percent deadline to get everybody on the same page and to help everybody understand what the federal guidelines were.

But once that was clear, in writing and we went through the process a few times you focused less on making sure everything was legitimate, clear and more on the timeliness of it and that's when the threats came in.

Kim Stands: Phillip, this is Kim. One of the things that we did was because we knew our deadline we would backdate and we'd say, by this date we need these things. And then we would sometimes even go out and meet not just with the developer, but with their contractor and just say, in order for us to process things by this time we need it by this date.

Lois Colson-Casey: We did that too. Yeah.

Kim Stands: I would be very clear to everybody.

Phillip Bush: Great. That makes a lot of sense, because you're going to need a little bit of time to process it so you make it clear, this is the drop-dead date, so we need it from you two weeks ahead of this date and it gives you a little bit of cushion. Okay.

John Laswick: Phillip, we had a large grantee with a problematic subrecipient that had problems with its payment system and towards the end of the process in NSP2 the grantee ended up making direct payments to the contractors. I mean, it's not something I'd recommend and I don't think many people have quite the problems that this particular group did. But you can do that sort of thing.

You know, it wasn't the payment so much as far as we were concerned, but in their case the whole process was broken down. So the grantee stepped in and did an end around on that process.

Hunter Kurtz: It's something I think Lois and Kim were getting at is that we hear a lot of grantees say, our developer or the contractor only invoices on this date, so it'll be after the deadline. I think if you let them know that we're talking about recapturing funds they're probably going to get you an invoice before the deadline. They'll figure it out.

Phillip Bush: And that's exactly what NORA did and it sounds like Kim did the same is they put the letter out there and they made it really clear. John, what you were getting to and Hunter, I think you were talking about a little bit too, I think each of the panelists touched on this is everybody who runs an NSP program has a project or partner who runs into trouble and a lot of times that doesn't necessarily surface until near the deadline.

And you have to be -- I think everyone described this, you need to be in communication with your partners as much as you can so that you can hear what their problem is and you can step in to help them. A lot of you are grant managers, you're doing compliance work, you're doing draws, you're not necessarily directly in the real estate development business and that's what you have developers for, but for this situation you and the sub grantee or the developer are sharing that responsibility.

You know, I thought Claire gave a great example of how the housing authority stepped in and helped the developer get through the zoning process and gave them the support there. I know Lois talked about NORA stepping in and moving funds around to help get projects that were stalled moving and JoAnna talked about actually stepping in and her staff taking over some of the development work just because the capacity wasn't there.

I think that's an important lesson is you really have to understand what the obstacle your partner is facing is and make them comfortable to tell you and then help them find a solution, because really, it's everybody's problem.

Lois Colson-Casey: Yeah. You know, something I just thought of listening to you describe those situations, you've got to be careful about if you're going to be flexible, which you should then you have to think all the way through to the end of whatever change you're going to make and you have to setup your system and your procedures before you say, we're changing it and we're going to do this now in order to expend the money more efficiently.

You almost have to do -- I know we did a lot of dry runs at NORA. Now we're going to let them draw more for construction and expect program income, but how does that mechanically work? Because we don't want to be going through fire drills, like Claire was describing. If you don't do dry runs you might find yourself in a log jam and not be able to figure out how to actually get through the process that you just changed in order to make it more efficient. So we have a whole closing, we call it a subsidy summary form that helps us.

Because when we first changed to allowing program income and generating it we didn't know how we were going to track it, what did it look like on paper and how are we going to explain it to developers? So we had to come up with what we call our subsidy summary form and it's basically a really short Excel spreadsheet within a Word document. And the developers see it, our closing staff sees it, everyone sees it.

So they see where each dollar goes before the closing. It goes with the closing instructions. And I think that's a very important piece to setup before you make your policy changes. You've got to know exactly what's going to happen before it happens so that you can explain it and you can get through it without a lot of headache.

Phillip Bush: I've got to pause here. I do want to stop and just thank everybody again for taking the time to be on here. I know you all have full-time jobs and this is extra work, but it is always the most helpful when grantees can talk to grantees about their work. And as John Laswick pointed out, we definitely want to give a special shout out to Kim and Lois. Well, I think Lois, you're the only one who came in to work today?

Lois Colson-Casey: I'm the only one here. Thankfully, the heat is on. I was prepared to be sitting here bundled up.

Phillip Bush: And I will say that that is the other common theme across the grantees I think we have here today is that you have folks who are going above and beyond to really put in extra hours to get things done. That really matters. I think it probably goes for every one of our panelists.

Lois Colson-Casey: Well, you guys are fun to work with. So that helps.

JoAnna Guillen: I wanted to add that the HUD staff that we had in the Fort Worth office was just a pleasure to work with and I remember in the opening NSP2 conference a comment was made that, this isn't your grandfather's HUD and we proved that to be true. And I don't think we could've gotten to the finish line as fast as we did without them.

Claire Mannato: Yeah. I'd like to echo that. Early on when we were having some of our communication problems HUD actually gave us a couple of TA folks to help us work through and re-take a look at our subrecipient agreement and that was extremely helpful.

Lois Colson-Casey: Yeah. Same with us, Claire. We had some TA and it was extremely beneficial.

JoAnna Guillen: Yeah. The TA did prove to be very valuable.

Lois Colson-Casey: And Claire, I meant to mention earlier, you've got the whole city of New Orleans behind the Broncos, because your quarterback from New Orleans [inaudible].

Claire Mannato: Well, it's certainly interesting, this is certainly off topic, but I'm from Jersey. So not only -- you know, I'm not a football fan, but I have to be excited, because it's the Broncos and they're playing in my home state.

JoAnna Guillen: I'm from New York and a Giants fan. And so we've got Eli's brother playing. So go Broncos.

Claire Mannato: Gosh, you've got New York and New Orleans. How could we lose?

Phillip Bush: I'm from Richmond, Virginia. So I've got to go with the Seahawks there on that one.

Claire Mannato: Well, I'm from Seattle. So I'm supporting the Seahawks.

Phillip Bush: We've got Russell Wilson there, hometown boy.

John Laswick: Well, it says Seattle left and right.

Claire Mannato: Excuse me.

John Laswick: You grew up in Seattle; didn't you?

Claire Mannato: Yeah. I'm a Seahawks fan. I just had to mention, though that everyone else in the city is a Broncos fan for Peyton.

Kent Buhl: This week New York [inaudible] --

Claire Mannato: I'm another loner in that case.

Kent Buhl: New York [inaudible] this week they've been lighting up the Empire State Building on alternate nights with Seahawks colors and Broncos colors.

Claire Mannato: Cool, how nice of them.

Kent Buhl: So lots of stick-to-itiveness, stepping out, good communication, lots of good things we've learned today. Just in case there's any more questions we've got another minute or two if you want to submit those. And in the meantime, I'll just remind everyone that we will have an archive of this webinar posted quickly. They go up quite quickly and they include an AV recording of this event and a PDF version of the slides you've seen as well as a written transcript.

Lois Colson-Casey: So I'm seeing a question here that's asking about getting an application. I'm not sure if I'm the only one seeing that. Are you seeing that?

Kent Buhl: Yes. I did just see that come in. And so an application for NSP, I'm not sure that that exists. Can you confirm that, Hunter?

Hunter Kurtz: Yeah. If someone's interested in participating in the NSP program what they need to do is contact their local grantee. You know, the grants were given out in three rounds to states' local governments and a couple nonprofits. But if they go to the OneCPD.info website they can find a search engine there for looking up different kinds of grantees and just look for your NSP grantees and if you want to get involved with the program contact that person closest to you.

John Laswick: Right. We assume that's somebody that's looking to maybe buy a house that's been treated through the NSP program, if you're a government representative interested in getting a grant the funds have all been awarded already. So you can't really apply at this point.

Claire Mannato: Well actually, as a local entity, we'll be taking a look at possibly asking for some projects with our program income over the next six months. So at least in Adams County, if you're interested just keep an eye on our local website, because we would post it there when we would be opening up applications.

Kent Buhl: Terrific. Thank you, Claire.

Phillip Bush: Great to hear programs keep going. All right.

Kent Buhl: There is another NSP webinar scheduled right now for February 11th on DRGR. If that's of interest to you we hope to see you at that one.

Phillip Bush: And we'll be doing some Q&A webinars in later February and early March for all your grantees out there. I think we have some dates, we just need to check the TA providers and make sure we're golden.

John Laswick: Right. And on the DRGR one on the 11th, that'll be a place to get more specific instructions on how you enter your expenditures or other things. So if you get the concepts, but you're not sure where to go actually inside the QPR that'd be the place to ask those questions. But we encourage you to look at that and we have a policy piece that we put out about a year ago as we were getting down to the NSP1 and 2 expenditure deadlines that talks a little bit about what you can count as an expenditure. So you might want to look that up on OneCPD.info.

Phillip Bush: Last week's webinar.

John Laswick: Last week's webinar.

Phillip Bush: Yeah. But if you do have a DRGR question don't wait until February 11th. Please use the ask-a-question feature on the OneCPD website as to that and we can get you an answer.

Kent Buhl: Good advice. And we would appreciate once you leave this webinar if you'd take a few minutes to answer the survey that you'll be taken to automatically. We appreciate all your answers and written responses provide even more information to us. So thank you in advance for that effort. And once again, thanking everybody who's here today. That slide got messy, sorry about that, but Phillip Bush from Enterprise Community Partners, JoAnna Guillen from the El Paso Collaborative and Claire Mannato from Adams County, Colorado, Lois Colson-Casey from NORA, Kim Stands from Columbus and of course, John Laswick and Hunter Kurtz from NSP.

And thank you all for being here and thank the attendees for being here too. We appreciate it and we look forward to seeing you soon on another NSP webinar. Take care, everyone.

Claire Mannato: Thank you.

Hunter Kurtz: Thank you, Kent.

JoAnna Guillen: Take care, everybody.