

MTW Cohort 2 ACC Part 2

Marianne Nazzaro: Everybody, how are you doing this afternoon? Again, my name is Marianne Nazzaro and I'm the director of MTW program here in HUD's DC office. We are so happy to have you back with us today for the second of a, kind of a two, three-part series, actually, on the finance training for the MTW expansion agencies.

So today we're going to specifically focus in on part two of the finance training. If you have any questions whatsoever from the first conversation, please let us know. We had that call on May 26 and we just introduced you overall to the MTW ACC amendments and MTW funding in general. We hope that you were able to view that session and while we had hoped to record it, unfortunately, we did have some technical difficulties and the recording did not take.

So if you do want to review the information that was discussed during the May 26 webinar, you can go back to the finance webinars that we had with the Cohort One agencies. There was one on the MTW ACC amendment on January 27 and then the other one on preparing your agency's MTW finances on February 10.

All of those webinars are available on the HUD exchange and we'll get more detailed information out to you shortly.

Today we have an action-packed day and we have we have experts coming to speak with us from not only the MTW office, but also the Capitol -- from the office, the financial management center of the Housing Choice Voucher Office. And you're going to hear from Peter Beyer from Home Forward in Portland, Oregon, who's been at the MTW program for many years. And so you'll get to hear from him directly.

We also will have a breakout conversation, plenty of time for questions and answers. So we really look forward to it. And as John mentioned, if you have any questions whatsoever as we are talking through today, please type your question into the chat feature and we will answer them as soon as we're able.

And with that, I am going to turn that over to Phillip Pless and Jeree Turlington, who are going to talk about the MTW ACC amendment execution process. Take it away.

Hello, everyone, again, this is Phillip Pless from the MTW office. Diamond, could we please go to the next slide? Thank you.

So without further ado, we are here today to discuss and sort of introduce the ACC amendment execution process and how it pertains with financial reporting. So, Jeree, good afternoon. This is Phillip. How can I help you today?

Marianne Nazzaro: And, Jeree, it sounds like we might be having some technical difficulties of our own today, Jeree, are you there?

Jeree Turlington: I'm sorry, I was on mute.

Marianne Nazzaro: All right. A little bit of a -- just to set the stage. We have a hypothetical Cohort 2 agency called Housing Innovations, Inc. Housing Innovations, Inc. is in the process of executing its MCW ACC amendment, the PHA plan and to implement -- to be able to implement the funding flexibilities and prepare their financial statements.

The following is a conversation between the agency's finance director and the MTW office. Jeree, otherwise known as the executive director of Housing Innovations, Inc. And Phillip will play the role of himself, Phillip Pless, the financial analyst with the MTW office at HUD. And so with that, here's the conversation. Phillip, take it away.

Phillip Pless: Good afternoon, this is Phillip. How may I help you today?

Jeree Turlington: Hi Phillip, this is Jeree Turlington, executive director of Housing, Inc. Have a few questions, and I was hoping that you could help clarify some things so I can understand how the onboarding process works.

Phillip Pless: Sure, of course, as you know, this is a very complicated process, and I'm very happy to help you with any questions that you may have.

Jeree Turlington: All right, great. So my first question is, when does our agency's MTW actually start?

Phillip Pless: That is a great question, Jeree, and that depends upon the MTW amendment execution process.

So, for example, let's say that you submitted your NCW ACC amendment to us today on June 9. And typically what we do is we send those up in batches. So we will send those to our general deputy assistant secretary or assistant secretary if we have one and they will sign on behalf of -- for us.

So let's say that your ACC amendment was executed on June 17. That would mean that your first day as an MTW agency would be July 1. So essentially it is the first day of the month after the MTW ACC amendment has been executed, both by HUD and the PHA. Do you have any other questions?

Jeree Turlington: Yeah, I do, and thanks for that. I was asking because, you know, we're trying to get ourselves ready for this whole expansion, our financial reporting team is asking me a lot of questions, and I want to make sure that I'm relaying them the proper information. So one of the questions that they're pinging off me is, how would this affect our reporting in DMS, or is there any effect at all?

Phillip Pless: Yes, that is a great question and a great point, and, you know, your VMS reporting will change in FDS, and we actually have an expert here with us today, Ms. Jean Read, a financial analyst in the Housing Choice Voucher Financial Management Center, who will be going through a lot of pertinent and salient point to introduce you to all of the MTW-specific

reporting fields and covering some other related topics, including requesting non-HAP disbursements.

Jeree Turlington: Okay. Great. I'll make sure to take copious notes and pass them along to those folks. But along those same lines, my CFO is also on me wondering how this will affect our FDS reporting. Is there anything we need to know there?

Phillip Pless: It's like you're reading my mind, Jeree. Yes, that is another great topic, and we will be going in-depth today around the topic of the financial data schedule and the special reporting instructions that we have for MTW PHAs.

And in particular, we will focus in on, you know, once your MTW ACC amendment has been executed, how that impacts your FDS reporting obligations right off the bat. We'll discuss some of the options that will be available to you depending on some sort of strategic actions that you decide to take. Is there any other question that you have for today?

Jeree Turlington: Yes, so one last question, and I don't want to take too much of your time, but how will this affect our capital fund reporting? Is there any issue, or run ins there that we have to be aware of?

Phillip Pless: Yes. So that is a great point and we will have two experts today from our Office of Capital Fund improvement who will be going through the guidance that we have drafted for our expansion PHAs.

And in particular, we will discuss what budget line item to be using in EPIC, as well as some other important information around obligation and expenditure deadlines and some options that will be available to you sort of in that -- in this transition period that you are -- as a new MTW PHA.

And, you know, Jeree, since you've had several questions for me today, I have one question for you. And that is, what do you foresee as being your biggest obstacle to starting as an MTW PHA from a financial perspective?

Jeree Turlington: Good question. I would have to say we're a smaller agency, so I would think preparing our staff and making sure that we can handle this operationally. We've got a great bunch of folks, you know, but there's a lot of unknown here. So we're hoping that the transition is as smooth as it can go and that we're able to kind of serve our residents a little bit better from our participation in MTW.

Phillip Pless: Great observation, Jeree, and I believe that you're in the right place today because we will definitely make sure that we go through all of these very important topics related to financial operations. And I believe that you will be well placed -- in a position to be successful moving forward. So do you have any final questions for me?

Jeree Turlington: That's it, Phillip. Like I said, I appreciate your time looking for today's information, and I may be blowing up your e-mail with questions after, but thank you.

Phillip Pless: Sure, no problem. It was great talking to you. Good luck as you move forward with the MTW ACC execution process. Thank you. And now I'm going to pass it on to Marianne.

Marianne Nazzaro: Thank you, Phillip and Jeree, and for the agencies out there, I'm wondering if that sounded familiar, any of Jeree's questions? If you have any questions? Next slide.

We wanted to just stop, take a break, see if there's any questions, comments, feedback before we kind of delve into the first part of the meaty discussion today. And again, to ask questions, you can type your message into the chat feature on the right of your screen.

All right, so with that, Phillip, I'm going to send it back over to you to kick us off with some MTW -specific financial reporting. Phillip?

Phillip Pless: Thank you, Marianne. So, as we, as the -- sort of -- we introduced here today, the big -- the vast majority of the information that is going to be presented today is going to focus in on the central question: Now that you guys have been named as a MTW expansion PHA here in Cohort 2, how does this affect your financial reporting and financial operations?

So as you can see here, these are the four core topics that we're going to discuss today, beginning with VMS reporting. And so, without further ado, we pass the baton to Marianne to introduce our first speaker today. Thank you.

Marianne Nazzaro: Great. Thanks, Phillip. So our next presenter, Jean Reed, many of you may be familiar with her. She is in the financial management center and the Housing Choice Voucher office. And she has been working with MTW agencies for years. And so Jean is going to speak with us specifically about financial reporting and VMS.

Jean and I go way back a number of years and we're thrilled that she's here today to provide you some of her expertise. And so with that, Jean, I'm going to turn it over to you.

Jean Reed: Well, thank you. I appreciate that. But we shouldn't tell them how many years we've been together.

Marianne Nazzaro: A couple too many.

Jean Reed: A bit too many, that's right. Well, good afternoon again. My name is Jean and I've been a financial analyst for many years at the FMC. So basically this is really nothing different that's really going to get you guys all confused. Basically, you're going to be doing your VMS like you have normally done it in the past.

But the only changes is, is when you become an MTW PHA, when you start reporting in VMS, you're going to take your HCV units and you're going to put them under the MTW in the VMS section. Then also, there are special fields under the MTW for special purpose vouchers, which are your VASH, NEDS, and FUP. If you have any of those, you're going to be reporting those

information under the tab that says MTW-FUP, MTW-VASH, and MTW-NEDS. But your TP units will always stay as TP. Those will not be reported any place differently.

So and in addition, as you're reporting your vouchers, leasing, expense bills, you will also be reporting your non-HAP expenses in VMS and there are specific fields captured, which you can see on the slide, of you are going to be reporting your administrative expenses under the MTW. You will not be reporting your expenses where you used to. You have to start reporting them under the MTW.

And then if you have any other special purpose vouchers, which we could go into more detail, which is in the guidebook of public housing rehabilitation, the debt service development activities and local housing programs.

So that's where you would want to report those. And again, the guidebook is awesome. It has all the details. And as you become more involved with the MTW, you'll always have like resources. You can always contact us at the FMC to help you for any guidance or the resource book. So you want go to the next slide, or does anybody have any questions?

Now, this is a new first slide for me here. Sorry. Again, when you fully execute your ACC, as you can see from the slide, if you sign it in May, you will enter your VMS in June, but you will not use the VMS, you will not report the MTW fields. Your first time reporting anything in for the MTW would be June. And that would be the first month that you will use to report any VMS expenses. Okay, the next slide.

Now, I really want to talk a little bit about requesting additional disbursements. I know that you guys are probably used to -- I'm saying so many ums lately, I'm sorry -- for additional funds. And when you do request funds, you send in a request to your PHA and to your FA. Your FA will now be either myself or Samantha, another person at the FMC, and you'll learn more about her as you guys get more into MTW.

But the purpose of these funds that you're going to be submitting to us are going to be exactly like you did before. But now you guys are going to be able to use other sources. You're going to be expanding your request differently for your non-HAP expenses, which would be like anything for public housing or any type of fungibility that you're using these funds for.

And you're going to be showing these all these expenses in VMS and it's going to be the same time frame, you'll submit your request in writing to us. We will work up the information, and if the funds are needed, then we will be sending you the funds and you will receive the funds within three business days after we get the thing approved.

If it involves development costs that are out of range, we will ask you to submit additional information to support the request that you guys are doing, and if we have any questions, we'll be contacting the MTW office because at the FMC we do work really closely with the MTW office if we have any questions about certain requests that you guys are asking for.

So with that, I believe that is it, I hope I helped a little bit and I hope I didn't get you guys all confused and that you guys still want to stay here because it is a lot of fun. Trust me.

Marianne Nazzaro: Awesome. Thanks, Jean. And it is a lot of fun and we're thrilled you are all here. And again, if there's any questions for Jean, please submit your questions via the chat feature. Jean will stick around for a while and we'll be able to answer any questions that you guys may have. Jean, thank you so much.

Jean Reed: Thank you.

Marianne Nazzaro: And with that, next slide, I would like to send it back over to Phillip to talk about FDS. Take it away.

Phillip Pless: All right. Thank you, Marianne. So I know this is everyone's favorite topic. It's the most exciting topic in the world. I know. And so here today, I am going to go through some special instructions that we have for preparing your FDS submission to REACT [ph].

And so the first thing I want to say to preface these remarks is that your obligation to report FDS reporting does not change once you become an MTW PHA.

So just to remind everyone, you know, for the deadline, so all MTW PHAs, including our expansion 2 -- sorry, our Cohort 2 agencies, will submit their yearend unaudited financial information to the department no later than two months after your fiscal year end date using Riak's Financial Assessment Subsystem or FASSPH.

And then finally, your audited financial statements information is due no later than nine months after your fiscal year per the single audit act.

So first thing off the bat, you're going to be using the FAP system. The deadline for submitting that information does not change. So that's just something to kind of think about immediately, right off the bat. However, the way that you report the information will change.

And so I'm going to add a high-level go-through instructions for preparing your FDA submissions now that you are an MTW PHA.

So your first step is you're going to create several columns in FDS. And so these are the four columns that you're going to create. Low rent for public housing, capital fund, HCV, and MTW.

And so the first three columns are essentially going to be created only if you guys have revenue for those programs for the reporting year. And these are essentially just to report grant revenue received. Okay. And so what you will do is you'll create those columns.

The next step is going to be to actually report the grant revenue received in those three columns. So 14.OPS for low rent, for operating fund, capital fund is 14.CFP. And then for HCV it's 14.HCV.

So you'll report low rent subsidy under FDS line 7600. Capital fund will be on 76 -- sorry -- 7610 or 7600. And [inaudible] then HTD revenue will be reported under 7600 so that 7600 is operating revenue and 7610 is capital grants.

So then -- and this is the biggest difference -- is once you have reported those revenue items in those three columns, you are going to transfer that to the newly created MTW or 14.881. So your next step is you're going to transfer all of the information to that and there will be no residual amounts. So you will zero out those amounts for low-rent capital fund for Section 8 HCV.

So essentially you can kind of think of this as a pass through. You're creating the columns, you're reporting the grant revenue received, then you're transferring it as a pass through to 14.HW and that's where the bulk of your financial information will be reported.

So after you do that, then you're going to complete any supplemental schedules you have for your public housing project as applicable as you would for any other PHA. With the exception that the PHA will enter, you will enter the funds in, to operate each program, as a transfer in from the MTW column.

And then finally, the last thing just to note here is to understand and recall the asset management side applicable to PHAs. Next slide.

So one of the things that we talked about -- and Jeree and I addressed and sort of prefaced, introduced in our opening remarks -- was about FDS reporting.

So in particular, how does your MTW ACC amendment and that execution process impact your current agency operating your reporting? And so one of the things that I just want to say right off the bat is you guys have some control over this initially. And there are two options available to you, depending on where you are in the process. So the first option is under this scenario. So, and it all hinges on whether or not you decide to implement funding flexibility, fungibility, prior to the end of your current operating year.

So if you recall from the last webinar, we talked about, you know, that you can start using funding fungibility the first day of the month after you, your MTW ACC amendment has been executed by HUD and the PHA.. And so if you guys and your current operating year decide to begin using funding fungibility, then you will need to start using the MTW FDS reporting instructions.

However, the second option available to you is, you can follow the current FDS reporting instructions if you guys choose to not implement funding flexibility in your current operating year. So the big sort of takeaway point here is that it all hinges on, are you going to decide to use funding flexibility right off the bat?

And if that is something that you are going to do, the first day that you have that status, you will want to start planning and to look at these MTW reporting financial instructions and just take that into consideration as you begin your program operations as an MTW expansion PHA. Next slide.

So this is a really important slide, so this is a great reference slide. So once this webinar has been posted on HUD exchange, please go to these two documents and bookmark them. The first document is our FDS reporting instructions -- WPHAs. So I really strongly recommend you after this webinar, take a look at the instructions that essentially kind of states and reiterate what I said here today about preparing your FDS submissions.

And then finally, the last document is your best friend. It is basically the FDS Bible. It has definitions and really clear and detailed instructions for each one of those FDS operating [inaudible] this very exciting topic. And now I'm going to pass it on to Marianne.

Marianne Nazzaro: Thanks, Phillip. That was a lot of really good -- back up, back up, back up. I want to answer questions, so thank you. There's a lot of really good information.

So to give people's brains the time to process, I'd like to go to poll number six, John P. Could you put in poll question number six? To see --

John P.: The -- pulling that up right now.

Marianne Nazzaro: Okay. And then -- and then if you have any questions about anything that Jeree or Phillip or Jean just discussed, please put them in the chat and we'll get to those right away. Okay. You know what, John, that's okay.

The question, if I can ask the question and maybe take the answers into the chat box, why don't we do it that way? This is a true or false. Ready, guys, I'd like to see some answers. True or false, into the chat box. The MTW agency does not need to create the MTW column 1481 and transfer all recorded revenues to it after those revenues have been earned. True or false, the MTW PHA does not need to create the MTW column 1481 and transfer all recorded revenues to it after these revenues have been earned.

You can type your answer into the chat. True or false? False, false, false. Yes, you guys are there, paying good attention and the answer is false. Well done, Sarah, Wendy, Chrissy, Gena, Wendy and Angela, thank you.

Okay, we have a question here for, actually I'm going to send this one to John Concannon, the deputy director of the MTW office. Hey, John. "Jean Reed, when she was speaking, she mentioned using non-Section 8 funds for public housing expenses, using fungibility. The question is, will there be a different financial analyst for the MTW public housing program? Or will the MTW distinction combine public housing and housing choice voucher funding?" John, can you unpack that a little bit?

John Concannon: Yep, yep, thanks, Marianne. So there will be, regarding your public housing funding, so your operating funds for your capital funds, you will still work with your field office financial analyst, just as you do today, as Jean was speaking, Jean is in the voucher financial management center, you would still reach out to your financial management center to requisition

any or draw down any additional voucher funds for MTW purposes. So those rule -- those roles are still split between the field office FA and the FMC FA.

Marianne Nazzaro: Great. Thank you for the question. And thanks, John, for that response. Are there any other questions you guys follow up with on the next slide, so you don't want to say anything, do you? Next slide, John P.

Ten-minute break, let your brain digest, I have 2:31. We'll start up again at 2:41 Eastern. Get up, walk around the room, get a glass of water, and we will see you back here at 2:41. Thanks, everybody.

Welcome back, everybody. I hope you enjoyed your break, got a good glass of water and are ready for the rest of today's conversation. It is now my pleasure to introduce you to a couple of the superstars from the capital fund office here at HUD. Christopher Granger and Damien Thomas are here to speak with you about MTW-specific financial reporting as it relates to the capital fund. And so I guess, Diamond, if you could go to the next slide and with that, I'm going to turn it over to Chris and Damian.

Christopher Granger: Thanks, Marianne, and hello, everyone, I'm Chris Granger and I work for the capital fund and I'm here today to talk about the capital fund portion related to financial reporting for MTW agencies, and I'm happy to do it. You are on the cutting edge of innovation and what PHAs can do. You're on the vanguard of progress. And we work very closely with the MTW office and they are a great group. So you're in good hands.

This capital fund info today is going to be some things you might already know, and for somebody it's going to be some things that are brand new. Either way, we are happy to take questions. We are always available and we also have a great capital fund guidebook that's available online.

So let's hit some highlights. For you, some of the things have changed, but some things stay the same. So as you may know, in the capital fund, we are very focused on budget line items. BLIs. This is how we track obligations and expenditures and work items in EPIC and in LOCCS.

Here's one thing that's changed. Moving forward, as new MTW agencies, you will not be using budget line item 1406 anymore. This is the BLI that allows for expenditure of capital funds on operating fund-eligible activities. So you're not going to use that BLI anymore, but you can still do the activities. Moving forward, you'll be using BLI 1492, which is the MTW BLI for these types of activities.

Essentially any time you use capital funds for capital fund-eligible items, you would use the traditional BLIs. And any time you use capital funds for noncapital fund items that are eligible under the MTW item, you will do 1492.

Okay. So now let's talk about obligations and expenditures. This is something that has stayed the same. Based on the regulation, cap funds must be 90 percent obligated within 24 months of the

award. So what does this mean? This means that capital funds must be under contract or some other obligating document by the OED. The obligation end date.

Capital funds must be 100 percent expended within 48 months of the award. This is called the expenditure end date and you must report in LOCCS every month for all open grants. So even if you're 100 percent obligated and 100 percent expended, you still need to report in LOCCS on the percentages until you are in pre-audit status.

And the way you get into pre-audit status is by submitting your AMCC cost certificate to the field office and they put you in pre-audit status in LOCCS. Remember, capital funds are to be drawn down as needed. We can't draw them down in advance and hold them in an account for future use. You must have a bill or expense that is due and payable. And this applies to all BLIs, even 1410 administration and BLI 1492 MTW.

I believe Damien has dropped, so I will take the next slide. So we talked about this on the last slide, but I'll emphasize this again. Moving forward, new MTW agencies will not use 1406 operations. Further, when you use capital funds for traditional items, use the traditional budget line item. That's something like 1480, traditional modernization activities.

I also want to emphasize something about significant amendments. This is something that stays the same. Expansion MTWs are required to submit the same documents, including the statement of significant amendment that is required by non-MTW PHAs. For more information on significant amendments, you can look at our Capital Fund guidebook. Further, the environmental compliance requirements stay the same. These are explained in great detail. And notice 2016-22. Next slide, please.

Okay. I want to talk about EPIC. So EPIC is the Energy Performance Information Center. This is where we enter all of our five-year action plans and annual statements for capital fund, among other things. And when annual statements are entered correctly into EPIC, they automatically spread in LOCCS.

So the reporting requirements, MTW funding from any source will be used for capital activities. MTW agency will need to provide information to ensure compliance with environmental review and energy performance reporting requirements. So if there's any P&E requirements, that's program and evaluation reports -- and you know that from the old cap fund processes -- EPIC essentially takes those from paper and makes them electronic. So it is on the cutting edge and we are always rolling out updates to EPIC and we're always taking suggestions on how to improve EPIC.

And I think this month we're going to roll out some big changes with documents that we can submit in EPIC. One thing that I've always pushed for, and it's been a feat to get this done and we're looking forward to this coming soon. It hasn't been put in yet. But one big change in EPIC coming is that we're going to allow the AMCC to be submitted in EPIC.

Now, the old way of doing it is, you would send a hard copy to the field office and they would sign it and send it back to you. This way we can do it all electronically and it can happen the

same day. So it makes the grant close-out process and the fiscal reporting process much more streamlined and much easier.

I want to add one more key item. I got a question from an MTW agency about competitive capital fund grants. As you may know, the bulk of capital funding, 2.7 billion, is dedicated to the annual formula grant that each public housing agency receives based on their public housing unit composition on their ACC. However, we have several competitive grant programs, such as emergency safety and security, lead-based paint, and housing-related hazards. These are -- these are programs where the housing authority would comply based on the competitive announcement and an MTW agency asked if they're allowed to apply for these funds, even if they've already become MTW. And the answer is emphatically yes, absolutely yes. Being MTW does not preclude you from applying as long as you're eligible under the competition.

So please consider applying for these competitive grant programs because it's a way to get extra funds for your agency. These funds would go to specific items and we can talk more about them. You can ask any questions of our office offline and we're happy to take those questions.

Marianne, I'd like to turn it back over to you. I believe we have some questions from knowledge checks.

Marianne Nazzaro: Yes, thank you, Chris, and I don't think our knowledge checks are necessarily working today, so we're not going to do them today. But I'm going to ask another true or false question.

So here we go, guys. If you're paying attention to Chris, true or false, traditional capital fund-eligible activities should be drawn down using the line number associated with that activity. True or false?

And I think I asked the question wrong, so I'm going to ask it again, traditional capital fund-eligible activities should be drawn down using the line item associated with that activity. True or false? They were paying attention. We still out there?

Chris, do you see anything in the chat, do we think they're still there? Are they still on break?

Christopher Granger: I don't see anything in the chat. Someone says, Can you repeat?

Marianne Nazzaro: All right. It is: traditional capital fund-eligible activities should be drawn down using the traditional capital fund line item associated with that activity. True or false?

We've got a true, true, Brian says true, Shannon says true. Wendy -- there's two Wendys, Wendy, Wendy, Janina, Amy, we've got all kinds of trues, so you've got it. Okay. Good job paying attention.

Another question. Ready? This one is a yes or a no. Can an expansion MTW agency draw down capital funds in advance of immediate need in order to fund reserves? Brian was right out the

gate with the no, no, no, no, no, no, no, no. Yay, ding ding ding, you got it. Good job. Way to go, you guys. And good job, Chris. They've got it.

Are there any other questions for Chris? All right. And with that, I am going to turn it over to John Concannon, John Concannon, you heard from him before. He's the deputy director of the MTW office and he is going to talk with you about financial reporting for both the emergency housing vouchers as well as CARES Act funds. So, John P., if you could go to the next slide and John Concannon, it's all yours.

John Concannon: Thanks, Marianne, and thanks, Chris. As you all know, as part of the American rescue plan, \$5 billion were awarded to assist individuals and families experiencing homelessness, at risk of homelessness, fleeing or attempting to flee domestic violence, or recently homeless.

I'm sure I don't have to get into all of this. You all know this if you were awarded these vouchers. But I would like to just kind of explain some of the MTW nuance to it. So next slide, please.

Now, you can, I guess, the high level, you know, just the two pieces I want to convey on this regarding your MTW applicability, is your appropriated emergency housing voucher funding may not be used for eligible anything outside of the emergency housing vouchers. So you can't use your MTW funding fungibility. Just as VASH funding must be spent on VASH families and households, same with emergency housing vouchers. So that's pretty clear.

And -- but when it comes to your MTW flexibility around waivers and activities, that -- those may be applied to emergency housing vouchers. There is a section in the EHV notice that talks about how to do this. You know, you would have to -- kind of the first step is really you'll have to have your signed and executed ACC amendment, you'll have to have submitted an MTW supplement to HUD and received approval.

And then you'll have to submit a waiver request to your field office, which would then go to the voucher office. So I'm just flagging this for right now. This is obviously something for down the line, but maybe something you want to flag right now for your voucher director if you would like to apply some of the things you're thinking about doing, especially if it's going to really help families in leasing up or attracting the new landlords. Something just to keep in mind. And also just a reminder that HUD will be updating VMS to collect EHV data. Next slide, please.

And I have really -- kind of -- the nuances, this is why our colleagues at HUD love working with you all because they are just so many nuances. But when it comes to the CARES Act funding, this is supplemental. CARES Act funding for half admin fees, operating subsidy, all of those. You know, the guidelines are laid out in notice 2020-24, which you all know. But one MTW nuance is really at the bottom of this slide. You may apply your MTW funding fungibility to CARES Act funding. We spell that out in an FAQ on the HUD website.

The latest FAQ, look at the round six, not the eviction FAQs, but the Covid-19 and CARES Act FAQs. But what it does, it says, for instance, if you receive supplemental funding, if you still have it and you haven't spent it, once your ACC is fully executed, you can use your CARES Act

funding for -- so if the example is this supplemental funding, you could use it for capital fund, you could use it for operating fund or for anything outside of what's already eligible under the supplemental funding notice.

So you have that much more flexibility. But the deadline is still the deadline. Those funds need to be spent by December 31. So I just want to point those nuances out there. So with that, I will pass it back to you, Marianne.

Marianne Nazzaro: Thanks so much, John. Are there any questions for John on either the EHV funding vouchers or the CARES Act funding or for Chris on capital funding? Again, if you have any questions, just put them into the chat. We must be super clear today because we have no questions and you're getting all the questions that we're asking you, right. So good job, but let us know, we're here. Happy to answer any questions. All right. Next up, John, could you please, talk a bit about [inaudible] funding and NCW fungibility?

John Concannon: Yes, so as it relates to your Supplemental Cares Act funding, you -- once you have signed your ACC and HUD has executed your ACC amendment, your MTW ACC amendment, then your funding fungibility kicks in. And that applies to your CARES Act funding, too. So I would encourage you to look at the FAQ, but for any supplemental op funds, HAP or admin fees, sort of the guardrails of what you can spend them on are listed and you can spend them on any eligible CARES Act purpose.

Or in addition to, I should say, any MTW eligible item, so anything right now that's allowed under Section Eight, under Section Nine. And once your MTW supplement is approved, you will have that much more flexibility. So that's just -- hopefully that clarifies that question.

Marianne Nazzaro: Great, thanks, John. We have a what is trying to be a trick question from Brian -- I'm going to take a stab at answering it and then see if John or Phillip, you guys can check me to make sure that I'm answering it correctly. So the question is, if we spend operating funds or HAP funds on capital activities. Do we put those in the CFT BLI? I believe the answer is no. John?

John Concannon: Yeah. I don't know if Chris is here. But yes, so you only put your cap fund, so any non-capital fund expense. Well, let me restart that. For your capital fund award, you're only putting in your capital fund expenses. So anything, any HAP that you're spending on, say, capital fund purposes or operating fund and capital fund purposes, those would not go in your budget line item 1492. Since you're not drawing that down from your capital fund to work. And I think Chris is joined and he can probably say that much more clearly than I can.

Christopher Granger: Yeah. John, I agree with you. The only thing I wanted to add was we do have some cases where housing authorities would like to use non-capital funds to supplement a capital fund project so they might have like local funds or something. So any time they want to show them in EPIC, we can work with that particular housing authority and build a custom of a custom reporting field in EPIC so they can report them if they want to show that on their annual statement or if they want to show that. But we don't require it.

Marianne Nazzaro: So thank you, John and Chris, Jean Reed, if you're still on the call, I'm going to ask you the same question in a different way. If I am spending my HAP funds on capital activities, where should I report those HAP funds being spent on capital activities?

Jean Reed: It would either go into like Development or --

Marianne Nazzaro: In VMS.

Jean Reed: In VMS, right. You would report it in VMS underneath the -- hold on one second. I just got to find my notes. Hold on.

Marianne Nazzaro: Now, any HAP expenditures are reported in VMS and the appropriate BLI in VMS.

Jean Reed: It would go into public housing or development activities or local housing program. It would depend on which it falls into. Yes.

Marianne Nazzaro: Perfect. Great, thanks. Thanks for the question and great answer. Any other questions? Okay. Next slide.

So now I have the real pleasure to introduce Peter Beyer, the chief financial officer of Homes Forward in Portland, Oregon, again, without saying how many years, Peter and I have been working together for many, many years. Peter is the person that I call when I have any questions around, like funding and how this will [inaudible]. And various terminology [inaudible]. And he's definitely one of the industry leaders as it relates to MTW agencies and their financing and using funding -- MTW funds flexibly and truly just a really solid, good person and a great resource to have. So I'm thrilled that he has agreed to speak with us today about his experience with MTW, provide you all some tips from the ground about being an MTW agency and using their funding flexibility.

And so, Peter, with that, I am going to turn it over to you, and I'm sure you will all enjoy this next piece of the conversation. Peter?

Peter Beyer: Great. Thanks for that introduction, Marianne. And yes, we also have been working with -- quite a few years together. So I welcome all of the new agencies to the MTW family. It is really a fascinating and innovative group to belong to. And this is on top of all of the great work that you've been doing as a traditional agency. But there's definitely some more flexibilities that will allow you to expand even further.

Just a few stats about Home Forward if you go to the next slide, please. We've been a Moving to Work agency since 1999 and combination at one point of 10,000 to 12,000 vouchers, 3,000 public housing apartments. We've been transitioning away from the public housing model though under the RAD and Section 18 programs through HUD.

And so for anyone who is interested in more information about that, that is definitely a multiday webinar to talk about. How do you combine RAD/Section 18 and Moving to Work? But it's definitely a worthwhile conversation to be had later, later down the road. Next slide, please.

A few things that I want to share from the Moving to Work agency perspective is, number one, we started some information about this. It's -- make sure you really know your Moving to Work amendment to the annual contributions contract and the MTW expansion notices. So that includes like reading the full agreements, making sure you understand the appendices as well as what waivers you already have built in and which ones you have to work through the Moving to Work office and request your initiatives to be approved.

The other thing I want to impress on you is, make sure you understand the timing of when things are due, the reports. Most of those will be similar to what you've done previously, but you now have this Moving to Work layer. And there's a public notification process and outreach that you want to make sure that you build in enough time to go through those processes. Next slide, please.

But when it comes to -- what I really want to share with this group is when it comes to Moving to Work, I like to talk about it not just from the accounting or finance lens, but from a change management lens. And so I reference it's like change management 101, 201, 301 and beyond all rolled together. And it all depends on how quickly and how elaborate your agency wants to incorporate new initiatives.

And I know with this cohort, looking at alternative rent structures is a key component. But even beyond that piece, you're going to need to think through culture change because you really are able to move away from, hey, this is how we've always done it, or this has been the rules for decades, to what's the better way that we can approach helping to house people in our communities.

And with that change in even the philosophy for your organization, you need to think through how does that impact employees? How does that impact your participants and residents? What does it mean for your relationship with landlords? And what are those other community members that might be impacted by changes that you're going to make? And those can include advocates and partners and neighbors and whatnot. So please do not underestimate the work that will go into just the change management process.

When we talk about new initiatives and that your agency might want to roll out -- some really won't impact the finance or accounting offices. For example, if you're streamlining the inspection process or landlord certification for repairs, those really don't impact finance and accounting. But there are other ones that could be major departures for your operation. And I'll share in just a few seconds an example of what Home Forward went through as it worked on its alternative rent approach.

But what I really want to make sure you're thinking through is, as was shared earlier, there's going to be changes in VMS and new accounts that you need to be able to report on in VMS as well as FDS, the new columns and the movement of activity in FDS becomes important. The

ability to track how you're using Moving to Work funds separate from your non-Moving to Work or special purpose voucher type funding is key.

You'll have this requirement to trace back to origin sources. So if you are going to use housing choice, voucher money for some sort of public housing-related items, you still need to be able to know that it originated from housing choice voucher funds. Entailed in all that you're going to need to think through: does your chart of accounts need to change? Because of your accounting system becomes now this area of change management and that blends into, are you going to need new software or are you going to need reprogramming of your existing software? And those are -- they are not to be taken lightly.

The other thing is that as you're changing the initiatives, you're going to need staff training. You're going to have to change your policies and procedures. So you have to build in time for all of that aspect of the change.

A couple of things on this slide. Your audit firm, this will change how your audit team has to test your programs. And so they need to become familiar with Moving to Work and what are the compliance requirements, and with the flexibility and the fungibility that may be new for your audit team -- that they'll have to work through understanding.

And then lastly, the field office, depending on where you're at in the country, you may be working with a field office that already works with a Moving to Work agency. And so they'll have much more familiarity with what these changes might look like for you.

But if you're in an area that is -- where Moving to Work is new for the field office, understand that that group is going to go through change as well. And I know Marianne and the Moving to Work team and the folks from the DC offices will be there to help but just recognize that Moving to Work in many cases, you're an outlier program compared to the traditional housing authorities. And so you'll want to be partnering with your field office and then Moving to Work office very early in in your transition process. And if you can go to the next slide, please.

So this is a chart to show that when Home Forward went through its alternative rent setting and we borrowed -- I think this was Fata's rent chart on how 5058s and things are calculated -- wherever you see the red Xs, those were areas that we said we are no longer going to follow that process or we're going to make a modification from the traditional 1937 Housing Act formula for how to calculate a participant's rent.

The reason why I want to share this with you is as you are working through your alternative rent approaches, anywhere where you have a deviation from the norm, that is where you really are going to have to partner with your staff and your software company to find out if they can handle the programming to handle such a change.

I will tell you that the design process of this took about a year in terms of community outreach and then the software side of these changes took about another year. And that is not to scare you, but it's to prepare you for how big of a change are you going to try to incorporate? And again, is your software company ready for those changes as you try to roll things out? Because you could

get in a very super-brainstorming mode. But the realities of the pragmatic aspect of, can you actually pull it off from a software lens, is a real -- it's not -- it doesn't necessarily need to be a barrier, but it's a challenge that you will have to face.

And then the next slide and the one after it, if you could move on, are just -- I've included two slides' worth of things for your agency to think through as you are working specifically on the alternative rent implementation. And it goes through not only the technical and software side, but even the communication that you might need both within your agency and outside to the larger community. There's -- I don't know, there's about 15, 15 things that you're going to want to think through. And that's a starting point as you are working through that process. And then actually, could you skip to just kind of the final help and further question slide, one more, so I will leave you with that.

Well, there's my contact information, but in terms of if you have further questions, you need additional assistance. Clearly, the field office and the Moving to Work folks, they are great resources for you. I will tell you it's not that we are 100 percent in agreement 100 percent of the time, but we really do partner together to try to help our individual communities on finding new ways to have better housing opportunities and self-sufficiency options for the folks in our community, as well as trying to streamline our own internal operations. So please look to them as a resource.

The other legacy or earlier Moving to Work agencies are definitely available to help out. There may be some in your region, but even if not, please feel free to reach out to kind of a neighboring jurisdiction.

And then finally, this group that is joining at this time together, you will become partners as you move forward through this Moving to Work process. And I found that the Moving to Work family as a whole is very open to sharing new ideas, new ways of doing things with that vision and that mission in mind of making sure that people can continue to be housed or have additional housing opportunities. And with that, I will -- I think I'm done and I'll pass it back over to Marianne.

Marianne Nazzaro: Thank you so much, Peter. That was great, a lot of really good information and tips and tricks from an expert in Moving to Work. So thank you so, so much. You hear --

Christy: Thank you. That was so helpful. So any questions for Peter? Definitely hearing directly from the agencies is always so very helpful and so we really appreciate your time today. Other questions? Awesome. So, Peter, I think was going to stick around, so if you have any other -- I don't know if you need to run. I don't want to hold you to it.

Peter Beyer: I'll be here through the breakouts. So thank you.

Marianne Nazzaro: Awesome. Perfect. So if you have any other questions or comments, you know, let us know and we'll make sure to circle back to them. So thank you so much, Peter. That was awesome. Next slide, please.

Okay. And so now what I would like to do is turn it back over to Phillip Pless to talk about previously appropriated funds. Phillip.

Phillip Pless: So, you know, we have gone through a lot of information here today, and I want to echo what Marianne said. I am following a really tough act here. But, you know, we just thanks again, Peter, for all your wonderful insights and things for the Cohort 2 agencies to think of as they start to undertake this journey of becoming a Moving to Work PHA, and what that is.

So we have one final topic here to talk to you about today. And this, I think, will be of great interest to you all. So one of the questions that you guys may be having: so I know that after I execute my ACC amendment, the first day of the month following that, I'm going to have the ability to use funds flexibly. But what about my funds that I got from earlier years? What about those -- how are those funds treated? And so I have great news here today that once you become an MTW PHA, after your ACC has been executed, the first day of the month after that, you will be able to use your previously appropriated funds flexibly.

So just to remind you, all of those are Section 8 and Section 9 funding sources to include operating fund, HCV, HAP, housing assistance payment, HDB, administrative fees, and then finally, your capital fund. So we have received the ability to do this through the Appropriations Act. And so the first year that we received this authority was in fiscal year 2020 and Congress has extended it again in the FY 2021 Appropriations Act.

And so currently this is a temporary status that Congress has been providing expansion PHAs of the appropriation process. So the big point to take away here is that your ability to use your previously appropriated funds will go through at least September 30 of 2021. And so we have a Web page on, as you can see here on the slide, where you can actually go and check the status. So I am working with our webmaster, make sure that this information is updated on a regular basis.

So right now, that page will reflect what I just said, that you guys are able to use your previously appropriated funds through September 30 of this year. And so after that day, I will be monitoring very closely what happens with our future years Appropriations Act, and we will make sure that that information is updated on a timely basis.

So it's very important that this is another great Web page for you guys to book as you guys are starting to go through the amendment and execution process, and the planning process to go ahead and add this to your bookmarks, because this is a really quick way to check on how you can use those previously appropriated funds. And so that is all I have on that topic. And I'm going to turn it back to Marianne and see if there are any questions about anything we have presented thus far.

Marianne Nazzaro: Fantastic. Thanks, Phillip. Next slide, please. Questions, questions, any questions again, if there's any questions for Phillip or Peter or Jean or Chris or John. All right.

We are going to move into the discussion part. One of the things that Peter mentioned and we think is important, if you can go to the next slide, please. It's the importance of trying to build

this kind of relationship between you guys. Right. There's a number of you Cohort 2 agencies, you're going to be studying tiered rent, stepped rent alternatives. It's good to hear from each other, to talk to each other.

So once again, we are going to break into small group discussion sessions, as we did earlier, and we're breaking it up based on the rent model that you will be studying. So in the yellow tiered rent group, we have Akron, Charleston-Kanawha, which I still am not sure if I'm saying that correctly. Apologies, Everett, Washington County and Houston. And in the blue, which is a stepped rent policy, we've got Fort Wayne, the county of Kern, and the city of Asheville, Housing Connect, which is in the county of Salt Lake, and Portsmouth.

And so we are going to split into the groups based on these two groups. And so take a look, see where you are. And within each group, we will have a facilitator and come over and we'll have conversations within each within each group. I thought -- next slide, please. Once you are placed in your group, if you think you're in the wrong group or if you don't want to be in that group, you can ask to leave the group by selecting the red button on the bottom that looks like a door.

You'll be asked if you really want to leave this group, you'll say, yep, leave session and then you'll move back into the main room and from there you'll be able to send a chat to the event producer, talk to the host, and he'll put you in the right group. And so here's the question. Next slide, please.

These are the questions that we are going to be talking about, kind of facilitated. One is what challenges do you foresee and adapting to MTW financial reporting mechanisms? Another one is what are some possible financial policy and procedure changes that your agency is thinking about? And what additional training, technical assistance or guidance would you like to see from HUD on this topic?

And so we will also use this information to make sure that we are providing you all with the best technical assistance and materials going forward. We'll be in the group for about, let's say, 25 minutes. So right now it's 3:22. So that 47 -- 3:47 we'll come back to the main group and then we will kind of kind of wrap up the conversation. And so with that if we could -- John P., If you could put us in the appropriate groups that would be great.

Okay. I think people are coming back over from their breakout conversations. Hopefully, everybody had a good conversation. I'm wondering if, while we're doing that, if there's any -- I guess we're getting close to time, so I don't want to take too much time, but I'm wondering if there's any kind of key takeaways that either the note takers wanted to share with the group before we close out. Are we -- are we all here?

Autumn: The yellow group had a great conversation and we were lucky to have Peter with us, so there was a lot of collaboration going on, but some of the challenges were getting used to having one bucket of funds and how to lay out your accounts, software issues, and VNS reporting, how the different departments will work together, you know, public housing and HEV and how the funds will be divided. What are some of the possible policy and procedure changes? You know, keeping in mind the change management, having staff moving away from the old procedures, but

keeping in mind that the notice is giving you the opportunity to give you time to make the changes and then what training in the future would you like to see? Somebody had a question about can we move to one banking account instead of having multiple banking accounts? And so it was a great conversation and I think everybody learned a lot and got to know each other better.

Great, thanks, Autumn. That was great, great feedback, great summary. Thanks yellow group. And Benny, any key takeaways for the group?

Benny: I think some of that was similar, but also some with a little bit more high level. Just, you know, frankly, what is this going to mean? And looking at things -- to my new deals as well, such as the chart of accounts and how they'll be affected, and how to manage that that piece. But I think the other big thing for me that I heard that was important is, how to really prepare the auditors when they come for them to recognize and know the changes that have happened at your agency so that they're on board and they can be helpful in that process.

So it just -- even from an accounting financial perspective, Moving to Work has a very broad brush as far as what an agency is doing. And I think just -- I don't know if trepidation is the right word, but just awareness of the change that's going to come. What is that going to mean? It just - - kind of bracing for that in a bit. But, you know, moving forward for sure. So thanks.

Marianne Nazzaro: Thanks, Benny. Yeah, that was a really good we had a really good conversation with that group and that's a great summary of what we talked about. So thank you.

If you could go to the next slide or if you -- questions. Again, are there any questions going, going, going for any of the presenters, for Peter, for Phillip, for John, Chris, Jean?

Okay. Next slide, please. Okay. And you guys, we're going to see these resources again and again and again, but it's really important to keep them in mind. Remember, the ACC amendment is available on our Web page. I believe you just got the NCW insider that provided the draft board resolution with all the pertinent information.

Take a look at the selection notice, your welcome letter from me, which had a lot of additional resources. The ops notice that should be bookmarked to your computer and you should have it dogeared, this is -- you need to know everything about this. Everything that we talked about today is included in there. And so that's a really good resource to resolve the requirements. The MTW page has a lot of really good information, has all of the information about the 39 agencies, some promising practices. The MTW expansion page has pretty much all of the information that you need to know as it relates to the expansion.

And then we have a lot of training on the HUD exchange. So if you go over to the HUD exchange, there's a really good online manual that really breaks down the MTW operation notice into bite-size pieces, with quizzes, with videos. Definitely go to HUD exchange, check that out.

And then all of the expansion webinars are available also, well, except for the ones that had technical difficulty, but the rest of them are all available on HUD exchange and including this one will be there as well. Next slide.

And so we will have the next conversation with you all will be the office hours next week, I believe, and we're actually inviting the Cohort 1 agencies to that as well. For this one, we are focusing in again on the finances and we're going to be framing the discussion around questions that you guys have.

So please come to that with your questions. We will do our best to answer them. If we can't, we'll get back to we will also -- hopefully we've crafted a way to make it a really interesting, engaging session. So we think -- we're looking forward to that. The evaluators will be with us on June 30. So they will answer all the questions that you may have as it relates to the evaluation of the [inaudible] in to your current structures.

And then we'll start talking about the MTW supplement. Right, starting with the public process and then talk about what is the supplement? How do I figure out how to use this, fill this out? Gwendolyn on the 28th will walk you through how to actually use the supplement, we have online forum just for you. And then we'll again have an office hours on that.

And then later we will have a training on IMS/PIC modernization, so that is coming. Know we will be talking about that and we will have that conversation with you all and the Cohort 1 agencies together. Next slide, please.

And so with that, we just want to say thank you guys so much for spending your Wednesday afternoon. It is Wednesday, right, Wednesday afternoon with us. We hope you enjoyed today's conversation. We certainly did. Thank you again to all of our presenters, Peter, Chris, Jean, John, Phillip, everybody. We really appreciate that. And we really appreciate you guys.

So if there's any questions or anything else that you guys want to hear from us, feel free to send an email to MTWCohort2@HUD.gov and we will get back to you right away.