Planning Your MTW Agency's Finances, Part 1 Financial Reporting

Janet Pershing: Great. Thank you very much. Hi, everybody. Welcome back to the Asset Building Cohort Onboarding series. Glad to have you all here. I am Janet Pershing, I'm with ICF and this team has been supporting the HUD MTW folks in putting together the onboarding series. Last time we were together, it was for that asset building community of Practice Visioning center. Today we're going to be really digging into the nitty-gritty of finances. So let's go ahead and take a look at our agenda.

We have a lot of information to share with you today, and it's really important information. So as we go through, please really feel free to type in questions in that chat as we go along. We've built in opportunities for Q&A. They'll be chances for you to come off mute, ask your questions, discuss with the presenters as needed, and we will do our best to get all of your questions answered. Anything that's not clear, that's specific to your particular organization, that's a more nitty-gritty question that needs a little bit more time to answer, those may be things that we need to get back to you on, and we'll certainly have the team do that.

And of course, the asset building cohort email box is always available to you if you've got further questions. Throughout, we're also going to be having some poll questions. I'm going to just take a minute now to urge you to actually really participate in those polls. You'd be surprised sometimes of the things you think you know, and suddenly when you try to answer the question very specifically, it's a little tougher than you thought. So when we get to those, I'll give you a reminder about that.

So for the agenda today, we're going to start out by looking at how getting the ACC amendment signed affects your funding flexibility. I'm going to talk about eligible uses of the funds. We're going to look at the execution of the amendment and how that intersects with financial reporting. We're going to then talk about some MTW specific financial reporting topics and touch on what happens with previously appropriated funds. The end will have a chance for some general questions and answers, but we will again be integrating those throughout the conversation. So with that, I'd like to get us started by turning it over to John Concannon.

John Concannon: Thank you, Janet. Hi, everyone. I'm John Concannon with the MTW team. Happy December to everyone. Since last time we spoke, I'm going to talk about the MTW ACC amendment and how that relates to your funding flexibilities. I will say we've already received a number of MTW ACC amendments from you. We've sent them forward to our general deputy assistant secretary to be countersigned and fully executed. And you sent those back to you. And we've received a handful more in the last couple of weeks, and we're going to send those for next week. So we know you're all off and running. And so we're going to talk about kind of what funding flexibility means for you all that already have your ACC's executed. But for those that have not yet executed your ACC and submitted them to HUD, we request that you do so by March 2023, if not sooner.

So if you have an upcoming board meeting where this isn't on the agenda, you might want to add it to it. And we will move this forward in order for you to have these executed by HUD. Now, it's your discretion when to do this. And your board may not be meeting because of the holidays right now, so if it's in the new year, that is completely okay. There is a question if they -- I just saw that in the chat, I missed it. We have -- there's a -- you've sent your ACC amendment in, but it hasn't been sent back. We found one that was sent in that we missed in October. So you might, if I -- Phillip can let us know the name of that and we're moving that forward next week for execution. So our plan is to have that executed with several others and so you'll be able to begin your MTW funding flexibilities the first of the month following execution. So hopefully January 1st. So thank you for that question.

Now MTW agencies will not be able to do any sort of MTW funding flexibilities without having their ACC executed by HUD. Nor will you be able to submit a plan to HUD. So that includes an entity to be separate. So that's just kind of, little kind of process steps you have in order to be official, official MTW agencies. Now, when can an MTW agency begin to use its funding flexibilities and implement activities? That is -- you can start to do that for any eligible purpose under Section 89. So anything that's already allowable in the public housing program or the voucher program, you can start utilizing your funds for those purposes. The first day of the month following HUD's execution of the MTW amendment.

So if you if you were to receive it on December 8th, January 1st would be the first day you could theoretically begin. There are some agencies that have chosen to not exercise funding flexibility in that very first day that they can. And that is completely your discretion. You may want to wait for your fiscal year to line up to have really clean books. We've seen that from agencies. It's really up to the agency. But there are reporting requirements that we're going to walk through today once your ACC is executed. Some things that will just need to adjust for MTW. Now, activities that require waivers cannot begin until the MTW supplement to the annual plan is approved. That is anything special that is outside of the regular HCV and public housing program requirements, and that requires entity flexibility. So that will -- so that's why it's just another good way reason to submit your amendment if you if you haven't already. Now we include an example here. If an MTW agency may begin to use operating funds to issue vouchers after the MTW amendment has been executed, but it cannot implement a local nontraditional activity, that's waiver 17 in the operations notice, unless it has received approval in the MTW supplement to the plan.

And we're happy to clarify that as well if there are any questions. And I do see one question, can you give examples of the flexibilities allowed after signing? So you see this example here. So if you would like to use your, say, your voucher funds for something that is allowable in the operating subsidy of eligibility or capital fund program, you could say use some of your voucher funding and move it over to spend it on a capital fund eligible cost. Similarly, you could use your capital fund dollars to spend it on something that's allowable in the voucher program, something under that's eligible under administrative fees or if you wanted to put more vouchers on the street using capital fund dollars, you could do that.

So it's really the kind of the guardrails a little bit have come off on the large voucher streams. However, we will always plug this reminder that you are required to serve substantially the same number of families. It's really just kind of a check we have. So with that, I am going to pass it to, I believe, Phillip, who's going to talk through kind of a lot of the process steps and reporting steps that are required following regarding your funding. And Phillip is our financial analyst on the team. So, Phillip.

Phillip Pless: Okay. Thank you, John, for covering the intro. Well, thank you, everybody, for attending today. We really appreciate your flexibility in accommodating us to move the webinar from a couple of weeks ago to today. We had something unexpected come up, and so we're so glad that you're joining us here today. So before we start talking about the specific financial reporting in the different various different HUD systems, let's just take a few more minutes to talk about some more of the specifics around MTW funding flexibility.

So the first thing I kind of just want to say about this as a general point is that MTW funding flexibility really is referring to exemptions from rules around Section 8 and Section 9 of the US Housing Act of 1937. And so those are the funding sources that are available and where funding flexibility is permitted. So you can see for the Housing choice voucher program, it's for both the housing assistance payments, portions of the funding eligibility as well as any HCV admin fees earned. In just a couple of weeks, we are actually going to talk about how the housing assistance payments are calculated for the HCV program. So we encourage you to tune in to the January 11th webinar for additional information about how those are calculated. So the operating fund as well, and then also the capital fund, as John had mentioned, and just a few minutes ago.

So agencies can free up activities and can propose activities that utilize MTW funding flexibility. All required approvals must be received though, and this is something that is particularly germane when it comes to housing development. So just like for any other sort of mixed finance transaction, the urban revitalization vision within the same program office that MTW is a part of will be involved with the process of reviewing those proposals and taking a look at that at a deeper level. So all of those things are -- all those processes are still valid there. Next slide, please.

So over the course of the four cohorts that we have announced that are now part of MTW, we received a lot of questions over the course of these different cohorts. And so we wanted to talk about a couple of uses of funds that are ineligible for MTW flexibility. So the first one is the use of any of these Section 8 or Section 9 funds that we just covered. So that's any HCV funds, capital funds or operating funds for the Section 8 project based rental assistance. That's project based rental assistance, not project based vouchers. So I'm going to say that again. The use of Section 8 and Section 9 funds per Section 8 project based rental assistance programs run by the Office of Multifamily Housing with your performance based contract administrators, all that good stuff. Those are ineligible uses of MTW funds.

Another ineligible use is for any things related to audit findings. So this is a part 200 requirement, actually. Repaying an eligible cost related to audit findings, you have to use nonfederal funds. That is a general two CFR part 200 requirement, that just does not just apply to MTW and the programs, but that is a government wide requirement. So these are examples of an eligible use. This is certainly not the entire list of potential things that could be ineligible. So as John had mentioned, if you have any questions, where in particular if you have something that's specific to your PHA, please always, always email our inbox first before you propose it, or kind of go further so that we can advise an action advisory capacity. So this email address here, mtwassetbuilding@HUD.gov, that's the same email inbox where you will email your ACC Amendment.

So I monitor that email inbox and I'm reviewing all the ACC amendments and coordinating with all the folks. I also see those eligible activity questions come in so I can triage those. So please use that as a resource as we continue to move forward in the months to come. So next slide, please.

Funding. Implementing funding flexibilities. So this is a general point that you're going to hear a lot today. This is not going to be the first time you hear this said today, and it's certainly not going to be the last. Funding flexibility does not apply to special purpose vouchers that are appropriated by Congress. So special purpose vouchers are vouchers that Congress has appropriated to serve a specific community or for a specific purpose. Examples of these include the emergency housing vouchers that were included as a part of the American Rescue Plan Act of 2021, which serves homeless veterans as well as a whole bunch of them foster independence, family reunification program, mainstream, etc., etc..

So we have this wonderful resource here, and we strongly encourage all agencies to take a look at it. It is actually a special purpose voucher, frequently asked question document that was created specifically for MTW. And so this covers a number of different things, including, hey, what field and VMS do I use for this SPV now that I'm in MTW, and we'll talk obviously, a lot more about VMS later on in today's webinar, but this is a really holistic resources. And at one point, we will also cover things like administrative flexibilities for special purpose vouchers, which I will talk about in greater detail later on in today's webinar. So we're going to clarify what we mean between administrative flexibilities versus funding flexibility. So this is a great resource to have bookmarked. And I promise you we will talk a lot about that. So I believe that is the end of this section of the presentation. Janet, I believe we've had a number of questions come in. Is that correct?

Janet Pershing: That's right, Phillip. And I think the first couple came in during John's section, so I might send those two over to him. John, you want to start with Dale's [ph] question about whether what you were talking about extends to RAD Properties.

John Concannon: Yeah. So we're talking in the context of MTW funding flexibilities, does that extend around properties? The answer is it depends. RAD project base vouchers remain under the MTW umbrella, whereas RAD project based rental assistance properties, that's outside MTW. So that would be working with our Office of Multifamily. So funding flexibilities and there's a section I would encourage you to take a look at the RAD notice we've really tried to flesh out and we're going to get into this in later webinars.

But kind of the bottom line is you can augment initial contract rents for RAD PV projects using your MTW funding flexibility. So that we've seen has really helped deals to pencil out and we've seen a lot more agencies go RAD just for this purpose. But there's probably a lot more to your question, but we can we're happy to answer it. But, but yeah, if you're going RAD PV, there's a lot of MTW flexibilities you can exercise.

Janet Pershing: Thanks, John, and I'll use that MTW asset building email if you want to get some more one on one help on that. There's also a question for you, John from Melissa [ph]. She was asking about whether the MTW supplement is a HUD form and where she could find it.

John Concannon: It is. It's a beautifully named government form, the HUD supplement, the MTW supplement. It is on our website. I can drop the link in the chat if you want to see the, kind of the PDF version of the form. But if you go to the mtwhud.gov/MTW, there's an expansion link on the side. And if you go into that expansion link, you can see there is a supplement link to the supplement form on the right-hand side. But don't go too far down that path because again, we're going to we're going to cover this in the later webinar because we have, you know, for PHA plans, you submit four PDFs directly to your field office. We're trying to get away from that. And so we've created a simple online system where you can enter all of your information into a website and that serves as your MTW supplement to the PHA plan. So we'll cover that and more in depth, but certainly encourage you to look at the MTW supplement which can be found in our website, and I'll drop that link in the chat.

Janet Pershing: All right. Thanks, John. And then, Phillip, I'll pull over to you if I can. Karen [ph] is asking about whether you can clarify and give some examples about mixed development funds and what kind of approval might be required by HUD.

Phillip Pless: So the Urban and Revitalization Division is usually involved with all sort of mixed finance deals. So things along anything that's sort of covered by the Section 18 with demo dispo, we also have something called local nontraditional activities, which are unique to MTW. One of the eligible activities under there is development, there's the development, there's kind of a rental development activity. And so sort of what they do is they, I believe they do a lot of subsidy layering and sort of underwriting review to check to ensure things are financially viable.

I think they might also, I'm not an expert on this, but they might also be involved with helping the office of recap review anything around RAD. John can probably speak better to that. But those are just some examples. And so that is something if you're interested in as you're starting, when you get to the stage later on where you're starting to submit your supplement, there will be a whole lot of sort of involved in conversations and things like that that are sort of taken into account and they would be a part of that process to ensure that what you're proposing is sort of viable, if that makes sense.

Janet Pershing: Good. Thank you, Phillip. And another one here. It's from Brian [ph] asking, essentially, are we saying that funding flexibilities only apply to all other vouchers, given that there are issues with some of the special purpose vouchers?

Phillip Pless: So we're saying that, we sometimes use this term "vanilla [inaudible]." So what we're talking about is we're talking about HCV dollars. So we're talking about regular housing assistance payment dollars, and also HCV admin fees that are earned as a result of that. So funding flexibility applies to those sources, but it does not apply to any special purpose voucher. So you cannot, for example, use any dollars that were appropriated by Congress for HUD bash for any purpose other than serving homeless veterans. That's the only permissible use or the only eligible population that can be served by that.

Whereas, if you have HCV dollars, you could use funding, flexibility and for example, use some of your housing assistance, payment dollars or your admin fee dollars, your HCV dollars that you earn as a result of leasing and all that good stuff to use, for example, to help pay for security at a public housing property. For example, or towards a local nontraditional activity. So it's really targeted.

And just something to keep in mind is if it's for a specific special purpose voucher -- and I named quite a few of them, but I did not name all of them. Please, just again, check out that SPB FAQ document because there is a ton of information in there and it really does do a good job of breaking down everything from sort of what those funds could be used for with that population where that's reported in the 505 8. All that good stuff. So I really encourage you to take a look at that document. It's a great resource. So I love that document, again.

Janet Pershing: Great. Thanks, Phil. With that, let me take us back to Slide 11 and ask you to talk us through kind of the high level about financial reporting as it relates to getting the amendment to the ACC executed.

Phillip Pless: Okay, great. So this is a little chart that we have put together because we received several questions in prior cohorts about how does the execution of your ACC amendment kind of impact or what sort of changes are triggered by these different systems? And so this is just sort of an intro to this, but we are we'll talk about this in a lot more detail when we get to the specific reporting sections. But just to start off.

So for the financial data schedule, one thing that all recipients should be reminded, you will still be required to submit an audited and audited financials to HUD through the fast PH system. And so for the financial data schedule system, we actually have a special reporting requirements that have been developed. And so the trigger for when you would need to switch to those reporting requirements is specifically whether or not you choose to utilize funding flexibility. So we're [inaudible] lot more in just a little bit, but that's sort of the trigger for change for that specific system.

So for capital fund, your trigger for change is going to be the ACC amendment itself. So once your ACC amendment has been executed and as you all know, it's the first day of the month following the fully executed ACC amendment, that means that both your PHA has signed it and also HUD has signed it. You will start to use this budget line item 1492 and then you'll kind of start using budget line item 1406.

So there's some nuances around that and we're very fortunate to have a Chris Granger from the Office of Capital Improvements, who works on the Capital Fund program. He is going to go into that in more detail later on in this presentation to really kind of get into the nitty-gritty about capital fund reporting requirements, because there are some nuances there. And then finally, and I think this one is something that will be of interest to everyone on this call is the voucher management system. We all know what a lot of us have, both either combined housing programs or HCV only programs. The voucher management system, the trigger for change there, is going to be the month following your MTW ACC amendment execution.

So this is probably the biggest change for MTW PHAs. And we have some specific MTW reporting fields for both vouchers as well as for -- and so there's some specific fields because MTW has some additional flexibilities that are not available for non PHA's, so there are some special fields there. And so we will run through a specific scenario. So this kind of makes more sense. And then finally, sorry, last point on this slide, that document that is in the box, that is our NCW ACC amendment, frequently asked questions. If you click on that link, it'll actually have some questions and answers that we have received on a number of different things.

And so I would also encourage you after today's call, to bookmark this as a resource. And so now we're going to go to our next slide and we're going to do something a little bit different to introduce our financial reporting system. And so Taneshia Gerdin will be joining me here. And we are going to present sort of a role play with you to sort of introduce a lot of the financial reporting concepts that we're going to talk about this afternoon. So just to let you all know, just a little bit of information so you're not lost. We have a hypothetical asset building cohort names, and an asset building cohort named Housing Innovations Inc, and they're in the process of thinking about executing their ACC amendment and also thinking kind of strategically about implementing funding flexibility and starting to think through some changes to their financial reporting.

So the following is going to be a conversation between their executive director, who will be performed by the one and only Taneshia Gerdin and myself, which is literally playing myself. This is a little on the nose, but this is the following sort of a conversation that will play out. So I would just ask that Taneshia come on and we will get started.

Ring, ring, ring. Good afternoon. This is Phillip with the MTW office. How can I help you?

Taneshia Gerdin: Hey, Phillip, this is Taneshia. I'm the ED for Housing Innovations, and I just have a few questions about the ACC amendment process and how it can impact my agency's financial reporting?

Phillip Pless: Sure. That's what we're here for. We are here to help you think through any potential changes that you are contemplating. And so we'll -- happy to take any questions you have.

Taneshia Gerdin: Okay. Thank you. So my first question is, when is my PHA officially considered an MTW?

Phillip Pless: Great question. So this is really, kind of depends upon when you all decide to submit your MTW ACC amendment to HUD. So as you all recall, the process is, you have your board, you submit your board resolution and the authorized person for the board signs the MTW ACC amendment. That comes to HUD, and then we will have a process whereby it is countersigned and then you will officially become an MTW agency the first day of the month following the full completed execution of that document. So, for example, if you submitted your ACC amendment to HUD today on October, or I'm sorry, on December 8th, and let's just say that it's countersigned by GS Blum on December 27th, your first day of MTW agency flexibility would be January 1st of 2023. That's your first day of designation.

Taneshia Gerdin: Okay. Thank you for that. And so when it comes to VMS, there's my -- our phase MTW status changed the way we report in VMS.

Phillip Pless: Yes. So your VMS reporting system, you're -- sort of where you will report specific fields will change once you become an MTW PHA. So you will have an assigned financial analyst from the Housing Choice voucher, FMC Financial Management Center, who will be there to sort of support you and provide information about these new fields. And we will also cover that a little bit later today. We're actually going to talk about providing an overview of the MTW specific fields in VMS, as well as just sort of a short demonstration where you can see where additional resources are available.

Taneshia Gerdin: Okay. Thank you for that. And then there's another reporting system, the financial data schedule system and our operating year end September 30 of 2022, if that affects it. But I was just wondering how our status affects that system as well.

Phillip Pless: Right. And so this is another thing where we're going to talk about in quite a bit of detail. But the answer to this question depends on whether or not when you choose to implement funding fungibility in your current operating year. So there's a couple of different options that are available depending on when you choose to implement funding, flexibility or not.

And so what you will see is that when you start to use these special HW reporting instructions, it is very much triggered with, in that transition year, whether or not you decide to implement MTW funding, flexibility or not. And so it's just also very important to remember, just as we had talked about, that no new activities that require waivers of Section 8 or Section 9 requirements can be undertaken until after the MTW supplement to the annual [inaudible] plan has been approved by HUD. So that's just a really important point to just remind as you're thinking through some of these different system changes.

Taneshia Gerdin: Okay. So in the last system I have a question about is, that is our capital fund reporting and how MTW would affect that.

Phillip Pless: Sure. So, yes. So your capital fund reporting will change slightly because there is a specific budget line item in EPIC that you will cease to use. And so we will have Chris Granger from the Capital Fund office specifically talking about that in more detail. And now that we've answered quite a few questions here, I have a question for you, and that is, what do you anticipate being your biggest obstacle as you start to think about becoming an MTW agency?

Taneshia Gerdin: I think the biggest obstacle is just learning all of the requirements. But you all have great resources on the web page and being able to reach out to the team is great. So thank you for all the information you gave me today.

Phillip Pless: Sure. Great. Thank you. You're welcome.

Taneshia Gerdin: All right. Have a good one.

Phillip Pless: All right. Have a good one. Thank you.

Okay. So I believe we will pause here for questions about this role play before we actually get into the nitty-gritty with some of our reporting systems. Do we have any questions that came in during that role play?

Janet Pershing: We have not had any questions come in, but let's give people a moment to see if there's anything anyone wants to ask.

Phillip Pless: Okay.

Janet Pershing: And while people are thinking about those questions, I think I might just pop in a quick poll question to make sure that people are tracking along really well. John, if you would, pull up poll question number one.

Okay. So if you look on the right hand side of your screen in the polling section, you'll see a multiple choice. You're going to choose one of those answers and then go down to the lower right hand corner and click the submit button to make sure your answer is going to be counted. The question is, when can a PHA start to utilize those funding flexibilities? The day the PHA signs the ACC amendment, the date after the ACC amendment is fully executed by both HUD and the PHA, the first day of the month following the fully executed MTW ACC amendment, or the start date of the PHA's next operating year.

So go ahead. Make sure you hit submit. Remember that I asked you to please make sure you're participating so we can really see how you're coming along with getting the really key things. And, John, go ahead and close this up. All right. Looks like most folks got it right. The correct answer is, C. That for eligible Section 8, 9 purposes, if you can use the flexibilities the first day of the month following the execution of that ACC amendment. A couple of folks chose, B, the day after full execution. So keep in mind, it's the first day of the month following that execution. Great.

And John, if we could also pull up poll question two. This is a true or false. Once the supplement is approved, funding flexibility is allowable under all of the PHA's funding sources. True or false? Give you just a moment to choose and touch that submit button. And go ahead and close it up, John. That's a false. We've got almost everybody again, got the false is correct. Phillip, do you want to do one emphasis here for the couple of folks that thought that one was true?

Phillip Pless: Sure. So this was a little bit of a trick question because we've talked a lot about the Section 8, Section 9 funding sources, the Capital Fund Operating Fund, and then HCV funds, which are comprised of half, which is housing assistance payments, as well as the HCV admin fees that are earned. But remember, with the all, we were also talking about special purpose vouchers. So if you will remember, special purpose vouchers have to be used for the audience or the specific population that is intended to be the beneficiary of that special purpose voucher.

So we've given examples with HUD Bash, you need to serve homeless veterans with EHV. It's for folks who are formerly homeless or homeless and things of that nature. So just keep that in mind with any special purpose voucher. So this is a little bit of a trick question, but it's not every single exact funding source that you have received because we were also referring to SPVs in that question.

Janet Pershing: Thanks, Phil. We did get a couple of questions while the poll polls were going on. So Carl [ph] asks whether they're going to need to revise existing 5057 capital fund documents to convert funds to MTW. Do you want to take that now or hold that till later?

Phillip Pless: So I believe we're going to address that in Chris's presentation section. So if for some reason we don't, we can answer it during that time, I think that would be probably the best thing to do at this time.

Janet Pershing: Okay. Gary [ph] then asks, as it relates to an analyst assigned to the PHA, will this be an MTW specific analyst or our current analyst for VMS?

Phillip Pless: You know, I think that's a bit of an organizational call. I know that we have had meetings with some of the expansion PHA's in terms of, you know, they were interested in having an MTW specific coordinator and if that was permissible or not. So I think this is a bit of a more of an organizational call. I think it really kind of is up to how your organization is staffed and things of that nature. But if it's one of those things where you're, if that's something you're interested in, please send a question to the asset building cohort mailbox, because that's something where technical assistance is available. We have certainly provided PHA to I believe, to a couple of PHA's who are interested in that. So that's what I would say about that. It's sort of an PHA knows their staffing better than it does. So I don't sort of know what the specific minutia of what you're facing currently is.

John Concannon: Phil, if I could just jump in. The question maybe who is the HUD financial analyst that you're working with to do HCV drawdowns? I will say that will likely change because we have two that we work with in the voucher office. And so who just work with MTW agencies because obviously, unique questions come up. So that will likely change, and we'll let you know about who those who that person is.

Phillip Pless: Yeah. So I actually could say Mario Hall [ph] is the name of the FA in the FNC who will be working with all expansion agencies and from all cohorts. He was actually supposed to be presenting today, but he got pulled into jury duty, unfortunately. So you'll just be hearing more from me. But we have, sort of there is a transition process once you become an PHA where they will reach out to you and provide you sort of a welcome and introduction and things of that nature. So yes, that your FA likely will change if that's what the intent the question was. Sorry.

John Concannon: Thanks, Phil.

Janet Pershing: I'm going to say there is a question from Mitzy. It's about the supplement and we're going to be having a couple of supplement focused webinars. So to keep us on track for this one, Mitzy, I'm going to hold that one. If we have some time at the end, we can tackle it. But

I'd like to keep us going on the finance focus for a little bit here. So, Phillip, let me turn it back over to you. And if we have time at the end, we'll come back to Mitzy's question.

Phillip Pless: Okay, sounds good. John, could you please go to Slide 14? Okay, great. So we have two presenters during the course of this section of the webinar. So you'll be hearing from me on FDS and VMS. And we are also so lucky to have Chris Granger from the Office of Capital Improvements, which runs and administers the Capital Fund program for HUD within the Office of Public Housing Investments. He's going to also join us to cover some very important points as well. So this little schematic here is just to kind of show the systems that are subject to change as a result of MTW with the -- once you become an agency. And we're going to talk through each one of these.

So the first one we're going to tackle is actually FDS. So could we advance to the next slide? So this schematic looks really overwhelming. And so I just sort of want to start off by saying that, unless you, and we'll talk about this, the timing and when you will adopt these reporting instructions. Don't get overwhelmed by this. Don't get bogged down by this. The technical assistance is available on this subject as well, if you really do want more of a deep dive. But I just want to sort of a quick high-level overview of what the instructions are today.

So again, as I had previously mentioned, MTW agencies do still have to submit unaudited and audited financial system to HUD using the Financial Assistance Subsystem Public Housing, or FASSPH for short.

The same deadline still apply, so two months after the end of the agency's year for unaudited and then within the nine months for audited as required by the Single Audit Act. So the first step, once you start using these MTW reporting instructions, is that you're going to start by creating FDS columns for low rent, which is referring to the public housing program, which is 14.OPS, the capital fund, which is 14.CFE, section 8, which is 14.HCV. And then finally for MTW, which is 14.881. So the next step you will do is you're going to report your project level financial information within the supplemental project schedules and transfer funds accordingly so that you will basically be reporting your revenue and all that good stuff like you normally would.

And then you will, what will be different is that you will be transferring your recorded revenue. There is a specific line item that is mentioned in the inside of these special reporting instructions that we're not going to get into that level of detail today because this is just an overview. And for many of you as agencies, it will be quite some time before you actually start to adopt these reporting instructions. But you will transfer those recorded revenues from 14.0PS, 14.CFP and 14.HCB to 14.881, which is MTW. And then you will then report any sort of project financial information within supplemental project schedules and transfer funds accordingly.

And then finally, also, it's important to understand what asset management types are applicable to PHAs, and there is some examples of the different asset management types that are discussed in the FDS reporting instructions. So bottom line, don't get overwhelmed by this schematic today. This is an introduction. This is not the first time that we're going to talk about this. This is not the only time we're going to talk about this. This is just an intro. So I just want to reassure that, because I know that this is probably the area where we get the most questions. Next slide, please.

So let's talk about, a little bit about the timing of the ACC amendment and its effect on its reporting. So in that sort of first year, you have two options. So you can follow, so and that's really the hinge for this is whether or not you choose to utilize funding flexibility in any format in that transition year. So your first option is you will follow those MTW FDS reporting instructions if you implement funding flexibility prior to the end of the current PHA fiscal year. So that's your first option and that's only if you choose to implement funding flexibility in that transition year.

The second option is you will just continue to follow the current FDS reporting instructions, if you choose not to elect to implement funding flexibility during the current agency's fiscal year. And so after that sort of transition year, because we know for a lot of agencies this transition will probably occur at some point during their current operating year. And so we know that this is a question that comes up a lot. After that initial year, that's when you will then transition to the MTW specific FDS reporting instructions. Okay? Next slide. Please. Thank you.

So these are two very important documents that, again, I would strongly encourage you to download and become familiar with. So the first one is the special reporting instructions for PHAs. That is sort of just what I did, a really high-level overview of today. And then the second resource is the FDS line definition guide. So this is a resource that's available to all PHA's, not just MTW, but I think it's a fantastic reference. React is responsible for updating that resource, but we want to provide the link to that. So I would also encourage you to have that as a bookmark because there's just a lot of really practical, granular level information. So for example, what's covered by prepaid expenses, for example, or what exactly is -- what's bad debt, things like that. It's really practical resource.

And I believe that is all of the slides for this section. So I'm now going to introduce our next speaker, who is Christopher Granger from the Office of Capital Fund Improvements. And he is going to walk you through some of those reporting requirements as it pertains to MTW and so you can take it away, Chris.

Chris Granger: Okay. Thank you so much, Phil. Thank you for that introduction and really glad to be here for this presentation because for so many years, the Capital Fund has been doing a lot of presentations on the road. We've been going to HUD sponsored events and NARO events, and we've had a chance to give our capital fund presentation in person to many agencies. And with COVID, of course, our travel got impacted and so now we rely on a lot of virtual trainings and virtual presentations to get the kind of connection and impact with housing authorities. And it's so great to be invited to be a part of this because this is a group that is on the vanguard of innovation within public housing.

And this is a group, the Housing Authority Group, is -- they are all stellar performers who are part of this for a reason. And the MTW team that you're working with are -- they truly are a team of superlatives. And that's why I think, as Phillip said, none of this should overwhelm anybody on the call because this really is just part of a larger conversation and the lines of communication are always open. Of course, with the MTW office, with your field office and the capital fund is also here for you. So my name is Chris Granger. I work in the Capital Fund. Our director is David Fleishman [ph], and many of you also know Robert Dalziel [ph], who's a manager in the Capital Fund.

And we have made great strides, both programmatically and technologically. And a lot of the reporting that we're going to talk about for capital fund is going to be under one or two -- one of those two bigger top lines. So one major difference when you become MTW is you stop using that BLI 1406 and you start using BLI 1492. We, in the capital fund, we live in this world of BLI's We talk about BLIs all the time. So we're talking, these are budget line items and these matter for the annual statements that are submitted in the Epic System and these matter for the LOCs transactions. And ultimately, this tells us what's going on with these funds and what are the funds being used for.

Like many -- like many programs and processes at HUD, the concept behind this is actually pretty easy to get. It's the -- it's the process and the steps and the algorithms that trip people up. So that's something that if you're ever wondering, am I doing -- am I making the right steps, am I doing this the right way? We're happy to take a look and let you know. The -- we used to have Epic office hours for about four years and we ceased doing those. But we're happy to do Epic one on one calls with folks. The reason we stopped was because attendance dropped significantly, because I think most PHA's became comfortable with the Epic System. But we also know that you bring new staff on.

So if you have any questions about the Epic System, we're happy to talk to you about it. The obligation and expenditure requirements. This means that in, within two years of your award you must obligate grant. In order to obligate 90 percent of your grant, you have to essentially commit the funds and there needs to be some type of obligating document under most circumstances. Usually, it's a contract. And we must expend the funds within four years of 48 months.

Now, if you don't obligate on time, you are risk being capital fund trouble, and we want to avoid that. So if you ever find yourself at a point where you feel that you're not going to obligate on time, you're welcome to submit an obligation extension request to our office. And there's more info on that in the Capital Fund guidebook and online. If you're not going to be able to expend your entire capital fund grant, you may return the grant. There's no penalty to you, but you have to return some of the money, and then we reprogram that money for other housing authorities.

In the LOC's system, you must report every month for every open grant. So this is every grant that doesn't have a pre audit date must be reported on, even if it's 100 percent expended. And if you don't report on your obligations and LOCs, then LOCs will lock you out, essentially. It'll basically prevent you from drawing any money. And nine out of ten, when a housing authority comes to us and says, oh my gosh, we can't draw down our money, we tell -- we check LOCs, and sure enough, it's because one of their reporting -- one of the grants is not reported on.

And so the idea of immediate need is the same. The reason we put that in here is because we, essentially for capital fund projects, you only draw the funds down when you have a bill that's due and payable. That's when funds are considered expended. And we are not drawing funds down to create a reserve and then spend it down later. So we expect there to be an audit trail where there is an invoice that's due and payable that's attached to a contract or some other kind of obligating document. And those funds would be correctly expended at that point. And the 1410 admin, is one that you don't need a contract for. So it's something that is you can draw down as a housing authority.

But you would draw down when you're ready to pay it. So that's if you're paying staff salaries or something like that. And the BLI1492, of course, is the MTW BLI. And that's when a housing authority is using capital funds for either operating expenses or Section 8 eligible expenses. And again, those will be drawn down when the bill is due and payable. So let's move to the next slide.

Okay. So we talked a little bit about BLIs. But I think one thing to remember is that if you're doing any type of traditional capital fund activities, you would still use the traditional capital fund BLIs for those. So we would only use MTW 1492 when we are using capital funds for flexibility, like section 8 or operating fund. But if you're doing traditional modernization or if you're doing a management improvement under BLI 1408 or admin, you would leave those where they are and those go into the Epic System.

And the, I think this is just a good notation that the pre-fiscal year 2022 versus the 2022 allocation. So if it's before 2022, you have a little bit of flexibility to use either 1492 or 1406. But for your formula grant that was issued this year, in 2022, we would want you to exclusively use 1492 and not use 1406. So what this is going to require in the Epic System is that the housing authority will have to update a five-year action plan to include BLI 1492. And this will allow the housing authority to pull that from the five-year action plan into the annual statement. And again, we have longer trainings on this in the Capital Fund. So this is a very brief overview of this and we can talk more about it. But, Phillip, I'd like to go ahead and turn it back over to you. If you want to do questions now, that's fine. Either way is fine with me. We can do questions now.

Phillip Pless: So actually, Janet, I'm going to turn to Janet to see if we've had any questions come in on either of these two topics. So the first topic was FDS reporting. And then, of course, our second topic was capital funds.

Janet Pershing: Great. Let me start with one for you, Chris, that came in in the chat from Lindsey [ph]. Just make sure that this was made clear to her. She's asking whether the transition from 1406 to 1492 must happen immediately or is there an option to use the 1492 after a transition year?

Chris Granger: Excellent. And I think Lindsey may have --.

Janet Pershing: Looks like she got it. Okay.

Chris Granger: So and it's great. Lindsey Reams [ph] it's always good to hear from you. I hope you're doing well. The, just to reiterate that, the -- this year, your formula allocation, your formula grant, what we mostly consider our capital fund grant, we would not use 1406. We would only use 1492 when we exercise that flexibility.

Janet Pershing: All right. Making sure everybody's got that. Thanks for the question. And then we've got one that came up during the FDS conversation. The agency became an MTW on December 1st, but don't plan on using funds flexibly in December, year-end comes at the end of this month. So they're trying to understand when the unaudited FDS happens in February, if they need to add MTW column and enter zeroes or not add a column for MTW at all?

Chris Granger: And just to be clear, this isn't for me, right? This is an FDS question?

Janet Pershing: That's FDS, yes. So I think that's a Phillip question. Yeah. Phillip, you're on mute, or at least your sound is not coming through.

Phillip Pless: Oh, sorry.

Janet Pershing: There you go.

Phillip Pless: Let's try to just start and talk anyway, I guess, in pandemic days. So, yeah. So to answer the question, this agency, their operating year ends December 31. Their first day of MTW was just last Thursday, December 1st. And they want to know whether or not to follow those reporting instructions for this year if they're not choosing to utilize funding flexibility.

So since you're at year end and you're not planning on using funding flexibility, you will just follow the normal non-MTW reporting instructions like you do normally. And then for your new year starting January 1, then you'll follow the FDS reporting instructions for MTW because that's going to be your first year as an agency, as MTW. So bottom line for this year, that's ending at the end of December.

So just a couple of weeks away, you will just use the normal non-MTW reporting instructions for both your unaudited and audited financial information for this coming year.

Janet Pershing: Okay. Thanks, Phillip. Now, I think this one is going to be for you, Chris. Carl's [ph] asking whether the 1406 BLI 20 percent cap is going to apply to 1492?

Chris Granger: Oh, that's a great question. The answer is no. It does not apply. And the -- well, I won't get into that. It would take some time to get into the deep details of the cap, but just to sort of do a brief overview of 1406, there is a, for large non-troubled housing authorities, excuse me, for small non-troubled housing authorities, we, with field office discretion, housing authorities can go up to 100 percent for 1406 with the caveat that they have no capital needs. And then for large housing authorities or troubled small, the rule is that per the reg, they can go up to 20 percent. But that has even been increased because of the appropriations language is considered statutory and that supersedes the reg.

So that cap has been lifted to 25 percent every year for the past seven or eight years based on the appropriations language. So it's a little bit of a tricky question for general housing authorities and everyone should be aware of it. However, for the MTW question, specifically, 1492, we don't have a cap. So if you did 100 percent 1492, that would be fine. But we assume that that means you have no capital needs for your public housing.

Janet Pershing: Thanks very much, Chris. That looks like the end of the questions in the chat. So with that, I'd like to thank you very much for sharing with us, Chris. And we're going to take a ten-minute break, give you a little chance to clear your brains after all this information. We're going to come back in 10 minutes. That'd be 3:45 Eastern Time by my clock. So go ahead and step away and get a drink of water and we'll see you in 10 minutes.

(Break)

Janet Pershing: Hey, everybody. It looks like we're at 3:45 Eastern on my clock. So welcome back. I hope that that stretch did you some good and that your brain is ready to absorb some more information. I did want to just reiterate something that came up in the chat a little bit ago, which is that, yes, the slides will be available so you can review the content. You can go to the links that will be posted on the HUD exchange a couple of days after the webinar is completed. So you can look for them there and get what you need. And we'll be talking about a number of other resources at the end of this presentation as well. So with that, we're going to move on to talk about VMS reporting. Phillip is going to be pinch hitting for Mario Hall. Thank you very much, Phillip. We really appreciate it. And I will turn it over to you.

Phillip Pless: Great. Thanks, Janet, and welcome everyone back from the break. So, unfortunately, you all will be hearing from me more today because Mario is doing his civic duty today. And so I will be pitching for him. But just -- I want to reiterate again what I was saying earlier about Mario will be your assigned financial analyst from the FMC, and he is available as a resource. And as you guys start to execute your ACC amendments, and I believe we've had several who have already done so. And then there are a couple more who will be in process shortly that once that process has completed, they will be reaching out to you with some welcome information.

So to sort of get us started here today, just a reminder that you're MTW reporting and VMS is going to be effective the first month following the date that the ACC amendment is executed. And we have a schematic to sort of better explain how that's going to work in just a second. And so you all will see that the VMS fields or HAP leasing, there are some -- you will start to report some of your regular HCV vouchers as moving to work, vouchers as you [inaudible]. And then also you will report those HAP expenses associated with those regular vouchers and those fields.

For the most part, SPV fields will not be changing too much. I believe that there are some specific SPV fields that are -- there are MTW specific fields for those, and I'm going to be going through some resources where you will be able to see what I am talking about in just a few minutes and kind of go through -- we're going to go through some of the definitions for these fields below. So these last fields below public housing, operating subsidy, eligible expenses, capital fund, local nontraditional program, HCV admin expenses. HCV admin expenses using half MTW other expense in [inaudible] comments.

I am actually going to, once we do a demonstration a few minutes, I'm going to actually pull up -- we're going to share my screen and kind of go through a couple of resources that I'm going to actually pull up the slide for these fields specifically because this is probably the biggest change, once you become an MTW agency, is that these fields will be available for you all to report on. So we'll go through the definitions of those together today because I think it's an important point. You may not use them right off the bat right away, but I do think it is important that we cover them today, as a group. Next slide, please.

So let's talk about -- let's actually go through a scenario together of when you will actually transition to using the VMS reporting fields. So in this example, we're going to just assume that you submitted your ACC amendment to HUD either in November or early December. It was countersigned by HUD at some point during the month of December. And so your first day as an MTW agency in this example would be January 1, 2023. So let's talk about what's going to happen. So in the month of January, you're going to enter your December VMS data. You are not going to utilize your MTW fields because your funding fund ability has not commenced. So always remember the trick to this is that VMS reporting is always a month behind. So right now you guys are reporting on November 2022 expenses. Well, you're not going to report on December 2022 expenses until January of 2023 because it always runs a month behind.

All right, let's move forward a month. So now it's February of 2023. The VMS has just opened for us to do our reporting for January 2023 expenses. This will be the first month that you use MTW fields as January is the first month, the first full month following the execution of your ACC amendment. So just kind of think about this way. So it kind of -- it tends to run about two months behind once you execute your ACC amendment to when you actually start using those MTW fields, at least in this example. And there will be a time delay of a bit. So this is an example. Next slide.

All right. We're going to talk a little bit more about special purpose vouchers, just because there was a term I used and I want to talk about that a little bit. And that term I use was "administrative flexibilities." So we're going to talk about that here. So just as a reminder, and I've said this, probably, you guys are going to get tired of hearing me say this, but SPVs are vouchers that are designated by Congress in appropriations to serve a specific population. MTW funding flexibility cannot be applied to these special purpose vouchers. All expansion agencies, including all asset building cohort agencies, need to continue to maintain internal accounting records to differentiate unbalances for all of your voucher types.

In VMS reporting for SPVs for MTW agencies and non-MTW agencies is similar, but it's a little bit different. And we actually did a webinar in November of 2021 that really goes into depth with a lot of the particularities with VMS and also, just SPVs in general, as it pertains to be an MTW agency. And then there's also the SPV FAQ. But I do want to make one point here about administrative flexibility. So earlier, I brought up the term administrative flexibility.

So funding flexibility, which is the use of the dollars associated with those funds, those cannot -- you cannot utilize that or SPVs. However, some of the administrative flexibilities that may come along with being an MTW PHA may be applied to special purpose vouchers if it is permitted, there is no conflict with appropriations laws. The [inaudible] that awarded those vouchers or any of those other general regulatory requirements, statutes, that kind of thing. So this is talked about a lot in the MTW SPV document that you see the second link here. So I would highly encourage you all to take a look at that. And I'm just going to give you an example of what an administrative flexibility could be.

So, for example, potentially triennial writ, sorry, triennial income recertification could be done. That's just an example of a MTW administrative flexibility if it's permitted. And I will just say, as a general rule, the general overarching principle is that they can be applied if there is no conflict with the regulation, NOFA requirement act. There are, however, two programs specifically that require a waiver, and that is HUD Vash and the Emergency Housing Voucher Process. And to find out more information about this, you can check out the SPV FAQ, and it will go into a whole lot more examples. There's other examples of administrative flexibilities, I believe there, but I just wanted to quickly introduce that concept since it is an important one when we're talking about SPVs and MTW. Next slide.

Okay. So I believe at this point, I just want to -- before I share my screen, there are two references and I will show this live here in just a second. But this is the snapshot of the VMS, and you will see -- and it's kind of hard to see, but I will point this out again. There is a resources tab on the left-hand side towards the bottom. It's right above tools and it's kind of orange. And one of the links, it's really tiny. It says printable form 52618. And then there's another link that says instruction. And there's another link that says quick reference. So that is where you can actually go. If you're logged into VMS, if you go to that section and click on those two links, it will pull up the VMS manual and also the -- Wiki's our guide. So that's sort of how you can get there quickly. And I will also show you all that here shortly when I share my screen.

And I believe, I see if it is correct that the next part is me doing the demo. Yeah, that is correct. So I am going to take over control here and I'm going to share my screen. So give me just a second so I make sure I got the right one. Okay. So you should be able to see my screen. And I am now going to pull up a couple of resources. So before we talk about VMS specifically, I want to point out this user page. So this is the MTW Voucher Management System Training. So we actually did a webinar in August of 2022 with all agencies at that time. So the three expansion cohorts and then all of what we call our initial 39 agencies. We did a special training that went over some of the stuff we're talking about today.

As a part of this, you can -- I would highly encourage you, strongly, strongly recommend that you view this webinar. And so just -- I'm going to quickly show you all how to get here. I believe this link should also be in the presentation, but if not, we will make sure that this gets out in some form or another. So this is the general MTW web page. So this is what our home page looks like. If you go down, you're going to see some different stuff on the right-hand side. So you're going to see General MTW info and you'll see a number of different links there. Well, we're going to go down to this section that says MT -- let's see. We're going to go to the section that says, Participating Agencies Information. And you're going to see this link that says, Policy Guidance for MTW Agencies.

So if we click on that link. It's going to bring up a number of different policy guidance documents and things like that that we have. Well, right down here and it's flagged red, it says new. We have our VMS training page. So we click on this and this is going to bring up just a short intro page and then I'm going to go through some of these resources really quickly.

So this first link is actually going to be a link to the YouTube recording where the 508 compliant recording is where you can view it with transcriptions. And so that's where you will go to be able to view that webinar. The next link is a PowerPoint that we put together for this training that occurred on August 3rd. And I really want to quickly go through those fields that I mentioned and the definitions for those. So if you recall, on that slide in the other PowerPoint, we had a number of different fields that were specific for MTW agencies. And so I want to go through these really quickly.

So this first one here called, Operating Subsidy Eligible Expenses. This field will be used by you and reporting in VMS when you have expended HAP dollars on operating fund eligible expenses. So an example that we frequently use is HAP funds expended on the cost of security services. You'll see similarly, there's one for capital fund, there's another one for LNT. We have not talked a lot about LNT today, but there is a PIH notice called at 20 11 45 that really goes into a lot of detail about what local nontraditional programs are. This is something very special and specific to MTW, but you can kind of see there's some examples here that are fleshed out a lot further in, the PIH Notice 20 11 45.

So you'll notice that for these fields here, this is used to capture HAP funds expended. Okay? On these different things. And I really want to quickly differentiate this one right here, the admin fee expenses versus admin fee expenses using HAP. So this first one is basically used to cover HCV admin fees expended either directly or indirectly to administer the HCV program. Whereas, you would use the second field to capture HAP funds that are expended by the agency to administer the MTW program. So we broke this out here just to kind of get some additional information that we were not receiving in a prior release of VMS. And then this other -- do you see this MTW other expense, this MTW other comments, you would use this field to report on the use of HAP funds where it doesn't really fit into any of these other categories. You would report on it here. Okay.

So I encourage you to take a look at this presentation. In addition to the PowerPoint, this webinar here, there's also a case study that we did together as a group on that webinar. And there's also this last link, which is an FAQ document. So I'm not -- we're not going to talk a lot about the utilization methodology for MTW agencies on today's call, but that is covered in this webinar. That is an additional resource that is available to you all. So let's flip over to VMS in the interest of time, because I think we're running a little bit behind today and I want to leave time for questions. So if you all recall, we had that kind of hard to read slide where I had circled where you guys can find the VMS user manual and the quick guide.

So if you all see, if you click on this link, it's going to pull up the VMS -- the most recent version of the VMS manual. So this is the long form manual. This is quite a long document. So this is sort of what we say is the very comprehensive resource. So the most recent version is from September of '22. And then if you just want the quick sort of abbreviated truncated version, if you click on this link that says quick reference within the VMS, it will pull up that same accompanying VMS user manual from September of '22. So that's just something to keep in mind.

So let's just kind of really quickly look at an example of what an agency's expense reporting looks like. Oops, I pushed the wrong button. Don't do what I did. So we're going to look at MD 002, which is the housing authority of Baltimore City in Baltimore, Maryland. And we're going to take a quick look at their October 22 expense reporting. We're not going to spend a lot of time here because in the interest of time. But I just want to sort of let you I'll see what some of these fields look like, just so you have sort of a general impression. And just as a reminder as I wait for this page to load, this is not the only time that we're going to cover this topic. The FNC is available to you all as a resource. And as you guys transition and execute your ACC amendments, you're going to see that they are just wonderful. We really appreciate all that they do for all PHAs but in particular, with MTW as well.

So as we as you all may have recalled, we have that section for reporting of the vouchers. This is that MTW voucher. So you can see that the city of Baltimore reported -- Baltimore Housing Authority reported their total number of vouchers here and the associated expenditure. And one thing just to notice is that there's always these little question marks in VMS. If you click on those, it will, I believe, bring up a definition. So you'll see that for this MTW voucher, it's the total number of vouchers leased and the agency's program. And then it also provides you this other note that says that units leased for [inaudible] mainstream [inaudible] should not be reported as field, but in the appropriate field designated for those purposes.

So I apologize again. I'm going a little long or sorry, I'm going a little quick here, but here's an example of a SPV Field where there is a special MTW field. So this family unification 2008 forward is something that is special to MTW. There's one for Ned and there's also some other tabs on this screen that I'm afraid we will not have time to take a look at today. But I would ask that this concludes the demonstration for right now. And if ICF would please take back control of the screen and I'm going to stop sharing my -- actually, let's possibly -- do we have time for questions, Janet? Are we behind?

Janet Pershing: We're running pretty tight, but let's go ahead and take just a couple of quick ones here, Phil.

Phillip Pless: All right.

Janet Pershing: So one from Mitzy and I'm going to just read it to you. Are there any unfavorable factors for HA's in the MTW program?

Phillip Pless: I'm not sure I understand the question. What specifically do you mean by factors?

Janet Pershing: You want to come off mute?

Phillip Pless: Expound on --.

Janet Pershing: Cons, she says. She said, are there any cons to the MTW program? It's maybe kind of a general question, unless you've got a ready answer for that. Maybe we'll tackle that a little bit separately. What do you think?

Phillip Pless: I think that's sort of a philosophical question. So I think that's something maybe we could if we have time and we can tackle. Are there any other questions, specific questions about the material that we received?

Janet Pershing: Mm hmm. There's one from Brian. How does --.

Phillip Pless: Sorry?

Mitzy Rowe: I was just trying to explain. We are going to present the resolution to the board. And of course, they're going to say, are there anything -- any factors against this program that you guys know of? Signing a resolution, executing the ACC, anything?

Janet Pershing: Would it be appropriate for Mitzy to send that question on to the email address, since it's not specific or John, you want to take it?

Phillip Pless: I think John has some thoughts here. I have some thoughts as well.

John Concannon: I mean, we're biased. We're the MTW program. We -- but in terms of, say, cons, I mean there are certain, as you're seeing here, there are some reporting nuances and kind of just coming up to speed on MTW. But as we always say, in terms of MTW policies and implementing them at the field, we know that, I'm sorry, PHA level, we know that takes resources and time, but we all put that -- we allow an agency to really define that. And so you don't have to implement everything under the sun. You can go at your own pace. And we certainly don't want anyone to kind of leave the MTW demonstration. But we had that recently happened. There was there was a change in leadership at one of our new agencies, and they just decided to go a different direction.

So, I mean, there's no -- there's an easy breakup fee. So -- but I really think it's benefits to your agency, to your community, and really to your residents, everything under MTW. And so the only the only con is it's not available to more agencies, I would say. But we're happy to -- if your board has questions or is concerned, we're happy to answer those.

Janet Pershing: Great. Thanks, John.

Phillip Pless: Can I say one thing? So just kind of want to say in terms of for the funding piece, whether there's any cons, the answer to that is no. Essentially, for how your funding will be calculated. And we'll talk about this much more in the next webinar. But for operating fund and Capital Fund, your funds are calculated the exact same way that they currently are. And then specifically for the HCV program, the housing assistance payments part, there is a modified formula. I don't want to get into the details of it because we're running behind. But essentially that formula was designed so that you would either, you don't lose money, but you also don't gain money as a result of being a part of MTW. So just -- I just wanted to address the funding piece. There's really no drawback except that you're going to be able to use your funds much more flexibly than you did before. And I think that's really a win and that's what a big part of separates MTW from other programs.

Janet Pershing: So and then, Phillip, I've got two more questions that have to do with MTW fields. Let me give them both to you and you can maybe kind of give a complete answer on that. One is, are we essentially using all MTW fields in VMS? The second is how does the PHA determine if a specific type of voucher is reported as MTW field versus non MTW field?

Phillip Pless: Okay. So I'm going to give sort of a general answer on this. And I don't think we have anybody with the FMC or is here today. So if I don't address your question, please submit the question. Should they ask that building cohort if you have additional follow up questions. So in terms of -- for terms of for HAP and reporting HAP expenses, there are those that MTW field that I showed you all in VMS where you report your UMLs and your HAP expenses.

And then in terms of SPVs, for SPVs, there are a couple of SPV builds that have like a MTW after it. But those fields that we showed during the demonstration, those fields are to be used if your PHA is using HAP funds in a certain manner. So you may not necessarily use all of those fields in a given month. So for example, your -- let's just say you're -- we're just going to jump forward in time really arbitrarily here. Your supplement's been approved. You're going to be doing an LNT home ownership program, we're just jumping forward for to make a point and you have -- you're going to use some HAP money in support of that LNT program what you would use that field in that month. But it's not necessarily the case that you're going to use every single MTW field every month. It really just depends on what you're going to be, the activities you're going to be implementing as you can sure supplement approved and things of that nature. So that's sort of a general answer. Yeah. And I think in the interest of time we need to move forward.

Janet Pershing: Okay. If there are specific questions, go ahead and put them in the chat. If there's anything more specific, we'll either get to them at the end of this presentation or be able to share those answers with you in writing afterward. So right now, I'd like John to get ready to share a video with you. In a prior onboarding series, we had Peter Beyer, who was the CFO of Home Forward in Portland, and he gave a really great finance related conversation about some of his insights from where he sits, and we want to share that recording with you now. So John, go ahead and take it away.

Peter Beyer: Great. Thanks for that introduction, Marianne. And yes, we also have been working with quite, 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 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 multi -- a 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 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 you're moving to work amendment to the annual contributions contract and the MTW expansion notices. So that includes reading the full agreements, making sure you understand the dependencies 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, 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 referenced 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 a 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 that 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 and work funds separate from your nonmoving 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 item, 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 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 reprograming 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.

Last 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 are 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, we're moving to work as 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 D.C. 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 the moving to work office very early in your transition process.

Janet Pershing: Great. So it's always wonderful to hear from people who've been there before you and get a sense of the kinds of things that they've been paying attention to. So I hope that those words from Peter were helpful to all of you. Let's go on to Slide 28, and Phillip, let's bring you back for a couple of minutes on previously appropriated funds.

Phillip Pless: Okay. We appreciate everyone's attention this long. This webinar is just really packed full of information. And so just a really quick way to think about this. Today, we're talking about all of the sort of short-term things that you need to think about as you execute your ACC amendment. In January, we're going to have a follow up, excuse me, webinar where we tackle the longer term, sort of bigger picture system changes that are needed as it pertains to engineering sciences. So stay tuned for that. All right.

So we're one of our last slides of the day. We're are referring to your previously appropriated operating HCV and capital funds. And so one of the questions that we have received and from agencies, and we use our MTW funding flexibility with this pot of funds, and the answer to that question is yes. So in the FY 2022 Appropriations Act, there is a general provision that states that previously appropriated funds, i.e. reserves for the operating fund and the program, MBUs can be used with more heavy funding flexibility. So currently that general provision is expires at the end of the year. So technically that expires September 30th of 2022. However, only under a continuing resolution until next week.

And so that general provision is carried over when there's a continuing resolution. So -- and the big point here to remember is that it is the responsibility to keep track of whether or not this this provision is provided to them. This link right here, we keep up to date based on what Congress does with their appropriations acts. Right now, we do not have full year funding for FY 2023. We are operating under a continuing resolution until December 16th. And so this website will likely be updated very shortly in the near future. And I believe with that, Janet, we have a couple of minutes for questions before we need to wrap up.

Janet Pershing: Exactly. I have not seen any new questions coming into the chat, but I'd give people a moment to ask if you've got something, put something in the chat, come off mute and just ask your question. Phillips, at the ready. What --. Go ahead.

Phillip Pless: [Inaudible] FYI, it doesn't have to be a question just about this topic. It can be anything that we covered in today's webinar. And just with the caveat that if you have a specific -- sometimes we receive questions that have very specific circumstances to an agency, we likely will not be able to address those just because the facts may vary and change from agency to agency. So just keep in -- just keep that caveat mind.

Janet Pershing: If could follow -- I'd ask John if he could join us, John Concannon. There was a question earlier that I asked that we pause on because it was not specifically about finance, but since there's not another question in the queue, let's see if we can get it answered. Mitzy had asked, if the MTW supplement is an attachment to the annual plan and waivers are included, the waivers will be approved when the annual plan is approved. Is that right?

John Concannon: This is a great cliffhanger for a future MTW webinar, which will be exclusively on the on the supplement. But this is a great question. So as you know, now your PHA plan is approved by your local field office. That will be the same with the supplement since it's being submitted with the PHA plan. So when you get your approval letter from the field office, it would be an approval of your PHA plan, including the MTW supplement. Now, there are some caveats, and we won't go through all of them, but it's possible if within the interview supplement, you can propose something that maybe we haven't seen before or isn't in our prescribed list of waivers. And we have to kind of, if it's say, something in the voucher side, we have to work with our colleagues in the voucher office. And then ultimately, we have to have get approval from our general deputy assistant secretary.

So sometimes those pieces take a little bit longer. So we might issue a conditional approval. And then while we figure out this more complicated waiver, then we would issue you that approval letter, after sometimes, the 75 day deadline. But long story short, and we'll get into all of that, but it will be approved and reviewed along with your PHA plan.

Janet Pershing: Thanks, John. Two more quick ones and we really just have another minute, so let's see if we can knock them out. Lindsey, yes, we'll get a link to the previous webinars on the HUD exchange added to the chat for you. And then, Chris, are you still on the line? We've got a question about the 1406.

Phillis Pless: Chris had to drop.

Janet Pershing: Okay. Can you take this question, Phillip, or shall we get back to the requestor? It's about draws from 1406.

Phillip Pless: We --.

John Concannon: I can.

Janet Pershing: John. You can?

John Concannon: I can take it. Yeah.

Janet Pershing: So it says, our agency normally draws down an amount each year from 1406 to help with general operations cost. Does the MTW BLI allow for us to continue to do this, or will the money need to be for a specific MTW activity?

John Concannon: Yeah. So we ask that you, if you're pulling down capital funds for operations, that you put those funds into 1492. So it allows you to do the very same thing. We're just -- obviously Chris kind of talked about this a bit, but there are the caps within 1406 and that's why they ask them to give agencies to stop using 1406. So you can still do that and you just put whatever amount of funding you were going to put in 1406 to draw down. You could just put that same amount in 1492 and do the draw.

Janet Pershing: Great. Thanks, John. I'm going to take just a moment to talk through a couple of resources that we want to make sure you've got the links to. Nitan [ph], If you could move us to the resources slides. So we've got two pages of resources. These links will be available to you. You can see that we've got information about the ACC amendment and the selection notice on the last page, which you're familiar with and the operations notice. Also, the moving to work page on hud.gov. If you go to the previous slide, please, Nitan.

The Moving to Work expansion page on the HUD exchange does have some good training information about funding in general and about your renewal funding. The HUD exchange is also the place that you will be able to find the link to all of the recordings. John P., please don't close out the session until we've put that link in here for people about how to get to the prior recordings. So the next page of resources, Nitan.

We've got an online manual that has got information about all different elements of the program for you. There is the link to the expansion webinars. My apologies. It's right there for you and we can get that put into the chat. There's also that FAQ that Phillip has referenced a number of times about the SPV FAQs and some information about the ACC amendment. So hopefully all of those will be useful to you and you'll have the actual links when the items get posted. And I'll just do that right now to make sure we've got that. I hope I pulled that properly. So next slide, please.

We are getting ready to have a little bit of time away for the holidays, but we will resume in January. January 11th, we'll be doing a second part of this finances series. And then those two sessions on the MTW supplement in February and March, as you can see here. And we'll get into a lot more detail on the supplement and then we'll have a specific session at the beginning of April on the HUD 5058 MTW form. And then we'll have an open session at the end of April with office hours to talk really in general about the kinds of questions that you have really on anything that you like.

So I believe that yeah, that link is now in here for you twice to make sure you can get to the prior sessions and so you can get what you need there. I thank you all very much for your attention. If there were any questions that came in that we didn't quite get to, we'll get back to you on those and wish you all the best as you move into 2023. Thank you all very much. Bye-bye.

(END)