Planning Your MTW Agency's Finances – Part I: Financial Policies and Procedures

Marianne Nazzaro: All right. Good afternoon, MTW agencies. Great to have you back here with us. I hope everybody is doing well. Thank you for joining us for the part one of a two-part financial training on MTW financial policies and procedures. Again, this is part one of two. And so we are thrilled that you are with us this afternoon. Next slide, please.

So today we've got a chock-full day full of really good information, and hopefully we've broken it up in a way that we can digest it well. We're going to first talk about the MTW ACC Amendment and how it relates to the funding flexibility. We'll talk a little bit more in detail about what the eligible uses are of MTW funds -- Section 8 and 9 funds.

We will have a breakout room discussion where you can talk to each other, hear from each other -- around certain questions and conversations. Pravin will walk us through how the public housing and voucher dollars will continue to be calculated for you as an MTW agency. We will hear directly from 2 of the initial 39 agencies: San Bernardino and Cambridge will talk to us about their experience with finance policies.

And then again, we will hear back from Candace, and Jenny will talk us through some -- how to apply some of those change management techniques that we heard in the first webinar. And then we'll be able to answer any questions that you guys have. So next slide, please.

Before I turn it over to Philip Pless, the financial analyst in the MTW office, I just want to give a huge shout out to Greenville, South Carolina. Woo-hoo. You guys are the first landlord incentives cohort agencies to submit your MTW ACC Amendment.

So far, we have received nine MTW ACC Amendments signed from the agencies. Six of them have been countersigned and executed by HUD; the other three will happen soon. So that -- we have time for the 20 more of you to go. 9 down, 20 to go. And with that, I'm going to turn it over to Phillip Pless, MTW's financial analyst. Phillip, take it away.

Phillip Pless: Okay. Good afternoon, everyone. Thank you for joining us here. And Greenville, South Carolina holds a special place in my heart. I went to college there for a year and was back there in November, and it's just a wonderful place. So I'm so glad that you guys are with us.

So today we're going to be talking about -- this is a part one of our finance webinar curriculum. And so we're going to start off talking about this general question about the MTW ACC Amendment and how it impacts, potentially, your funding flexibility, or how that works.

So what's the interplay between those two things? So we're going to spend several minutes talking about this because this is a really important topic, and this is something where we get a lot of questions about it. And so it's better to just kind of know this upfront as you're starting to -- if you have already executed your ACC Amendment, great. But if you're thinking about executing it, you'll kind of know more information about what to expect.

So the first question is just, when should the agency process their ACC Amendment? So we strongly encourage you all to execute your ACC Amendment as soon as you are able to. There is discretion in terms of when you can execute that ACC Amendment.

But just a reminder from the welcome webinar, the process is that you, as the agency, will sign it. And then you'll have your board resolution go to the landlord incentives cohort mailbox, and then we process it, and it's signed by the assistant secretary or equivalent, which is the GDAS, which is Dominique Blom. And then at the first day of the month, you will become an MTW agency and you'll have the ability to use funding flexibility. Next Slide.

So one important thing to recall, and another reason why we encourage you to submit your ACC Amendment as expeditiously as possible, is that you cannot start any -- you cannot use the funding flexibility until you execute your ACC amendment.

So the funding flexibility -- when we really talk about that, what are we really talking about here? So what we're really talking about is the use of your funds for a purpose than they may be originally intended. So for example, the use of HCV funds to -- for operating costs in public housing. That's an example of where you're using a fund flexibly: where the original appropriated purpose is for housing choice vouchers, but it's being used for another purpose.

So a couple important things to bear. So after you execute your ACC Amendment, HUD countersigns it, you are an MTW agency the first day of the month after that ACC Amendment has been completely countersigned. So a couple of important points to consider about this. The first is that activities that require waivers, or things of that nature -- you cannot start those until after you have submitted your MTW Supplement to the PHA Plan.

We have a special webinar series that will be coming up later this spring, where we will have our experts in the office -- Jenny Rainwater, Crystal Mills, and Gwendolyn -- who will really go through that form and how to fill it out, and things of that nature. So stay tuned more -- for the supplement training, but that's just something to keep in mind.

However, just to clarify here, you could -- we have an example here. You can use funds flexibly where you're already kind of undergoing an activity. So for example, an MTW agency could use their operating funds that they get to issue HCV vouchers after the ACC Amendment has been executed. But it could not start a local, non-traditional activity, which we will be talking about more in the future when we get through to the MTW Supplement section, until it's received approval in that supplement. Next slide.

So one thing to really keep in mind and to really kind of dive a little bit deeper into the topic of funding flexibility -- so MTW funding flexibility really is allowable for the following sources of funds. There's -- excuse me. The HCV program funds -- that includes both housing assistance payments and admin fees that you earn -- operating fund, and capital fund. So those are three -- those are the three funding sources that will be available to you to use flexibly.

You can propose activities that free up funds to be used flexibly. And just an important note here -- with funding flexibility is that all HUD-required approvals still must be received if needed or applicable. So for example, we're talking about some of those LNT activities that you might be proposing in your MTW Supplement.

If it's around housing development or something of that nature, you're still going to need the relevant -- or in this example, URD, which is the Urban Revitalization Division's approvals, environmental reviews, and things of that nature. And we'll talk a little bit more about the cross-cutting requirements a little bit later. But those provisions are still [inaudible]. Next slide.

So -- eligible uses. We've gotten several questions in the other two cohorts about eligible and ineligible uses. And so there's a couple of things that we want to clarify that are not eligible uses of activities or funds under the MTW program. So the first is using those HCV capital funds, operating funds, for Section 8 project-based rental assistance programs run by the Office of Multifamily Housing.

Those are not eligible uses of funds because the Section 8 PBRA program is run by the Office of Multifamily Housing. And so that's a separate program from the project-based vouchers, which is something that could be eligible.

Another ineligible use of funds is going to be repaying -- so let's say you had an audit, and for some reason, there was an ineligible cost under one of your PIH programs. You cannot use your Section 8 or Section 9 funding sources. I'm using -- Section 8 and Section 9, it's being used interchangeably with the three funding sources that we covered the previous slide. You cannot use those to pay for audit findings -- costs related to audit findings. You will need to use nonfederal funds to repay those audit costs.

So these are just a couple of examples based off of questions that we have received, but this is certainly not an exhaustive list. And so here is the biggest takeaway on this point, and something that you should keep in mind: if you have a question about whether or not an activity or something that you are doing, or you're considering doing, is eligible, please send an e-mail to the MTWlandlordincentives@hud.gov inbox.

Because we would rather get your question up front, and then we can research and respond to you. And we can make that determination, provide you guidance up front, before you get yourself, potentially, in a situation where something is ruled ineligible down the road. So please communicate with us and let us know if you are in one of those situations. Because that's really why we are here, is -- we are here to provide you guys with assistance and really help you out when it comes to these kind of questions that are coming in. Next slide.

I'm sorry. And just one more reminder about this topic, because we also have gotten questions about this in the past. So the funding fungibility, flexibility -- those two words we use interchangeably -- does not apply to Special Purpose Voucher programs. So we'll talk a little bit more about Special Purpose Voucher programs and MTW in the next webinar that will be coming up, which is really focused on financial reporting.

But just to clarify here, Special Purpose Vouchers are those vouchers that have been appropriated specifically by Congress for a specific line-item for a reason. So for example, in this slide, we have the Emergency Housing Voucher program from the Rescue Plan Act of last year. That's really focused on homeless families, or those who were recently or formerly homeless, so -- or who were going to become homeless again. So that's a specific purpose that was identified by Congress in the appropriation. And so you cannot use EHV funds for non-EHV purposes.

There are some potential administrative flexibilities that are available to MTW agencies that are possible. That is why we have included a link to the SPV FAQ document. So if you click on this link here, this will pull up a series of questions and answers that we have on SPVs and MTW. And it really is an amazing resource because it goes into a lot of detail about the interplay of MTW and SPV.

It also covers how MTW agencies should report SPV vouchers when they're doing their monthly VMS reporting and things of that nature, and it also covers some things on the 50058. So just keep that in mind. It's a great resource. And yeah. And so now we can go to the next slide.

Okay. So let's go back a slide, and let's take a pause here. So I'd like to stop and see -- Marianne, have we received any questions?

Marianne Nazzaro: We sure have. Hello, Monica. Please clarify: flexibility is allowed from cap/op to HCV? Or are we saying that HCV funds are not flexible to extend to MTW agencies? Can you clarify again?

Phillip Pless: So -- sure. So I'm sorry something got lost in translation. I apologize. But the four -- the three funding sources that have funding flexibility are capital funds, operating funds, and HCV. So HCV -- when we refer to HCV funding source, that is comprised of the two sub sources, which are your housing assistance payments and your HCV admin fees that you earn. So those -- all those funding sources are flexible. Yes. Does that clarify?

Marianne Nazzaro: Thanks, Phillip. Does that, Monica, answer your question? Let us know. VASH -- and so another good question. What about VASH vouchers that have folded into the HCV program? In other words, after the initial funding has been received, and no additional funding was received to support those funds. I hope this makes sense. And she can clarify on the phone. Yvette [ph]?

Yvette: Yeah, it's just -- I had a question. Like it is -- so basically, when you get the initial funding for the VASH vouchers to support that program, you don't receive additional fundings after that. From our understanding, we are supposed to include those in the HCV funding, if you will. So my question is, once it's folded into that program and they're no longer new VASH vouchers with separate funding, is that considered special voucher money then?

Marianne Nazzaro: Pravin, are you on the line?

Pravin Krishnan: Yeah. Hi. I can -- should be able to answer this, and if not, we can talk offline and can direct you to the FAQ document. So the VASH vouchers -- not just in the initial funding increment -- they are not to be used fungibility. They are appropriated for a specific purpose.

And even after the first year, the funds are not -- you can't use those funds for non-VASH purposes. So you can't use the VASH funds for, say, supporting your operating or capital fund or anything else.

However, based on the way the allocation letters are written, when you receive your renewal letters for this fiscal year -- we're working with our financial management division to just -- like you were saying, after the first year, everything is kind of -- in terms of tracking, we're going to provide some guidance there on how it might help you to track after the first year. But short answer is, the expectation is for -- VASH money is not to be used for fungible, MTW purposes.

Yvette: Okay. So then a follow up question to that is, when it -- when you are tallying up the HAP totals with regards to Move to Work, VASH is reported in a separate line item. Then, is that not included? Because currently the way that the instructions say -- that you have to add VASH into the total HAP. But when you read the Move to Work, it's on its own line-item. So are you saying that HAP for VASH is not included in the Move to Work cap total line item?

Pravin Krishnan: Are you talking about an allocation that you get every year?

Yvette: I'm talking about when we report -- when we're reporting in REAC. Do -- you have a separate line-item for VASH totals, and you have a separate line-item for Move to Work cap totals. When you read the REAC -- the VMS reporting -- VASH is inclusive of the total for the HAP. So are we saying that we are not including on the total line-item for HAP Move to Work? You're only doing Move to Work for [there ?] and VASH separately in its own column? That -- I'm confused on that.

Pravin Krishnan: Yeah. I can answer that. Mm-hmm.

Marianne Nazzaro: So can I -- go ahead. If you have a quick answer, then I want to make it --

[talking over each other]

Pravin Krishnan: Yeah. I'm going to -- I think I can answer. And otherwise -- maybe -- I think a call from folks from FMC, who might know this better. But when you're reporting in VMS, you have separate expenses that you're reporting on for Special Purpose Vouchers. And then there's MTW kind of vanilla vouchers that you're reporting on. So there should be separate reporting for those.

Marianne Nazzaro: So -- thank you, Pravin. And Yvette, could I ask -- if you could send an e-mail to that MTWlandlordincentives@HUD.gov, I want to make sure that we're hearing the question and that we're answering it. We do have a whole section, I think, during the next webinar specifically on SPVs, I think. And we'll make sure that we answer your question either there or in an Insider or something. But I want to make sure that we're hearing the question and we get you the right answer so we can follow up with you directly.

Yvette: Thank you.

Marianne Nazzaro: Okay. And I see we do have one more question, but I'm going to hold that for now, because I think we might get to it later today, but we will make sure that we get it answered before we finish today. Actually, this -- let me change my mind on that. Phillip, yes or no question. We're a voucher-only agency. Can we use admin fee reserves that we currently have built up for MTW flexibilities?

Phillip Pless: Yes. Are you referring -- I'm assuming you're referring to HCV administrative fees.

Marianne Nazzaro: Yes.

Phillip Pless: [inaudible] so that you could use flexibly.

Marianne Nazzaro: Yes. Perfect. Thank you, Phillip. Okay. So we're going to, again, break up into groups like we did the last time. We have four groups. We've got the rock star facilitators of Phillip, Alison, Eva, and Jenny. Annalynn [ph], can I ask that you go forward two slides, please? Very good. One more.

So this is what we're going to talk about in those groups. One: what is the long-term goal that you're hoping to do with funding flexibility -- using those funds flexibly? Two: what does your agency need to prepare your MTW financial status and what steps are you taking? And three: what topics would you be interested in learning more from as it relates to funding flexibility?

I think we might have just heard a couple of them. So, Annalynn, previous slide, please. So you are about to go into your breakout group. If you see that you're in the wrong breakout group, you can either stay there and make new friends, or you can select the red button that says "Leave session." And then ICF will put you right back into the right group.

So in just a minute, you are going to see a pop up on your screen that'll take you to the breakout. The breakouts are 15 minutes long. [inaudible] So I guess, Annalynn, John, if you'd send us to our groups.

Hello, everybody. Is everybody back? Everybody here? Think so. I haven't gone off camera yet, or off -- my computer hasn't died yet. I hope everybody had some good conversations with your group. I think our group really got through two questions and we didn't even get the whole way through them. So those were some really good conversations, really good questions, Phillip, that we were asked.

If I may, I would like to -- so there were a lot of good answers that our group heard around using MTW funding flexibility to kind of be able to kind of fill the gaps and not be so restricted to that specific purpose -- to be able to use them for the purpose that is needed at the local level. Which, obviously, that was a A++ answer.

There was a question when we asked -- were asking about -- what steps do you need to take to get ready? There was a question relating to systems, that there's a developer -- their software vendor has seen a lot of HUD programs come and go, say they're coming, not really come. Do we really want to make major changes before you're MTW? But on the other hand, you need to know what you're going to do with your MTW status in order to be able to make those changes to the systems.

I will say that their systems will need to be updated, and we have been working really closely with the vendors around what those updates might need to be. And so it would actually be very helpful to know who your vendors are. Generally can send those to MTWlandlordincentives@hud.gov. And we will also be having some specific -- there will be information forthcoming on the policy changes to the reporting forms as well as to the systems piece.

So I think if you have questions like that -- and I would like to hear from you specifically again -- if you want to send us an e-mail, we can connect with you; hopefully put some of those concerns to rest. But also, it would be helpful to know kind of who the vendors are and we can ensure that they're getting the information that they need.

Can I just have a thumbs up or something if you got that? You can e-mail me directly, you can send it to the MTWlandlordincentives box. I see a thumbs up, so I'm going to -- you're going to send us an e-mail, Nick, and then we'll connect subsequently. Great.

And then we'll make sure that all the information is shared with everybody so that you all have the information. I'm getting all kinds of thumbs up. Yes. All right. Anybody else want any -- couple of words they'd like to share from the conversations that we had? Key take away?

Phillip Pless: This is Phillip. There were several questions in our group about how the ACC Amendment process would impact financial reporting, and what kind of things they need to consider in terms of their internal accounting systems, and things of that nature. So I just want to reiterate two points about that.

So the first point is that we have some PHA guest speakers. We have John Finley from the Cambridge Housing Authority, and Maria Razo from San Bernardino, who are going to have some really excellent presentations a little bit later this afternoon. To really -- as two MTW agencies for quite some time -- are going to be able to provide you some insights, some things that they have learned over the years, in terms of systems set-up and things of that nature and really things geared towards financial policies and procedures. So stay tuned for that just a little bit later after the break.

And then secondly, in terms of the ACC Amendment and how it impacts financial reporting, we are actually going to have, in the Part two webinar, a very thorough discussion about this topic. And we will have folks from the FMC staff, from the capital fund staff, and I will be presenting that as well -- some guidance that we have come up on the topics of FDS, EMS, and capital fund reporting and how that is impacted by your MTW status. So stay tuned for that. In two weeks we will really get into the nitty gritty of that. So thank you.

Marianne Nazzaro: Perfect. Thanks, Phillip. All right. Any other questions before we break?

Phillip Pless: Marianne, I think we had one question in the chat from right before the breakout sessions.

Marianne Nazzaro: I didn't see it. Can we use proceeds from the disposition of our public housing units for MTW flexibilities? And I think this is one that we're going to need to get back to you in writing as part of an Insider after this.

Phillip Pless: That's a great --

Pravin Krishnan: They can.

Marianne : I know there's been a lot of -- they can? The answer's yes?

Pravin Krishnan: Yes.

Phillip Pless: Okay.

Pravin Krishnan: Yes. We can --

Marianne Nazzaro: Yes. The answer is yes.

Pravin Krishnan: We have it -- it's in a FAQ somewhere. But yes. We've been asked that question before.

Phillip Pless: Well, this is still a great question. We might still -- something we might consider in an Insider as well. It's just --

Pravin Krishnan: We've also had questions where if it was, like, your last public housing development, and you did a RAD conversion, and you still had some money remaining, and yes. That can be used for your voucher program.

Phillip Pless: Awesome. Thanks, Pravin.

Marianne Nazzaro: Awesome. Thanks, Pravin. Other questions? During the PDNR webinar, there was a list of activities that were prohibited during the evaluation period. Is there a quick link to identify what those are? Alison, where would they find that list?

Alison Christensen: Yeah. Thanks, Marianne. I was actually just going to the quick link to Google it, but I will just say where it is. So that's right in your selection notice. And I can get the -- during the break, I'll get the page number for everybody. So there's a nice cohort -- or landlord incentives cohort web page on our MTW website and that has all of your selection notice materials. So just pop into that selection notice and I'll give you the page number here in the chat over the break.

Marianne Nazzaro: Perfect. Thanks, Alison. So the answer is yes. And we will get that to you. Any other questions?

Phillip Pless: Marianne, it looks like William might have a question. He's got his hand raised. William, do you have a question?

William Vasiliou: Yes, I --

Marianne Nazzaro: William. I'm sorry about that.

William Vasiliou: That's quite all right. It's quite -- just a quick question on -- we're -- have some excess budget authority in our voucher program. And I always kind of refer to it as the HUD draw. I apologize; I'm from Middletown, Connecticut. And so we believe we have excess budgets. We always refer to that as the HUD draw. We've always referred to that draw, that mystical draw that exists in headquarters someplace, called the HUD draw.

And so we're -- we want to be able to see if we can tap that resource for other things, other than to be using it with the voucher program. And that's really my question. That budget authority -- is there a possibility of unlocking it for other obviously qualified public housing activities? Could -- for -- we -- instance, use that to do some new construction work for public housing units? That's -- in our case, it's considerable. So it's a large amount of money.

Phillip Pless: Oh. That is a great question. And I think what you were talking about are reserves that have been -- that are basically before you became MTW? Is that what you're referring to?

William Vasiliou: Well, I'm not talking about reserves in the accounting sense. They're not admin reserves and they're not HAP reserves. They're essentially budget authority that's out there for the total number of units under ACC, but are not currently being used, or resources being tapped. And that's a considerable resource. And will this give us the flexibility to make use of that considerable resources? If, in fact, we can't apply it to our voucher program, can we use that resource to do other things? And what might they be?

Pravin Krishnan: I think I'm following the question. You have your regular -- and if I'm not answering your question, please let me know -- but you have your monthly disbursements for HAP purposes. But traditionally -- and this is going to be covered on a future training -- if you're seeking to use what you have in your budget authority for something else -- I have money in my budget authority for a public housing development. There is a process that you go through -- our financial management center -- to request an additional disbursement of your budget authority funds for an eligible MTW purpose, which you can do. Is that your question?

William Vasiliou: Well, since I'm new to MTW, I think it is. It's hard to answer a question by using the question to answer a question, but nevertheless.

So we're trying to get really, I think, today, some insight into other very imaginative things that we can do with the resources that are essentially going unused in some cases, or apply differently in our community, where we think we can take a HUD resource that's sort of sitting in a draw someplace and apply it where it is most effective, whether it's concentrated for the homeless, whether the disabled, low-income family units -- the areas which we find ourselves in the community.

And we all -- it's all different in each community, of course. Where we find ourselves -- the need in the community, and where there may not be HUD resources set aside for specific things, in a specific cycle. And these may be 5- or 10-year cycles, and sort of grow in certain areas.

But often, in this case -- in my particular case that I'm pointing out is, we have resources that are unused in one program. We feel that we're probably not going to use those resources in that program -- at least it's not likely. And why can we not redirect them in the area where we think we have a tremendous need, and ultimately can be successful in the future? It makes sense to me, but that doesn't necessarily mean that we'll be able to do that under MTW.

Marianna Nazzaro: Yep. So if I could -- so under MTW, Section 8 funds and Section 9 funds can be used for Section 8 or 9 purposes -- that's the funding flexibility -- or another activity, as -- whether if it's in the operations notice, or approved by HUD. And so, for the -- it sounds to me -- what I'm hearing are that these are Section 8 funds that have not yet been expended, and can those be used for section 9 or other purposes? If I caught that question correctly, the answer is yes. You can use those funds interchangeably. If I didn't, I was wondering, William, if you could send an e-mail specifying what that question is. So we really [inaudible] understanding the question, that we run down the answer to get you the correct answer.

William Vasiliou: Okay. Yeah. That's fine. I'm happy to do that. Thank you very much for that offer.

Marianne Nazzaro: Yeah. Absolutely. Because I believe the answer is yes. But I think I'm -- hesitate -- we're hesitating to say that, because we want to just make sure that we're fully understanding the question. [inaudible]

William Vasiliou: Yes. Thank you. I appreciate that up-front answer.

Marianne Nazzaro: Yeah. And we told -- we warned our PHA presenters that we've got a sophisticated bunch with you guys, with our landlord and tenants cohort, and you guys were going to be asking sophisticated questions. And you have proved us right. So thank you guys for that.

I'm going to -- I see there is another question in the chat. I'm going to hold that question either until later or to answer as an Insider. I want to make sure that we have an answer to provide. Right now, what I'd like to do is just break for eight minutes. Please don't hate me for cutting off two minutes. My clock says 2:52 Eastern. We can circle back here at 3:00 Eastern and we will continue along our way.

Keep these questions coming. They're good and we want to -- if we don't know the answer, we want to know what the questions are so we can get you the answer. So thank you so much. So let's kind of step away. Have some water. Get some fresh air a little bit, and we'll see you back here at 3 o'clock.

Hello, everybody. I hope you enjoyed your less-than-10-minute break. Sorry about that. We are back. And I just wanted to note that Alison Christensen -- thank you. Alison did put a link to the -- what is this, Alison? The selection notice into the chat. And so -- and on pages eight and nine of that selection notice, it explicitly says which waivers cannot be used. So I wanted to point you guys all there.

And to -- Jennifer Hall had a question as it relates to the Turnkey III property. We need to do some more research on that. Those of us that are on the call today do not know the answer to that question. So Jennifer, we need to do some research on that and we will get back to you all globally through an MTW Insider.

And the e-mail address for sending -- and I'll send you -- I'll type that in, Nick. What was I going to say? Phillip, was there anything else you wanted to say before we kind of got started for part two?

Phillip Pless: Yes. Just one additional point. There have been several questions kind of hinting at reserves that agencies have built up. We have some -- we -- in the next presentation, we will cover that specifically and go into more detail. So just stay tuned. In two weeks, we'll have a lot more to say -- out of that.

Marianne Nazzaro: Great. Thank you. And then with that, I would like to turn it over to Pravin, who we've already heard from a little bit. And he's going to kick us off by talking about funding calculation. Praveen, I'm going to turn it over to you.

Pravin Krishnan: All right. Great. Hi, everyone. I will try to make this as exciting as possible, given that we're talking about funding renewals. I'll first just touch on -- we're going to go through the three buckets: public housing operating funds, public housing capital funds, and the HCV program. We'll talk about funding renewals, obligation and expenditure requirements, and requisitioning.

And at the end, I'll put a plug in for some really good resources that we have already on our website that will actually go through specific examples that we might not have time to touch on today.

So funding calculations. It's pretty easy to remember on the public housing side, because there's nothing different. The way your annual funding is calculated for both your operating fund and capital fund is the same as it is for non-MTW PHAs. So you don't have to learn anything new there. On the HCV side, admin fees are earned the same as they are for non-MTW agencies. So that's just based on your VMS leasing data. So that also is no different.

The one difference, which I'll get into in a later slide, is for HAP renewal eligibility. Current -- as a non-MTW, you're renewed based on just your HAP expenses, adjusting for [proration ?] inflation. But the difference is we're also going to account for MTW expenses. And we'll get to that in a later slide.

The obligation and expenditure requirements are the same for all three: op, cap, and HCV program. In terms of requisitioning funds, there's no change. On the operating fund side, for public housing capital funds, we -- there's a field, BLI -- budget line item 1492, that PHAs use in HUD's EPIC system -- Energy and Performance and Information Center system. That's where you put in requisitions for MTW purposes.

Funds are still dispersed through LOCCS. I believe we will have a future training that'll get more into the kind of weeds of capital fund and requisitioning, but that's kind of high-level. There's a budget line item there for MTW agencies to use.

Requisitioning for the voucher program -- this might tie to the previous question we just had before the break. So no requisitioning is needed. Your monthly disbursement is going to be based on your monthly HAP expenses from VMS, unless your expenses exceed your disbursements.

If you do have a non-HAP expense -- so say you want X number of dollars for -- "I need to use voucher money for a public housing development. I need $5 million," or something like that. Okay. That requires -- there's a process that you will go through, that we will cover, where you're requesting the additional disbursement from your local financial analyst in the Financial Management Center of HUD. So there's a process where you request the money for -- and we'll make sure it's for an eligible MTW purpose.

But otherwise, your regular disbursements are just based on your monthly HAP expenses that you're reporting in VMS. I'm just going to go through the slides and then we'll field questions. Next slide, please.

So like I said, the one difference in renewal is on the voucher side, specifically on HAP. So this seems kind of confusing, but it's actually fairly straightforward. And the operations notice itself has a full example, and we have good training materials on this. But what the main takeaway is, we're really comparing two amounts. We put it -- we're putting a cap on the HAP renewal eligibility just to ensure -- there are statutory requirements that state that an MTW agency can't receive more money than it otherwise would have if it wasn't MTW.

So to try to ensure that, we're putting a renewal eligibility cap. So that's based on your per-unit cost before you join MTW, that will be inflated to whatever the re-benchmark year is, and it's multiplied by the MTW-eligible ACC units. So it's your per-unit cost times your MTW eligible ACC units. That's kind of your umbrella. That's the most that the MTW agency might be eligible for. So just as a way of approximating, the most you would have been eligible for if you weren't MTW, if that makes sense.

So what we compare that amount to is very straightforward. It's just VMS reporting, your actual eligible expenses. So that means what you're spending HAP for -- HAP expenses, and you're eligible, non-HAP MTW expenses.

So this would be, "I'm using my HAP money for public housing, for -- to support my operating fund, or capital improvements." Or a, "I'm using my HAP funds to support a local non-traditional development, or for supportive services, various -- any -- really anything that's an eligible MTW expense that you -- where your funding source is your HAP source -- that would be included here.

There are a little more -- there are a few more components of what's considered a funding source. If you'd go to the next slide, please. So the additional information -- I don't want to get into the super weedy details of what's considered an eligible funding source, but the high-level takeaway is, it's your HAP money that's used. Any amount of that that is spent on an eligible MTW expense, that counts towards your renewal.

And one other takeaway is that while you might use capital funds -- you can use your capital funds or operating funds to support your voucher program. While you can do that, that's not going to count towards your renewal, because that's a different funding source; that's your public housing funding source. So while you can do that, that's not going to count toward your renewal. Your renewal is going to be your HAP and whatever HAP money you used for any eligible MTW purpose.

Just as a plug here: these are good resources. That Operations Notice itself goes through an example kind of from beginning to end, including when you signed your ACC Amendment. And then the online training is very good on our MTW web page, which has an actual manual which goes through some examples. We have a FAQ there. And of course, throughout this process -- and again, this is more for knowledge, like what you're actually going to get renewed on every year. But if you have any specific questions after this training, definitely reach out to us.

I think -- I know I kind of flew through that. I'm just looking at the clock here. I think we have time. So I hope at least a little bit of it was captured in these few minutes. If we could do one poll, please. Poll question. Okay. So here's the question: How is the HAP renewal eligibility calculated for expansion MTW agencies? Is it the -- a frozen -- is it based on a frozen eligibility base? Is it the lower of your HAP renewal cap or your actual HAP and non-HAP expenses? Or is it your last year's eligible expenses multiplied by an inflation factor?

Just give everybody maybe a minute. And then we'll go over the answer and we'll move on to the next slide just in the interest of time. Polling has ended. Okay. Of those who answered -- yes. Most got it correct. It's B; it's the lower of your renewal cap or how much you actually spent. That's the main takeaway. We put a cap in based on what we think the most you might have been eligible for, absent MTW, and we compare that to what your actual eligible expenses are, and we take the lower of the two. And then, as with every other agency, it's adjusted for inflation proration.

We tried to make it as easy as possible, learning from things from the last 20 years of MTW program. So that's it for me. Do we have questions, Marianne?

Marianne Nazzaro: No questions in the chat. I think we can hand it over to Philip to talk about financial policies and procedures.

Phillip Pless: Okay. So we have one more topic before we get to our headliners for today. So next slide, please. So I'm basically going to be introducing the topic of financial policies and procedures. And so, we've got a lot of questions. And we had a lot of discussion in my breakout group about how the MTW program -- with the MTW designation -- how is that going to impact my systems, my policies and procedures, and things like that?

And so, changes may be needed to accommodate funding flexibility. We're going to have Candace Cronin from ICF discuss a really useful tool to talk about -- and change management in the context of financial things.

But you know, this is something that you're really -- you're going to hear a lot about from both John and Maria from Cambridge and San Bernardino in just a few minutes. But they're going to talk about their experience in terms of changes that they have made with their financial policies and procedures, and IT systems, and things like that. So just stay tuned for that in just a few minutes. Next slide.

All right. So one big point that I really wanted to just hammer home as it pertains to your MTW designation. So this is just a word on cross-cutting requirements. So cross-cutting requirements refer to those sort of things that are maybe outside of the regular PIH rules and regulations. But one key thing to really think about as it pertains to your financial policies and procedures is that 2 CFR Part 200 Requirements still apply.

So regardless of the flexibility that the MTW designation provides you as it comes to spending -- expending your funds, you will still need to think about provisions around things like the Single Audit Act, financial management systems, and those other kind of internal control requirements that are outlined in Part 200. Those still apply, regardless of the MTW designation. So that's just something that you really want to pay attention to because those requirements do apply.

And other things -- other [inaudible] reporting requirements still also apply; things like Davis-Bacon, Environmental Review, Fair Housing -- things of those nature still apply as well. And now I'm going to turn it back over to Marianne, and she is going to introduce our first PHA speaker.

Marianne Nazzaro: Thank you, Phillip. So now is the highlight of this afternoon. I am really thrilled to introduce our two speakers -- or, I guess, three -- our two housing authorities.

First, I would like to introduce: Maria Razo is the executive director of the Housing Authority of San Bernardino. Maria and I go way back to when she -- the housing authority was -- first became MTW back in 2008. And if she has done some really great, great things there, first in the finance department, and then now as the executive director. So I'm going to turn it over to you, Maria, to give some good words of wisdom, lessons learned, to the new agencies. Maria?

Maria Razo: Hi, everyone. Good afternoon. As Marianne said, my name is Maria Razo. And we have been an MTW agency -- actually, this month is our 14th anniversary as a Moving to Work designated housing authority. And I have been with the agency for 17 years, so I've been with the agency before we became an MTW agency. So I had to really reflect back on lessons learned. But we've taken some notes over the years. We get a lot of phone calls.

So here's some background on our agency. We have almost 12,000 vouchers across our portfolio, including the Special Purpose Voucher programs, and almost 3,000 authority owned units. That does include some RAD conversions. This next month we'll be done converting our entire public housing portfolio, and we have about 140 staff. Next slide.

I also wanted to say hi to our friends -- new MTW friends in California: Santa Barbara, Alameda, Berkeley and Vacaville as well, so I didn't want to miss that opportunity.

Here is just a screenshot. There's three here of the MTW activities that we have implemented. We've implemented 28; coincidentally, our 28th one was just approved a few months ago and it's on landlord incentives. So I welcome you to check out our latest MTW plan, our 22 plan amendment number one. I will post the link to our MTW plans -- they're all on our website, and our reports -- in the chat after I'm done.

So we have 28 activities: 12 administrative efficiency ones, and -- next slide. Nine to help our families transition through the program. Next slide. And seven to expand housing choice. And we're missing here the landlord incentives one.

And so one of the things that we did -- Marianne talked at the very beginning -- is that we were very excited -- and I would say excited and overwhelmed about our designation. And so we had a list of MTW -- what we thought were MTW activities that we could implement. We did focus group sessions and we came up with this list.

Once we started breaking it down, we realized that at least half of them did not need MTW flexibility. So that was an exercise that was extremely beneficial. Once we realized the activities that did need MTW flexibility -- at that point in time, Marianne was our MTW coordinator. So she's really been my mentor and our coach as we've gone through this.

And one of the best suggestions -- and I know I've said this a lot -- that she made to us is to really focus on the activities that brought administrative efficiencies. And we're so glad that we did that. So the initial activities -- I think we had 11 that focused on just administrative efficiencies early on. And so that enabled us to create some cost savings and we were able to bring in -- we just have two, but two coaches that really help our families with self-sufficiency activities. Next slide.

So -- here to talk about financial lessons learned. My background is in finance; I started off as the finance director. So I'm not going to go through all of these, as they're more cheat sheets for you. But I think one of the big ones for us was to really keep everything separate from the very beginning. Yes, you have fungibility, but we've had so many scenarios where we've had to go back and track the original source of the funds, and what we use those funds for.

You'll need to do that for FDS as well -- for your financial data submission. So keep everything separate. Create a separate new MTW fund in your general ledger. If you're going to dabble in

MTW local non-traditional activities, I would set up that new fund now. And separate accounts in your general ledger for transfers in and out of your MTW fund. And you'll understand why later as you delve into it. Next slide. This is just a breakdown of our suggestions of all of the different transfer in and out funds that you'll need to create. Next slide.

And some other kind of lessons learned -- for the FDS, research your FDS changes early on and set up your chart of accounts and your software so that they talk to each other and that they're linked together. So that helps at year-end in creating your financial -- so we called it mapping, between the two. We've talked about software a lot -- really starting to work with your software vendor now, to see what changes you would need to make.

One of the big kind of misconceptions for us at the beginning, at least, was that fungibility was going to solve all of our financial problems. And as was stated this morning -- earlier this afternoon, you're not going to receive more funds. So you really need to look at how you can create some cost savings to use those funds in different ways that you've been wanting to do.

So again, we use our cost savings for research, for analysis, and really to pay for those self-sufficiency coaches. And that's really all we can do, because we want to ensure that we're serving the number of voucher families to meet our baseline requirements. Next slide.

We get asked a lot -- we talk about implementation plans. So we create an implementation plan. Communication is very important for us: documentation and having everything clearly outlined. And so we get asked a lot, what is in our implementation plans. So I just wanted to include this as a slide -- I'm not going to go through it -- of the different components that we include in our implementation plans for each MTW activity. Next slide.

And also going back to -- really trying to process what additional responsibilities -- your financial and accounting staff. So here are some just suggestions of what we've experienced. Also, it's really important for your financial team to understand the "why" behind some of the program-related Moving to Work changes.

So again, communication is very important. In our implementation team for any Moving to Work activity, we always include our finance team. Really important right now. I'm sure you're feeling really overwhelmed, and that's okay. That's normal. Things will start to make sense, but it's really important to do your homework. So read through any appendices, the requirements for FDS, for your plans, the notices, any public hearing requirements, submission deadlines, etc.

We were joking earlier that I'm really old school and that I print everything. I highlight it, I tab it. I'm sure there are more efficient ways to do that, but I still do it that way. Next slide.

And these are just a list of some items that resulted, for us, in additional costs. So it's not always about cost savings, but there may be some items that may increase costs. So just a short list here. Next slide.

Talked about communication. So we wanted to outline how we approach communication and the different stakeholders and customers that we include in our communication plan. So of course, our team, and how we do that. We want to address concerns, educate about benefits of either the specific initiative or just Moving to Work as a whole, in general, and share ideas about how MTW flexibilities can be used. And existing MTW housing authorities are always happy to chat about how they've implemented certain initiatives.

Our families -- there's a lot of -- the name, I think, cause -- the name "Moving to Work" causes some anxiety. That's what we learned early on. So explaining what it really means, that it's really a designation; it's not a program. And what flexibilities and benefits could be created for our families.

A lot of engagement with our board. Consistently, we have board building sessions where we, at a minimum, review our plan, our reports, and obviously bring to them any new proposed activities or any modifications. Next slide.

Also to the community, elected officials, and other stakeholders. Share how this could facilitate partnerships, build relationships. We don't do a lot in terms of -- or hardly any -- in terms of development or using fungibility for development. Our focus is on really helping our families transition through our program.

So like I said, we have almost 10,000 families that fall under our MTW designation, but right now we have 81,000 families on our waiting list. So we have had some very positive outcomes as a result of some of our MTW initiatives. As an example, over the last 12 years, for new families pulled from the waiting list, we've reduced the time that they are on our program from 8 years to 4. And in that same time period, they have increased their earned income as well.

Of course, HUD. I would stress the local HUD field office. You're working a lot with the MTW office in DC, but it's really important to continue to rope in the local field office and explain how the changes are different from the traditional program.

Other PHAs, especially for portability, and so that they can be educated about how your program is different. And we've created a lot of fact sheets and talking points for our staff, fact sheets for external customers, for the public, talking points for our staff, and also Q&A documents. Next slide.

So here's a snapshot of some of our fact sheets. These can be found on our website. We have one that highlights our research. We -- Loma Linda University's our research partner. We have a -- just an overview of what the Moving to Work designation means, our achievements, and our "who we are" fact sheet as an agency also includes a brief description on Moving to Work. Next slide.

And so some of our takeaways -- so my last slide -- again, I emphasize that communication is crucial to all stakeholders. Our recommendation to tackle the administrative or operational efficiencies first -- that's really what we did the first year. To really be strategic; consider your staffing/software/funding capacities. Start with changes, again, that are low, and create a high return. Create implementation plans. Existing MTW agencies are here to help. And that HUD is your partner.

We actually have brainstorming sessions, so when we submit any new activity, it's not the first time that our HUD partners and teams see it. So we have continuous conversations: "We're thinking about implementing this." Because they have a lot of information, especially as they work with other MTW PHSs as to what they have done and what they've experienced, and can share that information with you as well.

We have embedded Moving to Work into our agency's strategic plan. So we created a strategic plan back when we first became an MTW agency in 2014. We're redoing that process now because we've changed. Really, our culture has changed. I speak to that in the next point of who we are. We just think very differently because you don't have this mindset of, "Oh, we can't do that because the regulations won't allow."

Our focus is -- really -- is what's in the best interest of our families and what do we need to change to make that happen? And so we've -- MTW, again, is not a program to us. It really is a designation, and allows us to do things that really assist our team in terms of efficiencies, but also helps our families transition through our program.

And I think that was my last slide. Yes. So here's my contact information, and also our director of policy and communications, Nicole Beydler, who's within -- with our agency for several years and oversees our MTW efforts. Thank you.

Marianne Nazzaro: Awesome, Maria. Thank you so much for that. A lot of really incredible information there. We'll give folks a chance to ask Maria questions, but first, we -- and I also want to note that all of these slides will be posted to our HUD Exchange after. And I think we may send them out to you if we have them [inaudible] posted to our website, so you'll have all of it there as well.

And now I would like to introduce a couple of people from the Cambridge Housing Authority, John and Vanoji. John and I also go way back. I think John and I may go back to 2006. I remember going up to -- Cambridge was one of my very first agencies that I went to the site visit for, back in the day. And Cambridge has been MTW since -- what, '99, I think?

John Filip: Correct.

Marianne Nazzaro: So it's really one of our first agencies. So it's been some time. So I'm going to turn it over to you, John. And thanks for coming.

John Filip: Yeah. So -- and Maria still talks to Cambridge and visits Cambridge once in a while, believe it or not, after all those years. But anyway, welcome. I'm with the Cambridge Housing Authority. We went -- we were one of the first agencies to go MTW in 1999.

And thank you, Maria, for your presentation. It's going to be a tough act to follow, but I think -- it was kind of interesting -- Maria and I both did our slide presentations independent of each other, and I think you'll find some common themes -- what we have to show. So we can just move ahead. I took a little bit higher level.

The single fund fungibility is key. It does provide the flexibility. You don't get into this -- what I call the "tunnel vision" of being a typical PHA: "Oh, I got public housing funds and I can only use it for that. I just have these Section 8 funds; I can use it for that." It does give you some flexibility.

And even though it is less restrictive, it doesn't mean that you can do anything you want. You still got to follow the rules and regulations. And I know MTW agencies that have done -- brought their funds into one pool, like into one big pot, and then redistributed it. We're similar to what Maria's agency is -- that we've kind of kept things separate. But we use what -- we call it the block grant -- to pool funds into a central venue that can then be redistributed to other programs.

And in our chat group, one of the agencies had a reason why they were thinking of going MTW. And it does provide you ability to fund activities that otherwise either don't have funds for, or it just is not in your traditional funding sources. So it does -- the single -- we love -- back 20 years ago, but even back 10 years ago, what we thought we could do with our MTW fungibility, what we're doing today with it, we had no -- we had a vision, but we had no clarity that we could do as much as what we could do -- what we're doing now. We can move ahead.

Again, we use -- we're on Elite; we're going to Yardi. And before Elite had some other ancient system. And people talk about systems, and this is only my perspective; I think one system isn't going to give you all the right answers, so you really have to assess your current chart of accounts, your cost centers, and departments.

And when we went MTW, we created new cost centers, and we created new departments. We did create a policy and technology lab, which was our think tank -- a department of one; started as a department of one. Now it's a department of two.

But we're able to develop a relationship with some of the universities: MIT and Harvard, and kind of do a collaborative internship program with them. And we kind of leaned on their resources, but at the same time, provide them the opportunity to do some assessments of our current programs and what we wanted to do.

So the general ledger is key. I think it's good to keep the walls up in between the different funding sources, but then also have a vehicle within your general ledger to pull those funds.

Three departments that I kind of touched on was the policy and technology lab -- we never had that; the block grant -- what we call our internal block grant; and Resident Services, which is a program that serves grade school kids through high school through post-secondary education. And it's kind of like -- I call it our social service arm -- one of our social service arms of the agency. And we kind of looked at that program and kind of modified some of the departments within the Resident Services.

There's not one cookie cutter approach to it; you really have to see where your foundation is now, and what you want to do, and maybe think ahead three to five years out on where you want to be. Just like with any -- I think both in public housing as well as with any industry, you can't really think more than five years. Because five years from now, it'll be a whole new platform for anybody. That's my view. But change is definitely a consistent theme. There's always change.

When you get to whole financial controls and policies, you almost have to kind of relook at that, too. And we kind of -- we were caution -- we were cautious enough not to eliminate any current policies, but maybe kind of enhance them. A couple examples would be when we had new programs, they always went to the executive director. But we also made sure that within our new programs that went into the approval -- the budget process -- and there was board engagement.

All of a sudden, six months into the year, if you had a pilot program, and if it was -- the dollar threshold was small enough -- well, just like with any agency, the executive director has the authority to expand on that program. And that's kind of where part of the benefits of an MTW agency is, is that you can change midway through a year -- not to do a big program, but you can kind of start thinking about where you want to go the next year, and the next two or three years, and kind of modify certain things that you're doing now.

I think both the HUD representatives -- and Maria touched on a lot of these points. I think you can't underestimate, really, understanding the contract, any restrictions -- and there aren't that many restrictions, but you are restricted by the current guidelines and the funding formula. And when we went MTW, we kind of -- it was tight. The funding formula was tight. And we looked at it year to year, and even over -- we forecasted out three to five years.

But it's not going to give you a lot of extra money, as we all learned. But you just really have to be financially cognizant of, "How is year two and year three going to be if we go down this path?" I think at the end of the day, over a number of years, we really built up a good, strong foundation in understanding the new funding formulas and the way the funding sources would feed into the organization. Back then, we even started thinking internally what we could or could not do.

Both board engagement and community engagement is key, and I'll just leave it at that. Certain programs, we got board approval. Other programs that were under the directive of the executive director or the senior management -- we felt that it was important to inform the board. And what we would do is we would inform the board through informational presentations or memos.

But MTW can bring -- it's a perception. Some people may think that know it's the end of the world and other people can think it's the best thing since sliced bread. So you really got to be cognizant on what -- on people's perception, which all comes to communications and education. You can move on.

Lessons learned. Changes across the agencies -- this is from top to bottom. My -- I've had two executive directors that I have had to report to, and my former illustrious executive director was the idea man; he would have an idea every minute, every day.

You got to think out of the box, but you can't think out -- but -- and you have to get that mentality not only through management, but also through the staff. And not that you can totally think out of the box, but it gives you the ability to think about looking at ways differently and looking at new ways of doing things. This goes from both programs, as well as with the nuts and bolts. Me, being a fiscal person, usually fiscal -- the nuts and bolts usually don't get loosened up too much. You always have internal controls, you always have the nuts and bolts.

But as far as the programs -- I mean, some of the programs that we've kind of expanded on are to deal with local community needs. We have a collaborative relationship with some domestic violence programs; we have a collaborative relationship with some homeless children programs, and we have some collaborative programs with other community needs.

We have a relationship with what we call the Y2Y Program, which was a group of Harvard students who really wanted to -- who saw that kids between 19 and 27 years old that either left their house, got kicked out of their house, found themselves homeless -- they were kind of really serving the population of -- that had -- weren't in foster care. They were on their own, but they were also on the street. And we created a sponsor-based program where we would project base certain vouchers to -- for certain of those beds. And it's been -- really it's been a very valuable resource both to them, but also to the agency, and -- far as giving back to the community.

The staffing -- you know that you got to take small steps in going with the staffing. Not with staffing -- with MTW. You've got to take really small -- I mean, I feel like you've got to take small steps. But at the end of the day, you are going to have to expand your skill set and technical competencies, both from analysis and program overview, as well as with just people thinking -- from not being a typical mom and pop PHA agency.

On the operational side, people thought Papa Bear would always help them out. We've kind of restructured that -- that every site has to be financially responsible. And the other stuff goes on as far as the public process and awareness. And it's a lot. It's not less work, but it's very satisfying, both from a job standpoint, both from a community standpoint, and both from an agency standpoint. I think -- is that the last slide? They say one more. Think -- oh.

Marianne Nazzaro: There's one more of how awesome it is.

John Filip: How -- so these are the benefits. I mean, we did -- we are able to -- we did have funding stability that we were able to expand our program to -- I think, kind of both repeating myself and what other people have said -- but if we weren't an MTW agency, we wouldn't be able to do what we had to do now. And as I said earlier, five years ago, what we thought we could do -- what we're doing now, we had no thought -- we had no idea that we would be doing it now, five years ago.

Marianne Nazzaro: Yes. Absolutely. And I think that's a great lesson learned that -- start small. You think you know what you're doing; you all got 20 years, which is a lot more than either of these two agencies had at the beginning. And I just really want to thank you, John and Maria both. I think there's some really good information here. Kind of lessons learned from those that have already cut their teeth with MTW.

And so there are a number of questions in the chat that I want to get to because I think these are for Maria and John. So I'm going to take just a few minutes to try to answer some of these questions. Maria, I'm going up to the top from Rob. What software vendor do you use, Maria? I think I heard Maria say Yardi. Yes. Go ahead. Sorry.

Maria Razo: We use Yardi.

Marianne Nazzaro: You use Yardi as well. Great. Thank you. And there's a couple of different questions, and I think I saw Maria do a response. And I think -- and we will definitely -- we can talk about this more in the second finance webinar. But if you're Section 8-only agency, do we still have to create a separate fund for MTW in the accounting system?

I think the short answer to that is yes, right? Because special purpose vouchers aren't MTW and there's other considerations. We're going to get really into the weeds next time about actual reporting into VMS, reporting into FDS, what that looks like. We're going to get so far into the weeds on that piece. But the short answer to that question, I think, is yes.

This is an interesting question about -- and I think this is for you, Maria or John. Can you give more specifics about what you've learned about the funding cycles and the impact on your funding?

Maria Razo: I can start, John. So we created our own two-year tool. It's really important for you to track, on at least a monthly basis, and project out, to know what your per-unit funding amount is, per HAP. So let's say it's $800. And to know what your per-unit cost is, because even if you've created savings throughout the years, and then you've used fungibility to use those savings to pay for something else, your costs are going to increase -- your HAP costs.

And in our case, the renewal percentage has not kept up with the cost -- the increases in our HAP costs. So we're getting pretty close here, in Southern California, to where our PUC is coming up to our PUF. And as -- you finance people, you'll understand what that means. And so that's what we've learned. And we track it on at least a monthly basis, and we project out, at least two years out.

John Filip: Yeah. I mean, I would echo that. The PUC, we kind of look at monthly. And we also -- it's very -- it can be very sensitive, both on what you're true HAP costs are, and what your administrative costs. But also with MTW, what's important is to really capture the non-HAP costs, and then report that non-HAP costs in the VMS.

There is a function within the VMS where you report your non-HAP costs, because then it provides the ability to see what you're spending it on and also provides the fuller picture. That, non-HAP component can be a good portion of your funding.

Maria Raza: Right, John.

Marianne Nazzaro: Thanks. This is another really good question for the two of you. Thanks for your words of wisdom. That is from me and from them. Question about staffing. Is there one specific position holding down all of the MTW pieces? Did your agencies add MTW staffing to existing position -- add MTW responsibility to existing positions? Did you hire additional staff?

John Filip: That's a tough one. That's like -- that speaks right to change management. Both -- you can have some core -- you're going to be doing things differently. And it gets into change management of your existing staff, but also how do you increase that bench strength? Both -- wherever. From a management level, from a fiscal level, from an operations level, from a policy and technology lab level. I mean, this is really -- it's a change, but it's --

Marianne Nazzaro: That's going to be a great segue to our next piece. I know we're running short on time, but we definitely want to talk change management. But Maria, can you --?

Maria Razo: Yeah. Just quickly. We added one analyst to our team that specifically does all -- MTW everything. We didn't add any additional staff. Again, we see it -- Moving to Work is not a program. It's not a new program; it's a designation. So it just allows you to do things differently.

Marianne Nazzaro: Good answer, Maria. I like that. It's -- okay. So there's a question in here that -- I'm going to -- if you want to follow up offline, there was a question for you, John, from Rachel, about why your agency is switching from Emphasis to Yardi. So I would say, Rachel, you have -- John's information is on that slide. Maybe you can reach out to him and he can talk to you directly. HUD does not advocate one vendor over another. We can't do that. You can talk to your agency --

John Filip: You can just feel free to reach out to me directly. That's fine.

Marianne Nazzaro: Yeah. Thank you. And similar -- Matt, relating the question -- I'm just -- I'm not going to get into vendor specifics, but if you do have questions, both Maria and John have their information there and you can connect with them directly.

So I'm going to -- I'd like to switch to the change management piece because I think this is going to be an interesting conversation. And Jerry, I'm wondering if maybe this might help with your last question around the impact on your agency culture -- or is it all positives? Was it all negative? Actually, before I do change management, can you guys give us each -- maybe 30 second impact on your agency culture, as it relates to MTW? Maria?

[talking over each other]

Maria Razo: Briefly -- it's extremely positive. I think our culture has shifted, again, positive. I think you're just -- your thought process is different. Again, it's not, "Oh, we can't do that because of the regulations." Your thought process is more on, "What changes can we make to make things easier for our team or the staff?" And also, to help our families transition through.

Marianne Nazzaro: John?

John Filip: Yeah, no. I would -- it's -- once you go down this route, the tone comes from the top. Sometimes you have a choice or not a choice, but we kind of really engaged our staff and the -- and management and the board on this change. And it does -- you got to take it in a positive limelight. And it is a mind shift. It's a little bit of a mind shift from, okay -- typical -- what I call mom and pop PHA to an -- a more -- going into the new age.

[talking over each other]

Marianne Nazzaro: Yeah. Let me say, even at HUD, there's a similar shift as well.

John Filip: Even someone with me, that still likes the paper and doesn't like technology as much, but I have to deal with it. And I could be an old timer. Change is even tough for people that are engaged in change.

Marianne Nazzaro: Yeah. So this is a great segue. We would like to talk about change management for about five minutes. I promise this will be quick. We'll delve a little bit deeper next time. Maria, John -- you guys are amazing. Thank you. Thank you for your time and your resources and your pearls of wisdom. Thank you. And thanks for plugging change management, because here we are. I'm going to send this over to Candace to kind of give us a broad overview.

Candace Cronin: Great. Thank you, Marianne. Yes. I will say change is even hard for those of us that speak about change and have expertise in change management. But hi, folks. I'm excited to introduce you to your first change management tool as you start your MTW activities.

As we've talked about, you'll deal with many changes. And this slide -- actually, if we could back up one, provides a quick reminder of the four general phases to change management that we reviewed previously. So now we can move on, if you would, please.

So today I just want to briefly introduce the tool that supports the first phase: building a case for change. We're going to spend a lot more time interacting with the tool at the next webinar. So today I just want to give you a quick introduction. And this tool provides 11 introspective questions. We're going to help you think deeply about the changes occurring, why they might be occurring, who will be impacted by them, what beliefs you and others hold about change, and how well received the changes are likely to be.

So again, this covers 11 topics. And the goal is to help you and your colleagues really engage in thinking through the whys, whos, and hows of change early on to help facilitate that change and really make it stick. So these are kind of the major topic areas that are covered in the 11 tool, and we have shared that tool with you in advance of the webinar. But if you didn't receive it, you can find it at the link that Annalynn is going to drop in the chat. So Annalynn, if you could do that for me.

And now I'm going to turn this over to Jennifer Rainwater, who's going to demonstrate how a PHA might answer just two of these questions, so you can get a sense of what it's like to work through this, specifically related to today's topic. So thank you, Jenny.

Jennifer Rainwater: Thank you, Candace. And hello again, everybody. Frankly, as someone who's worked in a Moving to Work agency for years, although I'm not there now, I am a huge,

huge believer in the importance of change management. And I often think of it in terms of a contrast, as opposed to the change managing me.

Because that's the thing. Sometimes you have the feeling of -- your just kind of on this wild ride. But if you really have the forethought and you take the moment, it becomes really critical to the success of each and every one of the activities -- Moving to Work activities. Really thinking about the change that will be coming, how it will affect your staff, what systems -- I know John talked about -- they're switching to Yardi, and someone else spoke about their technology.

But also the residents and the tenants. But as you're thinking about all those different aspects, what can you do now to pave the way to have those changes go smoothly? All of those are pieces of change management, and really taking the reins and not letting the change manage you. And thinking about it just from my work at Moving to Work agencies, how can you help plan for change and, frankly, break down silos -- even that are occurring within your very own organizations?

For example, this is the landlord incentives cohort. So how could change management come to be when you're thinking about -- how do you encourage landlords to join the voucher program? The very first introspective question is, "What's the problem, the opportunity or the change that's happening?"

On the surface, that's a really quick and easy answer to answer. You're looking at your finance and your accounting team that are going to need to make these payments to these landlords. But when you start digging into the specifics and thinking about it, there are a lot of changes that could be happening. Now could be; will be happening.

How can you think through that? How will staff know when a landlord should get payment? Is it only one payment or should they get several? How much should it be for? How will it be documented? How will these payments be reported to HUD? And that's just the very first question.

If you look at question seven -- you don't have to jump around on the slides. It's just -- I mean, who will be impacted by this change? Obviously, it's going to impact the leasing and the inspection team because they're mainly the ones who have really face-to-face contact.

Yes, Candace. I see a raised hand. Okay.

The inspection -- or your leasing team are probably the ones that are going to have the most face-to-face time with potential landlords in your community. So they need to know how the bonus works. What is it? How do they document it? But then there's going to have to -- become -- communication with the accounting and finance team. How are they going to make the payment? How do they know how to base it? What are the required documentation that they're going to need?

But don't ever forget the person at the front desk. Because, frankly, they're going to need to know and understand the policy, because you never know who's going to come through the front door.

Is it going to be a prospective tenant? Is it going to be a possible landlord that you've been wanting to work with, who heard this thing -- that agency is doing that weird thing, and they're paying bonuses, and they want to learn about it? So they need to know what's happening so they can talk about it, and that person doesn't end up having in-person telephone tag. Let them know. Have them be a part of it.

So just this very first, really simple-seeming incentive payment have -- has a ton of change behind it. Ensure -- by doing this proactive change management thinking and using the introspective tool, you're making sure that you don't miss any of the key pieces. That you're on track; you're ahead of the game. That everybody knows and is aware of what's happening, and frankly, everybody is involved and has a voice in the process; that they feel a part of it. Change management, frankly -- I'm sorry. Marianne?

Marianne Nazzaro: Oh, I'm just looking at the clock. We're coming to the end and I just want to make sure exactly.

Jennifer Rainwater: Exactly. I'm just going to make the case for -- it is absolutely time well spent. Those moments when you think you don't have any time -- those moments -- be proactive about it. But it really helps you to make those new processes work, and to make sure that if there's the possibility of this, that there's any -- there's reduction of any potential resistance to the change. You're really running the show. You're the person in the engine. You are really managing this piece. So anyway, I'll stop.

Marianne Nazzaro: That's awesome. And Jenny, as she indicated, is -- was at an MTW agency when they became MTW. So she experienced this firsthand. And you heard from John, you heard from Maria, you've heard from Jenny -- all three were there. And change management is key. So this is a theme we're going to be hitting again during the next webinar. We'll get -- delve deeper into this.

What we'd like to do -- and we're going to give you a homework assignment that you may or may not do, but we're hoping that you'll do it -- no points off if you don't -- is that we have this 11-question tool. It's a simple guide for you to think about all of your people and processes that are going to be affected.

You heard Maria talk about them; you heard John talk about them; you heard Jenny talk about them. We're going to delve a little bit deeper into these 11 questions for your agency. So we really do recommend, prior to the next webinar, that you take this tool, that you take it back with your team, you think about the changes that you'll be making and you try to go through these questions to make sure that you're really kind of absorbing kind of what the changes might be and how you might do that.

Again, it doesn't need to be specifically related to landlord incentives. It can be around software; it can be around the finance piece; it can be around whatever makes the most sense for you. And then we're going to be able to give you an opportunity during the next webinar to share with each other once again what you've learned from that exercise.

So that's the assignment. Pick an activity -- an MTW activity, an MTW process. Think about the -- that activity, that process, in the lens of these 11 questions. And bonus points if you are sharing some of these reflections with your team -- with your internal team prior to the next webinar. And so we look forward to hearing that.

So that is the high-level change management piece. Can you go to the next slide, please? I want to respect people's time. Next slide. There's a ton of resources on our website. This will be on our website. Number one, the ACC Amendment, which you guys all have; the selection notice, which you've all read because you're here; the operations notice -- read it, highlight it, tag it. The HUD at Work page, the HUD Expansion page, the training, the online tool, the webinars -- lots of really good information there. And the next slide, please.

We've got some additional webinars coming up. So this is just part one. You guys ask really, really good questions. We did not get to all of them. We saw the question on our [CDTF ?]. We'll get you an answer to that.

Part two of the finances on the 23rd. The Supplement -- we've got a two-part Supplement webinar on the -- April 13th and May 4th. And we've got the expansion -- Leehard-Dupnik [ph] on the system stuff. So this training is going to be the policy questions. What's the difference between the MTW expansion 58 versus the regular 58 that you guys are used to? And we'll also be having some office hours in June.

So that's all the resources. That's all the questions. Thank you so much for your time. I want to know, again, if we weren't able to answer your questions, we will get back to you. If you have any suggestions for what you really want to hear in the next finance webinar and/or what works, what didn't work with today's webinar, please let us know so that we can make the future webinars a success.

Phew. Thank you, guys. Thank you so much. Great day. We will continue this finance conversation in a few weeks. So we truly appreciate you. We are so glad that you're here. We love MTW as much as Maria and John do. It's really exciting and we're so happy that you're here. So thank you guys so much. Thanks to ICF team, as well as Phillip and Jenny and Eva, and the training team for putting this great training together. So thanks, everybody.

[END]