2020 Moving To Work Expansion Training Series

Funding Flexibilities, Funding Calculations, & Statutory Requirements

Wednesday, October 28, 2020

Marianne Nazarro: Wonderful. Thank you, Chantel. Hi, everybody. This is Marianne. It's great to be with you again this afternoon for the second webinar in our training series for potential MTW expansion agencies. During today's webinar we will focus in on how the funding flexibility that's available through MTW works. We'll talk through the funding calculations, and we'll also talk about the statutory requirements, and hope to be able to answer any questions that you might have. And I'm really excited to introduce you to one of the legacy MTW agency chief financial officer Peter Beyer. And he'll be able to give you some tips as well from the PHA experience as well. Next slide please.

And again, the people who will be speaking today are first you'll hear from John Concannon who is the deputy director of the MTW demonstration. John will walk through the funding flexibilities and kind of what it means, how it works. And then you'll hear from Peter Beyer from Home Forward in Portland, Oregon. And you'll hear kind of a firsthand experience how the funding flexibility works [inaudible] MTS agency.

Next you'll hear from Pravin Krishnan, who is one of our senior housing innovation specialists on the MTW team. And he'll walk through all of the details for how the funding will be calculated for MTW expansion agencies. And then finally you'll hear from Jeree Turlington who is one of our financial analysts on the MTW team. And he'll walk you through some of the assessment requirements, as well as the reporting -- the statutory requirements for the expansion. Next slide please.

As a reminder, this slide just reminds you that there are a lot of resources available for expansion agencies. First of you go to the HUD Exchange, you'll find all of the information that you need to know as it relates to the various training series. Actually right now I'm looking at the -- sorry, I was looking at a different website.

If you go to our HUD website, the HUD.gov website, you'll find a lot of information on the MTW demonstration in general, a lot of resources for expansion agencies. Today specifically we will be talking through the operations notice. And if you go to that section six of the operations notice you'll see the pre-version of the operations notice section four, appendix three. And then also there are specific resources for the cohort specific, so cohort one and cohort two each have a lot of specific information. Next slide please.

And then here's the information that's on the HUD Exchange page relating to all of the training information that you could ever be interested in. And so here's where we've really taken the operations notice and we've broken it down into some really easily digestible training modules.

There are some tests that you can take within there. Last time we talked about the MTW basics. We talked about the waivers. And today we'll be talking about the funding flexibilities and the statutory requirements. And so definitely please check out our MTW website and the HUD Exchange page for all the resources relating to the expansion.

And with that, I'm going to turn it over to John Concannon. Again, John's the deputy director in the MTW office. And he's going to walk through funding flexibilities and what that means for you. John?

John Concannon: Thanks, Maria. And hi, everyone out there. I just want to welcome you all. I know you've been welcomed already, but we know it's been a long road. And I've been on the road for a lot of the road shows trying to market the program and met a lot of you all from various housing authorities across the country. So we're really excited to be working with you today. And I also want to say an early Happy Halloween. Felt like Halloween to me today putting on a collared shirt. Definitely got a weird look from my wife. So it's been that kind of six months. Next slide please.

I kind of want to jump into I think what you're probably all really excited about, is the MTW funding flexibility. You may have gotten warnings from your ITA auditor or your local field office about interfund transfers. One great thing about MTW is those largely will go away. Now what is MTW funding flexibility? It allows you the flexibility to apply fungibility among the core funding streams. So that's your operating funds on the public housing side, your capital funds on the public housing side, and your housing choice voucher funding. And that includes both your HAP and your administrative fees. In addition to the funding flexibilities, obviously there are a lot of waiver flexibilities as well.

Now three MTW funding streams are all awarded separately. And they're disbursed through the same systems, the same access that you have today while you don't have this MTW status. So that is through LOCCS and through HUDCAPS. You may have heard terms of say the MTW block grants or the MTW single fund. Those are kind of misnomers just because these fund are still awarded to these separate streams for right now. Next slide please.

Now what sorts of funds can be used flexibly. And this is sort of a key point, as I just mentioned. That is your operating funds, your capital funds, and your housing choice voucher funds, inclusive of HAP and admin fees, with some special considerations. And those special considerations are laid out on this slide here. Funds that can't be used flexibly are enhanced tenant protection vouchers, Section 8 mod rehab funding, and most special purpose vouchers. And the reason, it's not because we -- I think well and the MTW office have really opinions on it, it's just because really [inaudible] statute of a lot of these special purpose voucher programs. If you think of HUD-VASH or FUP or Mainstream, is funding for those specially awarded vouchers have to be used for that allocated purpose.

But what we've done is, if you have those special purpose vouchers FUP, or NED, Mainstream, if you want to look into tenant protection vouchers, and we also do discuss RAD as well, but we have a frequently asked questions document. We have a link to it here in this slide. That it really goes through for each of those special purpose vouchers, can you apply MTW fungibility.

The answer is typically no, except for certain situations with TPVs. And it walks through can you apply MTW waiver flexibility. And are there any other -- can you report these funds, or how are you reporting these voucher households in PIC. So a lot of those questions are in guidance that Pravin on our team, who's going to be speaking today, recently updated. So it's up to date and I really think it's a great resource for you all. Next slide please.

Now there are some requirements for using funding flexibility. It wouldn't be HUD without them, I guess. Now you would have to include them in your five year action plan for your capital funds. And Pravin is going to go over Epic a little bit more later on in this presentation. And you would have to include -- denote in your MTW supplement to the annual plan, which will state which waiver flexibilities you are using. You would just have to mark it somewhere on that supplement to the plan that you plan to exercise your funding fungibility for any specific waiver types.

Now there are some funding caps for HCV HAP funding. And again Pravin, there's a slide later on, we're really going to walk through in depth what the calculation is for the HAP renewal. And overall you're monitoring requirements from say the HUD perspective, you're no longer subject to [inaudible] or CMAP. I know that's good news for a lot of you, not having to work with those systems. That might not be, at least for us in the MTW world, they're really not representative of what MTW agencies do, largely because of the fungibility. It just renders CMAP and [inaudible] kind of -- it's not totally representative of your programs and how they're operating. But there's an added requirement in using funding flexibility. You do have to continue to meet the five MTW statutory requirements that we've kind of walked through in depth at a different training. Next slide please.

Now what are the ways that you can use your funding flexibility? Now it can be used for a wide range of issues. And really we say at a high level they should be used for targeting what your local needs are at your housing authority, in your community, kind of needs that you're seeing, your residents facing, and even operating your housing authority. So that's any eligible activity under Section 9. That's public housing program 9(d)(1), (e)(1), and the Section 8 program, section 8(0).

We also have a wide range of MTW waivers that you likely have already looked through in depth. But there is a new concept for you all that non-MTW agencies don't have, is this ability to implement local non-traditional activities. Those are activities outside of Section 8, outside of Section 9. And those are outlined if you look in the MTW waivers appendix in the operations notice, that's waiver 17. And A under that is the rental subsidy program. And that is providing a rental subsidy to nonprofit providers or other -- or it could be run from the housing authority that is serving non-Section 8, non-Section 9 clients. And so there's a wide variety and we're going to kind of go over a little bit shortly kind of what you can do there.

17b is around providing supportive services. You have a lot more flexibility to provide supportive services. We know how important they are for improved outcomes for families. That's 17b. And 17c is around housing development. You have a lot of flexibility to use your MTW funding to develop mixed income properties, LIHTC properties. And so there is ability to do that there. So that's kind of the -- and that's 17 a, b, and c. And you can also submit Safe Harbor waivers or agency specific waivers if they -- if you want to do something and it's not contained within the prescribed MTW waivers that we've put together, and as long as it's allowable under Section 9(d)(1), 9(e)(1), or Section 8(0), you know, we usually can find a way to make that happen for you all. Next slide please.

Now this is sort of the fun stuff that MTW agencies can do. Peter from Home Forward is going to be speaking after me. And he can talk about some of what Home Forward is doing. That's why I'm not highlighting Home Forward's many successes today. But I'm just going to walk through this slide and just kind of provide some examples for what is working out there, what we see working, and what are common uses of MTW funding flexibilities. And if there are questions, we can certainly come back to them.

Sort of a concrete example under cost savings, kind of everything you do under the MTW program has to be tied to one of the statutory objectives to the demonstration. So I'm sure you're all well familiar with now, that's cost savings, self-sufficiency, and housing choice. If we're looking at cost savings, one concrete example is using MTW funds to leverage funds. We've seen this probably the most common example recently is the -- through the RAD program. As the RAD folks like to tell us, two demonstration programs are better than one. So you have MTW and RAD, about 70 percent of MTW housing authorities participate in the RAD program. And that's compared to 19 percent that are not in the MTW program.

And I'll get it to a minute, the reason why we think in a minute, it's about 25 percent -- excuse me, 25,000 units to date, which is around 20 percent of the total of all units that are converted to RAD. And we know there are at least 12,000 more units in the pipeline. One main reason for this is MTW housing authorities are able to augment contract rents using existing voucher dollars. So if you looked at RAD and you've done the cash flow analysis or the cost benefit, and you're just saying this doesn't pencil out in the end. We've seen that 66 percent of our housing authorities have augmented rent when converting to RAD.

So what that means is figuring out if it's an additional say $100 in contract rent that will make this project cash flow, you can then add that into your financing plan, working with the RAD team to make this property cash flow and be successful for you in the long term. So and also we might -- I think we might touch on this already, as long as you are converting your public housing units to RAD PBV, you can continue to apply your MTW flexibilities to those units. That's the funding flexibilities and the waiver flexibilities. Once you convert to PBRA, they're kind of monitored by the multifamily program. They're outside of MTW.

Also under cost savings there are all kinds of streamlining HUD processes you can do. That could be anywhere from HUS inspections, the schedules, the timing. We have simplification of rents. We have an entire policy cohort around that. But you have -- that's the very first waiver and you'll see the most activities spelled out in those waivers. So there's an awful lot you can do to tailor it to your community, and really simply the rent process for your housing specialists who are doing these day in and day out.

Another concrete example around self-sufficiency is in King County, Washington, they have a program called Passage Point Reentry Housing Program. And what it is, it's a 46 unit project based voucher property. They have awarded 46 vouchers to a nonprofit provider, the YWCA. Home Forward provides the 46 PBV units, and the YWCA provides the supportive services as a requirement of -- excuse me, not a requirement. But what they've done is they've set this program up for returning citizens who are coming out of the corrections system and are facing barriers to housing and employment. And working through the supportive services, it's really more of a move on program that once these clients are stabilized, and they found employment, and private housing, they're transitioned into private housing market.

It's also a bit of a -- over to the right, it's a sponsor based housing program. So they have allowed the YWCA to administer a lot of the functionality. They're doing a lot of the inspections and a lot of the overhead functions. Also under self-sufficiency, there are earned income exclusions you can implement. There are employment requirements, work requirements that are spelled out in the notice.

And kind of jumping over to the right under housing choice, we have kind of another concrete example is something we're seeing a lot of right now, and that's encouraging moves to opportunity. And I'd say the major ways we see that done are through landlord incentives, which are waiver four for you all, activity. So that's under providing vacant fee loss payments to landlords, damage claim payments to landlords, and incentive payments to landlords.

And also kind of is one I could have gone -- really gone to any MTW housing authority. But looking at Chicago housing authority, what they do is they provide a one time incentive payment to landlords in the voucher program that are in mobility areas. And they also have adjusted the payment standard to go up to 150 percent of the fair market rent. Now you have -- you're able to do that in the MTW waivers if you're doing that by using the small area FMR activity. You can go -- the upper bound is 150 percent. But if you're not using a small area FMR, the upper bound is kind of the redefined basic range is 80 to 120 percent.

But there are -- you'll notice in looking at the activities, there aren't asterisks next to them. So you can come in and pursue a safe harbor waiver if you need to increase the payment standard further than that. So those are just some high level examples of how you can use MTW funding flexibilities. I think the best thing to do when we hear from really new MTW housing authorities, best way they learned is go on our website. You kind of click the map of participating sites. And you can read what's happening in New Hampshire, in Alaska, in San Antonio, and various parts of the country, to get some good ideas. Next slide please.

And with that, I'm going to pass it back to Marianne.

Marianne Nazarro: Awesome. Thanks, John. Thank you so much. Great overview of the funding flexibility and some of the really unique ways that the agencies can use their funding flexibility to really do on the ground activities. And now I'm really thrilled to introduce Peter Beyer. Again Peter is the chief financial officer in Home Forward, which is in Portland, Oregon. And Peter is kind of our go to on like a lot of things MTW and funding related, and really can talk to you now about where the -- really where the rubber hits the road, and how to kind of incorporate this funding flexibility at your agency. So with that, Peter, I'm going to turn it over to you.

Peter Beyer: Great. Thank you, Marianne. Appreciate being here, everyone. Just a little background. Home Forward has been a moving to work agency since 1999. We have approximately 12,000 vouchers with over 6,500 units of housing, of which 645 are public housing. So that's down from almost 3,000 units. For the last 10 years we've had an initiative to convert our entire public housing portfolio through the RAD Section 18 program, maintaining those properties, but converting to a voucher based funding stream.

And John provided a great overview of funding flexibilities. And Pravin and Jeree will cover how funds are calculated as well as statutory requirements. But my role today is to provide you with some agency level advice as you embark on this moving to work journey. So the first thing I wanted to make sure I shared is that you should prepare yourself for additional complexity. For those of you who might think that this will be a straightforward or easy transition, I want to let you know it will be more challenging than you imagine. But if you're one who potentially is already feeling overwhelmed by what could be ahead of you, I'm also here to tell you it won't be as bad as you think. So while this all might be new, it is quite doable. So please keep that perspective in mind.

Second bit of advice is that highly recommend that you closely partner with your operating peers and coworkers to understand the types of moving to work initiatives that they may want to implement or your agency wants to implement. As John touched on, there are some changes that you can make as a moving to work agency that really won't impact your financial systems. They might be streamlining an inspection process, or landlord self-certification and minor repairs. But there are going to be other initiatives that could be material departures for your operations and for your financial systems.

So some examples of transactions to think about, a straightforward one is you have a voucher program, you have a public housing property that has an unexpected repair, and you now have the flexibility of repurposing voucher money to cover that repair, whereas in the past your agency could get in trouble for that type of transaction. But that's a really straightforward transaction that could happen with moving to work designation. Another example to think about are funding resident services. There's some agencies that use their moving to work dollars to just cover 100 percent of their resident services costs. But there are others that already have grants in place, but they need the moving to work dollars to complement the funding to really develop a robust resident services program. And so you want to blend together the use of moving to work and those outside funding streams.

Start getting a little more complicated uses might include purchasing a piece of property or a building, and the ability to use moving to work dollars to enter into those transactions. Layer in more complexity, a RAD conversion as was talked about, that's transitioning away from the public housing model to an affordable housing model which could have an overlay of a voucher. You could use capital money to invest in that new property. You'll most likely have outside investments from -- whether that be loans or equity investments. And all that gets packaged together to fully fund that new deal that your agency might be interested in. And all of the things add that layer of complexity that I had referenced earlier, that you're going to have to think through how you're going to track all that.

And then the last example that I would include is something like rent reform, which I know one of the early cohorts will be responsible for investing or investigating and creating rent reform opportunities. And the third bit of advice for stuff like that is you need to understand your future tracking and reporting requirements, and then build your accounting structure around that. So something like rent reform, you could be impacting the calculation for how you're charging residents and participants. You can be impacting how landlords get paid with any of those other examples. You're going to have to understand what reporting and compliance requirements you're still going to have to follow, because there are things like FDS, and VMS, and capital planning, and PIC, and now the overlay of moving to work reporting.

And what's going to be important for you is to think about can your accounting system handle those types of transactions as you depart from your traditional way of recording activities. You will be responsible for still tracing the dollars used back to your original sources, whether it's the voucher funding or the public housing funding. But you're going to be using it for much more flexible reasons. And how will you go about structuring the tracking of all that activity using the accounting system that you currently have will be a big question mark for you.

The other question area will be with your staff. They will be used to a way of recording transactions or even thinking about things. And what training might they need to help make that transition from the traditional way of recording transactions to now using the moving to work flexibilities. So the big advice there is that this is -- it will be like change management 101. And you will want to recognize that you're going to have some people in your agency who will be very excited about these changes. There will others that will be very resistant. And then probably in the middle, a whole bunch of people who will be apprehensive about the changes that may come with becoming a moving to work agency.

And so that leads into actually kind of the final piece of advice, which is embrace the flexibility and the responsibility of becoming a moving to work agency. So part of this is a philosophical shift where you move away from well this is how we've always done things, to what is a better way that we can do whatever it is that you want to do. But recognize that your own agency is going to go through a learning curve. And that's compared to traditional housing authorities, you are now going to become a bit of an outlier organization. So you have to have patience for yourself. You're going to learn more about what moving to work means, but you're also going to have to teach others about what moving to work means.

And that means it impacts staff, it will impact your residents and participants, the landlord community could be impacted. There are other community members, advocates, partners, who may not be familiar with what moving to work brings, and they have their own ideas that may not align necessarily with the reality of what moving to work flexibilities mean. Working with your local field office, depending on which region you're in, they may have some understanding of moving to work or it may be new for them. So again you'll be a bit of an outlier agency. And then also the departments that are back in Washington, DC, some of the standard programs. Most, if not all, have some familiarity with moving to work. But it still could lead to questions.

But lastly on this point of who you need to work with, and I'm not being paid to say this, but the folks that are on this call and the others in the moving to work office are going to be some of your biggest advocates for you to become a successful moving to work agency. So I highly recommend you reach out to them if you have questions or if you want to preview new ideas that your agency is thinking of before you invest a lot of time and energy. Because they're going to be able to help guide you through the process of going down that moving to work path.

And that same comment holds true for the existing 39 moving to work agencies, though there may be different program requirements that that group will follow compared to what you'll be following. It's still a good group to reach out to for some creative ideas of what may be possible once you become a moving to work agency. And with that, I'm going to pass it back to Marianne.

Marianne Nazarro: That's fantastic, Peter. Thank you so much. I really appreciate you, all of the great tips that you have for the agencies. And I think you're providing some really good feedback. At this point we'd like to take a break in the presentation and to see if there's any specific questions that you guys have for either John or Peter before I turn it over to Pravin on the funding flexibilities. There was one question that came in relating to funding fungibility. So John, I'm going to send this question to you. John, the question is, are security grants included under the public housing capital fund program? And can they be used flexibly?

John Concannon: So we have actually had this discussion -- we've had this discussion with the capital fund office. And just the way those funds are, as I mentioned, some of them are just appropriated in a certain way. Security grants are funded through the capital fund and they have to be used for eligible security grant purposes. So you can't use them say for tenant based vouchers or something like that. They have to be used for eligible purposes that are spelled out in the security grant [inaudible].

Marianne Nazarro: Great. Thanks, John. And there is another question relating to the application process. I'm going to hold that one until the end. And just as a reminder to submit your questions, you can submit your questions in the Q&A box. They'll go to all the panelists. And we will break to answer questions throughout the presentation. And we'll also have a good discussion section -- question and answer section at the end.

And since I don't see any more funding flexibility related questions, I am now going to turn it over to Pravin. Pravin is one of our senior specialists on the MTW team. And Pravin is going to talk about the funding calculation and everything that you ever may want to know about how the funding will be calculated [inaudible] agencies. Pravin?

Pravin: All right. Hello, everyone. Yes, today I'll be talking about some exciting stuff. Maybe, maybe not. But it's going to have to do with operating fund, capital fund, and the HCV program. We're going to talk about how the funding is renewed. We're going to talk about obligation and expenditure requirements, and any requisition requirements. So we're going to first talk about the public housing side and then we're going to talk about the voucher program. So without further ado, next slide please.

Okay, so first we'll talk about the public housing side. So the public housing operating and capital funds, this should be pretty straightforward. The actual funding calculation for the new MTW agencies, it's going to be the same. The calculation for the public housing operating and capital fund calculations are going to be done in the exact same manner as they currently are for non-MTW agencies. This also applies to the obligation and expenditure requirements. So that you'll see no change in your daily activities in terms of projections, funding projections, and obligations and expenditures.

Now when it comes to requisitioning when you might be requesting funds, it is the same process as you're currently doing for non-MTW agencies, except when you're requisitioning capital funds for MTW eligible purposes. So say you want to use capital funds [inaudible] eligible MTS activity, the way you do that is you have to report that in the MTW budget line item. You'll hear this as you get used to it. You'll hear the term BLI, that's a line item, BLI 1492. 1492 is where you put requisitioning requests for MTW eligible purposes for the capital funds. And that's going to be in EPIC, in the EPIC system. In terms of disbursements, that's no different. Being MTW or not, there is no change. Funds are still disbursed through LOCCS. So as you can see for the public housing side, with the exception of requisitioning for MTW purposes, everything else is unchanged. So next slide please.

So HCV program, there are going to be a couple fundamental changes, but we hope that it shouldn't really be too much of a change in terms of how we're going to renew the funds. So first we'll talk about the funding calculation. Admin fees for new agencies is still the same. So the way administrative fees are calculated for non-MTW agencies, that is based on your leasing data in VMS. So that's unchanged. So as an MTW agency, your admin fees are going to be calculated in the same way.

The main change is with HAP renewal eligibility. And I'm going to talk about that in the next slide. So currently for non-MTW agencies, your renewal is based on just HAP expenses. But here we have incorporated MTW expenses within your renewal eligibility formula. The obligation and expenditure requirements, those are the same as they are for non-MTW agencies. Requisitioning for HCV program, no requisitioning is needed as your monthly disbursement is still going to be based on your monthly HAP expenses. So what you get every month is going to be based on your most recent VMS data on HAP expenses, unless of course you might need more money.

Normally you may contact the HUD FA to request more funding if you have a need for increased HAP costs. The change here is this can also include now one time or ongoing eligible non-HAP MTW expenses. So what does that mean? It could be you might need additional funding at that time for development activity where you're applying fungibility, or for supportive services, or any of the various MTW activities. That's the key difference when you're requisitioning, when you're asking for extra disbursements. Next slide please.

Okay. So this is really where the key difference is. It looks like a lot of numbers, formula, but we promise it's actually not that complicated. So the HAP renewal eligibility, so that's the amount you're going to be eligible for renewing on every year, we are going to take the lower of the HAP renewal eligibility cap, which I'll explain, which is pretty much a ceiling. It's the most amount of money we're projecting that you would receive, that you'd be eligible for. We're going to compare that to your actual expenses. So we're going to compare the cap to what your actual expenses are. So number two is your HAP expenses plus your eligible non-HAP MTW expenses.

So how do we come up with this cap? What we are trying to do here, we're trying to approximate what an MTW agency might receive, the maximum they might receive if they were not MTW. Because one thing to note, just to explain why we came up with this, we want to make sure MTW agencies aren't receiving more money than they otherwise would have absent MTW designation. That's a statutory requirement. So we're really trying to make sure that the funding is fair. So how did we go about arriving at this. We took the pre-MTW per unit cost, so prior to joining MTW you have -- we'll calculated the PUC, most recent months of your per unit cost, which would be based on HAP.

We'll talk that per unit cost every year and we're going to apply inflation obviously, every year we do this calculation. So we're going to take your per unit cost before you join MTW, and we're going to multiply that by your total MTW eligible authorized units for that re-benchmark year. So we'll take your per unit cost, multiply it by the number of units, and that'll give you a feeling as to what the cap is on how much money you should be eligible for the following year. So it's very simple. It's just your per unit cost before joining MTW. And again, inflated every year. And then multiply that by your number of units. So that's how you arrive at your cap.

So we have that cap and we compare that to your actual expenses, which will be in VMS. So that will be your HAP expenses plus your eligible non-HAP MTW expenses. So again, your eligible non-HAP MTW expenses are any of the -- what John covered, any of the eligible fungible activities. Say you want to use your HAP money to support your operating fund or your LNT program. So that's where that would fall in there. So we compare the two. And whatever the lower is, that's going to be your eligibility for the following year. Next slide please.

So I talked about the formulas. But one thing that we need to cover here is what are the actual HAP renewal funding sources. So for these payments to actually count towards the eligibility formula, they have to come from certain sources. And this hasn't changed. We're not changing this from how it's calculated for non-MTW agencies. So if you are spending your HAP -- if you're spending your HCV budget authority, your HUD held HAP reserves, your PHA held HAP reserves, any funds from HAP set asides, your admin fee reserves, although that has to be only used for HAP expenses, and under certain conditions tenant protection voucher funding which I'll get into in a later slide. These bullets here, this is what will count towards that formula.

So for example, you can as an MTW agency, you could use -- say you want to use your operating fund or your capital fund to support your voucher program. Or say you wanted to help with HAP payments and using your capital fund money for that, if that happened. You can obviously do that as an MTW agency. But that's not going to count towards your cap renewal. Because obviously that would be unfair and that would result in more money, an unfair amount of money being calculated, and that would violate our statutory requirements that I talked about earlier about how an MTW agency shouldn't be receiving any more funds. So I know this is a lot here. I hope that made sense. The key takeaway here is the HAP renewal funding sources are the same as they are for non-MTW. So however it's being calculated now, it's going to be the same. The only difference is you can use these sources on MTW expenses. Next slide please.

So tenant protection voucher funding. I know this can get confusing. We have two main buckets of tenant protection vouchers. You have your replacement TPVs, which includes enhanced vouchers. Those are actual replacement vouchers if say during disposition, if these vouchers are actually replacing if there's a public housing action. And the units are not going to be replaced, so you're providing these tenant protection vouchers. So these are actually going to be included in the HAP renewal formula after the initial increment is renewed. By contrast relocation vouchers, relocation TPVs, those are a temporary resource that -- these are vouchers that are given on a temporary basis, where the PHA might not be -- the units are not -- it's not going to result in a loss of public housing units. So this is just a replacement resource of vouchers. So these are not going to be included in the renewal formula.

Funding for TPVs received as part of RAD, they have some separate requirements. It's still fairly -- it's similar, but there's a little bit of extra language there that we don't want to get into here. But you can read about it in the operations notice. We have a separation section on RAD. And obviously if you have a specific RAD question, you can bring that to the office hours. Next slide please.

Okay. TPVs, now SPVs. We like to make it confusing, all these different types of vouchers. John talked about this earlier, but I just wanted to reiterate, funding for SPVs is separate and distinct from the HAP renewal funding calculation. So the calculation I showed you which is your HAP expenses, plus your MTW expenses, this is not included. SPVs, as John stated, there are requirements for specific populations, there are specific uses for these vouchers. So these are not included in the renewal calculation. So that includes Mainstream, VASH, NED, FUP, Foster Youth Independent, and mobility vouchers. And they're not eligible for fungibility.

However you can apply flexibility, say administrative flexibilities that you have for the rest of your program, you can apply to SPVs as long as they don't conflict with any NOFA requirements. And as John stated, we definitely recommend checking out the Q&A document there. We talk about reporting requirements, what to put on the 50058, fungibility, and MTS flexibilities, as it relates to SPVs and tenant protection vouchers. They're both in that [inaudible]. Next slide please. So now I'll pass it to Marianne now.

Marianne Nazarro: Great. Thanks, Pravin. And please keep your video on because I've got a couple questions coming your way. So thank you for providing some good overview as to how the funding is calculated, and hopefully answering some questions. And again, I encourage you, if you have any questions at all as it relates to funding fungibility, questions for Peter or what Pravin was just talking about specifically relating to the funding calculation, put it in that Q&A box, and we'll make sure to get to that question before the [inaudible].

So Pravin, I've got a couple questions here from Ann that I'm going to ask you to talk about, the first relating to so are the VASH, Mainstream, and FUP separate funds then, correct?

Pravin: Correct. Those are separate funding streams. They're not part of your vanilla voucher programs. No, those are separate funding streams.

Marianne Nazarro: Great. Thank you. And then similarly, will the waivers that we seek also affect VASH, Mainstream, and FUP vouchers, such as we want to do an exclusion of earned income, can we do this across all vouchers?

Pravin: Right. So that's a good question. And if you look -- I think the Q&A goes through each of these types of vouchers. But I will say for VASH specifically, if you want to apply MTW flexibilities such as excluding earned income, that has to be approved by the voucher office, which would not be us. And again, the steps are there in the Q&A on the MTW webpage. But for VASH specifically we have to run that by the voucher office. And they make sure that it doesn't conflict with any VASH requirements. And they'll give the okay. This is very common. A lot of our current MTW agencies do that. For Mainstream, and FUP, and any others --

Marianne Nazarro: Chantel, while he's talking, can you go back to the previous slide, please? Because this is where the slide has some information. There you go. Thank you. Go ahead, Pravin.

Pravin: Yeah. So for the others, it's a little more general. As long as it doesn't conflict with any NOFA requirements such as Mainstream or FUP, you can do that. But if you have any questions, if you want to be sure, you can send your MTW coordinator just to be sure. We are trying to do this, if we can confirm that with you. Actually literally just today we got a question from one of our current agencies about applying all their MTW flexibilities to Mainstream vouchers. And the answer was, yes, they could.

Marianne Nazarro: Great. Thank you. And so if you take a look at the MTW website, we just recently thanks to Pravin and our colleagues in the voucher office, just updated the special purchase voucher Q&A. And so you can find that on our website. So take a look at that. And if you have any questions after reviewing that, feel free to send an email to the mtwinfo@hud.gov and we'll get back to you.

Okay. So let's move forward a couple of slides. And now I would like to turn it over to Jeree Turlington, who is one of our financial specialists on the team. And he's going to talk to you about the statutory requirements. Jeree?

Jeree Turlington: Thanks, Marianne. Appreciate it. As Marianne said, these next couple slides I'll just kind of give an overview or high level of our offices monitoring and evaluating the current program, as well as any statutory requirements which are [inaudible]. Next slide please.

So as John mentioned earlier [inaudible] monitoring [inaudible] MTW agencies. We're working with other programs [inaudible] developing something that will better assist us in that area. That may come in a whole 'nother system, or that may come [inaudible] included [inaudible] updated [inaudible]. So currently as you come on to the MTW [inaudible] SEMAP, you won't receive that overall score that you would have received as a standard MTW, so you won't need [inaudible], you won't need [inaudible], and you won't need [inaudible]. But you still will be receiving those sub-scores for such things like [inaudible] [inaudible]. When we have that, we'll incorporate it into our assessment, as well as using the other system that [inaudible]. Next slide please.

So as I mentioned, the five statutory requirements are a large piece of our monitoring efforts. They're here on your screen here [inaudible] walk through these one by one. The first is ensure 75 percent of families are very low income. What we're looking to do here is ensure that agencies are still serving those populations most [inaudible]. [inaudible] that this is probably a tricky one for agencies [inaudible] really looking at here at 75 percent of applicants annually. So it's not the overall agency portfolio. It's kind of tied [inaudible] [inaudible] [inaudible] going [inaudible] [inaudible]

Second is establish a rent policy. Our office will work with [inaudible] [inaudible] focus on that. The third is to continue to [inaudible]. That's kind of a two part method here. For the public housing [inaudible] making sure that agencies serve at least [inaudible] percent or [inaudible] percent. The second will be looking at the agencies [inaudible]. And here we're kind of tying that to like a 90 percent [inaudible] 90 percent of those funds are used for housing payments. So this one here, we're kind of just making sure that as an agency, even though you had [inaudible] flexibilities, you still serve [inaudible]

The fourth is comparable mix, almost similar to the [inaudible]. We want to make sure that you're serving those [inaudible] any in your area. So understanding that [inaudible] and whatnot, but that you have a list of families -- a whole list of families on your waiting list. You want to make sure that the units represent those in need and that [inaudible] to cater to what we need and not [inaudible] The last one is we want to make sure [inaudible] housing quality standards. So ensuring everyone is still providing [inaudible] residents. So this [inaudible] pause just to kind of [inaudible] we wanted to make sure that [inaudible] big focus on that. So agencies are still required to submit their [inaudible] as such within the nine months. This is kind of the [inaudible]. Next slide please. [inaudible]

Marianne Nazarro: All right. Thanks, Jeree. That was really helpful. I think that there was some question with the audio. So if there's questions that people have on anything that Jeree or any of the other speakers said, just make sure to have the audio close to the -- I guess close to the microphone. So again, now this is our discussion of statutory requirements piece. So just wanted to see if there were any questions from the -- from you. If you could talk about the -- any questions related to anything that Jeree said. If you could go back, Chantel, if you could go back to the prior slide so people could see the various statutory requirements. There's a question about -- could you talk, Jeree, a little bit more about number three and number four, the statutory requirements three and four.

Jeree Turlington: Sure. So number three, STS [ph]. that is a methodology that was outlined [inaudible] part of the operations notice [inaudible]. Like I said, it is a dual methodology in that we will require agencies to [inaudible] percent for the public housing fees. And part of the management with HCV, we are requiring that 90 percent of the funds be spent [inaudible] [inaudible]

Number four, comparable mix. Here we're more so looking at unit size. So you want to make sure that you have [inaudible] full of families and units, we want to make sure that the units [inaudible] portfolio represent that need, versus a one and two bedroom, so [inaudible]. [inaudible] [inaudible] three and four bedrooms needed, we don't want [inaudible] [inaudible]

Marianne Nazarro: Great. And Jeree, we have another question for you for statutory requirement number five, about meeting HQS requirements. Can UPCS-V be used to meet this requirement rather than HQS?

Jeree Turlington: I believe they can.

Marianne Nazarro: Okay. And maybe we can confirm that and update, put that in the FAQ?

Jeree Turlington: [inaudible]

Marianne Nazarro: Okay. Great. Are there other questions as it relates to the assessment and the statutory requirements? Okay, Jeree, can HQS be determined at move in and then certified by tenants and landlords every year after?

Jeree Turlington: Yes. We want to make sure that residents [inaudible] [inaudible]

Marianne Nazarro: And then there's a question around -- I'm trying to think who -- Allison, I'm going to -- you haven't heard from Allison yet today. Or maybe John. John, this one's coming to you. Can the PHA serve more than the number of families in their ACC?

John Concannon: The MTW statute allows for, on the voucher side, for you to lease above your ACC. So yes, you can lease sort of the number of vouchers above your ACC. But when it comes to renewing your voucher funding, and Pravin might want to touch on this too, it sort of -- you can't -- you won't be able to renew above your eligibility cap if you're say leasing above your ACC.

Marianne Nazarro: Great. Thank you. Pravin, was there anything on that that you wanted to talk about?

Pravin: No. That's accurate. You can lease above, but that's not going to be -- it's going to be above the cap, renewal cap. Because that cap is based off of your ACC amount [inaudible]

Marianne Nazarro: Great. Okay.

John Concannon: I would just add sort of you all may be thinking, well how can I do that? How can I lease above my ACC cap? That's where MTW comes into play. If you're able to save, as Peter kind of touched on, if you're able to implement a lot of these cost saving activities, you know, with your -- with HQS inspections, with your staff, you may be able to realize savings that then you can decide whatever you'd like to do with. That could be putting more vouchers on the street, or it could be supportive services, or a whole host of things. But that's where we've seen current MTW agencies lease above their ACC when they sort of been able to realize some cost savings.

Marianne Nazarro: Great. Thanks, John. Chantel, if you could push us forward just a couple slides, to just this is the broader discussion time. So really this is your opportunity to ask us any additional questions here relating to anything that you've heard. And again, you can use -- you can type your questions into the chat feature. And we will get to those questions. If you do want to ask your question verbally, if you just type into the chat feature, I want to, you know, ask my question verbally, let us know, and then Chantel will be able to go and unmute your phone, and you could ask your question.

But feel free to enter in any questions for John, or Peter, or Pravin
, or Jeree, or others. And so with that, I'm actually going to ask some questions that we received in the chat feature earlier that I wanted to hold off until now. So on the phone -- actually before we do that, Philip, I'd like to introduce you to Philip [inaudible], one of our new financial analysts on the MTW team. And I just wanted you to hear his name, see his voice, so that you kind of know everybody on the finance team. So Philip, could you just say hello so people can see you?

Philip: Sure. Thanks, Marianne. Hi, everyone. My name is Philip [inaudible]. I am very new to the MTW office. I joined just in July of this year, so I've been here about four months. I've been with HUD though for over seven years. And I for the bulk of that time in the office of community planning and development with the housing opportunities for persons with AIDS program, and also spent two years in the Fort Worth regional office as that office's financial analyst. And so I have made the move over to the MTW team. And so I will be working with everyone on the expansion. And I'm very excited for you all. And I hope that you guys have really [inaudible] webinar series to be helpful. So I'm going to kick it back to Marianne to help answer your questions and the -- your questions. So thanks.

Marianne Nazarro: Great. Awesome. Thanks, Philip. And we are happy to have you with us. And so now I actually have a question for you, Allison. If you all remember, Allison was on the prior webinar, answered some questions related to the application process. Allison, there's another one in here for you. The question, Allison, for you is, we have been invited to submit an application for cohort two. Does anyone have recommendations for consultants that can help both with the application and with the implementation if awarded? Allison?

And Alison, you might still be on mute. We can't hear you, so. Nope. All right. I'm going to give up on you, Allison. Sorry. Oh, there you are. Allison, go for it.

Allison: Okay. Sure. Sorry about that. Generally we do not give recommendations for consultants. That's not something we're able to do. We really try to make both the cohort one and two application processes as straightforward as possible, with the hopes that agencies be able to go add it on their own and put together those materials themselves. So hopefully you're finding that it's not too terribly difficult to get to. I know there are other industry resources and things where you can find recommendations of that kind. But we at HUD do not give those recommendations.

Marianne Nazarro: Great. Thank you. So then there's another question that was asked earlier. The question is, and I will take this one, I'm wondering if you'll cover about agencies that are interested in applying for both the MTW expansion and mobility. Do you know when HUD might be coming out with guidance on this? Thank you.

And so the short answer is that agencies are able to apply for both MTW expansion as well as the mobility demonstration through the NOFA. Any updates on that or kind of what the requirements would be, would be included in a -- in an updated version of the mobility NOFA. So I would encourage you to keep your eyes out for that.

Allison, I've got another question for you about -- Allison. This is also I think relating to cohort two. Many eligible families for rent reform are excluded since they're currently enrolled in FSS. The PHA would like to allow FSS families to participate if they want to. Is that possible? Allison?

Allison: So FSS families are excluded from the evaluation for cohort two. So they would not be in the treatment group or control group for the evaluation. They would not be randomly assigned either way. Since they are totally excluded from the evaluation, the agency may exercise different MTW activities on those families as they normally would under the MTW operations notice. So if it were an activity that you were able to conduct under the MTW operations notice, you could apply that to those FSS families since they are totally excluded from the evaluation.

Marianne Nazarro: Great. Thanks, Allison. And there was a similar question that I think that you just responded to relating to under rent reform can the PHA request to include a modified version of FSS?

Allison: It depends, is the answer. So I think it's on page seven of the 2020-21 notice. You'll see all of the MTW activities that are excluded for cohort two agencies for the duration of the evaluation. FSS programs are one of those that's in the maybe category. So you might be able to do that. You would have to clear it with the HUD and the evaluator first to make sure that it doesn't include some of the activities that we're trying to exclude for the evaluation like time limits and things like that. But if you worked with the evaluator, you would be able to pursue some sort of FSS flexibilities.

Marianne Nazarro: Thanks, Allison. So this next one I'm going to send to John because I think it's really more of an activity type of question. John, if we go out and do an HQS inspection at move in, and the unit passes, and every year after that you only get certification from the tenant and landlord that the [inaudible] without doing another inspection. I don't think I got the question, but John?

John Concannon: Yeah. You all may have seen in the CARES Act waivers, there are self-certification of HQS inspections by landlords. I will say the voucher office sort of got that idea through the MTW office because current MTW agencies do follow that process.

I was trying to do a quick control F of our waivers, because that is a waiver question. We do have self-certification of assets as a waiver. I don't see a self-certification of HQS inspections as a waiver that's one of our 70 waivers. I don't know if anyone else on our team wants to jump in if they see it. That doesn't mean you can't submit that as an agency specific or safe harbor request. So it's something you could certainly do. I think in practice for current agencies, you can allow the landlord and participant to self-certify each year. But you do have to allow for if the resident requests inspection in interim, if there's something wrong, you are required to [inaudible] that.

And I think you're able to really set it up. We have PHAs that don't offer it to all their landlords. They'll offer it to landlords that they're really comfortable working with, that they have a strong track record with. But I would sort of look a little bit deeper into the waivers just to make sure that is a waiver. And if it's not, you can propose it to us. But it's something we've seen a lot of.

Marianne Nazarro: Great. Thanks, John. Allison, another question for you on the application side. When do you expect to choose PHAs for cohort two so that we will know if we should apply for a future cohort?

Allison: So applications for cohort two are due on January 8th of 2021. Once we receive those applications, we'll undergo our HUD review process. We expect -- we don't have an exact date for you, but we expect to announce the [inaudible] for cohort two sometime in early 2021. We have been doing our timelines. And if you notice on the MTW expansion website where we have the timelines of the five cohorts, we are considering -- we have under consideration to allow the time for you to hear the results of the cohort one and two competition in order to give you the ability to apply to future cohorts. So that is something that we're keeping in mind as we're doing our timeline.

Marianne Nazarro: Absolutely. Thanks, Allison. And yeah, that's really important that we want you to know in an amount of time to apply for a future one. Allison, you're very popular today. I've got another one for you. This one is clarifying the FSS as an excluded group question. For all of the excluded groups in cohort two, they won't be part of the rent reform study, but other waivers can be applied to them, correct?

Allison: This is correct. Exactly. So the groups that are listed in the notice are just totally outside of the evaluation. So you could treat them as you would any other agency that didn't have the waivers excluded.

Marianne Nazarro: Great. Thank you. There was one in here that I lost about -- Allison, let me ask you another one while I find the question that I just lost. We are preparing an application for cohort two and we've done some preliminary analysis of the tiered rent model. We've noticed the disparate impact due to family size and race. Would it be possible to expand the hardship policy to address disparities?

Allison: That is a very specific question that we would need to take a look at. The hardship policy is meant to address information that you would receive from an impact analysis. So that's something I'm sure that you would work with HUD as the evaluator on. They would also work with you helping you conduct the impact analysis to make sure you're seeing the same thing. So that would be something to work with individually with the agency once they were in the cohort two.

For purposes of the application, it's something that you might want to bring up in some of the narrative sections to say that you've done some preliminary analysis on this, and it's something that you've seen that way. You're sharing the information during the public process and you've identified it as an issue. But the evaluator at HUD will work with you on that once you're selected.

Marianne Nazarro: Great. Thanks, Allison. John, another one coming to you. Can you use operating reserves for flexibility? And if so, do you still have to have the required four months availability?

John Concannon: Regarding reserves, this is a bit of a nuance in the operations notice. When it was -- appropriations, when your lawyers kind of looked at it, they said that -- and this is spelled out in the notice, for your operating reserves prior to your designation becoming an MTW agency, those reserves can't be used for any eligible purpose unless it's in an appropriations bill in Congress. So unless we -- and we have talked to the Hill, we realize this is a problem. And so in this year's approps, there is something in there saying that you can use your prior year reserves. Except it's an annual appropriation.

So we have put something on our website, a dedicated page, just so we're really clear that whether or not it is in that -- so for this year, if you had prior year reserves, it's written into the appropriations, you can do. You can use all of your prior year reserves for MTW eligible purposes. But we're just watching for sort of this -- our next year's budget to come out of appropriations act and how SCR plays into that as well. So just look on our website. We have a dedicated page all about this very question. Hopefully this problem will go away for you all. But we have a lot of information on our page that is up to date. And there's a link in the operations notice how to get there.

Marianne Nazarro: Exactly. Thanks, John. So yeah, there's that link in the operations notice that takes you to that page, as well as if you go to the HUD MTW website, then that information is there as well. So good question. Allison, back to you. Is there a specific statement from HUD form 50077, our agency is a high performer, that we are to provide as a statement of fair housing and civil rights required on page 11 of PIH Notice 2020-21? Allison?

Allison: Sure. There is no specific statement. So just that you've addressed the issue. So there's no specific language that you need to include. Just that you -- the issue or statement has been made and addressed. And there's some more specific information. I encourage people to take a look at our FAQs. We just updated it I think last week. And we'll be doing another update shortly. A lot of these questions we get through the email, which is great. So we include those on the FAQs. So I encourage you guys to take a look at that to see if maybe your question might be on it.

Marianne Nazarro: Great plug for the FAQs, Allison. Yeah, we are definitely updating the FAQs regularly as questions are coming in. John, this is another question for you. The PHA is exploring providing a financial incentive to participants that complete an educational program or job training program. Is a reasonable payment to the family an allowable expense under funding flexibility?

John Concannon: I -- we have -- this feels like an ops notice pop quiz for me -- in the waivers we do have an MTW FSS activities, and an FSS activities, which allows you a lot of flexibility in the FSS program for things like this. I would submit this question to us, but I believe the answer is yes, that you can provide incentive payments for residents. Sort of you're able to -- a lot of our current agencies for example have sort of milestone payments that they've gone away from sort of the traditional FSS program. So you have a lot of flexibility under those FSS activities. So I'd encourage you to look at that. If that doesn't answer your question, then please submit it to us, and I'll get you a better answer.

Marianne Nazarro: That's great. Thanks, John. I like that, ops notice pop quiz. This is great. And these are some really, really good questions. And so we will -- I think -- are there any other questions that I did not get to? Chantel, if we could go to the next slide, we'll just start to wrap this up.

So this slide, we talked a lot about these resources during the presentation this afternoon. Again, if you go to the regular MTW page on hud.gov, you'll find everything you could possibly want to know about moving to work, about the MTW expansion, about the cohort specific pages. There's the special purpose voucher FAQs that we talked about. There's the page about the reserves and the applicability of being able to apply the fungibility to operating or capital reserves, or voucher reserves.

You can go to the HUD Exchange website for all of the training resources on the expansion. There was a question here about when and where will these resources be posted. All of the resources that we are using today, both the video of the presentation, as well as the PowerPoint, will be posted to that HUD Exchange page within the next several days.

And then we'll also link to that from our HUD website as well. So if you go to the HUD Exchange page, you will see the link to the first webinar. I believe it's up there already. And all of the training materials that we've developed are available on that HUD Exchange website. And again, there's the online resource which is really a manual that breaks down the operations notice into really easy to understand bites.

There's quizzes, there's videos of existing legacy agencies kind of giving you their tips. There's a lot of really good information on that training site. And more information is coming all the time. And then there's the operations notice itself, which quite frankly I think I really encourage you to become very familiar with it, to print it out, especially Section 6.

We have the pre-version on our website, which is basically the same information that's in the federal register reformatted so that it's more easily presented, more easily read. And take a look at that. There's a lot of really good information in there. And if you have any questions on anything that you are reading in the operations notice, feel free to send us an email at -- you can send them to one of your cohort specific pages which are listed here, MTWcohort1@hud.gov, MTWcohort2@hud.gov. And then there's always the MTWinfo@hud.gov for any MTW related questions. Next slide.

And I think that -- oh, I should have said before saying all of -- oh, so before I go into this slide, I would ask you if there's anything specific that you would like to provide feedback on as it relates to this training, we would really love to hear from you about how was this training, is there anything that we could do to make the training more helpful, more beneficial to you. Please let us know.

If you put it in that Q&A box, that would be really helpful. And then also if there's anything that you want to make sure that we touch on in future trainings, please be sure to let us know, and put those questions in that Q&A box as well. We definitely want to make this as helpful and user friendly to you all.

So again, all of this information will be on the HUD Exchange page. So our next training webinar is really just the office hours where we will be there to answer your questions. And so we will not have a formal presentation as we have in the last couple. And really we will have all of the HUD MTW experts that you've heard from over the last couple of webinars. We'll all be there. And we'll be able to answer your questions. And so we encourage you to register to come to that. And we will be available to answer whatever questions you might have on the office hours.

And as I'm sure you all know, but just as a reminder, the application due dates are coming up the next few months for cohort one, December 4th, and for cohort two, January 8, 2021. So with that, I would like to say thank you all so much. Appreciate your really great conversations and questions for today's conversation. Many, many thanks to you. Peter, thank you for presenting. John, Pravin, Jeree, Allison, thank you all for your help as well. We really appreciate it. And with that, thank you very much. Have a great one.

Chantel Key: That concludes our webinar for today. Thank you again for joining.

(END)