

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

Moderator (Michelle): Ladies and gentlemen, welcome and thank you for joining today's Allocating Costs Between Administrative Activity Delivery Planning Costs for CDBG-DR, CDBG-MIT, and CDBG-NDR grantees webinar.

Before we begin, please ensure that you have opened the WebEx, chat panel by using the associated icon on the bottom of your screen. Please note that all audio connections are currently muted, and this conference is being recorded. You may submit written questions throughout the presentation, and these will be addressed during the q and a session. To submit a written question, select all panelists from the dropdown menu in the chat panel, then answer your question in the message box provided and send when we move to the q and a portion of today's call. Alternatively, you may answer the question queue by using the WebEx raise hand icon. The raise hand icon is located in the lower tool toolbar. You will hear a beep tone when you are unmuted at that time, please state your name and question for our attendees dialed in on the phone only conference line dialing pound two will enter you into the question queue. You will again hear a notification when you are unmuted, and at that time, please state your name and question. If you require technical assistance, please send a chat to the event producer.

With that, I will turn the webinar over to Jen Carpenter. Jen, please go ahead.

Jen Carpenter: All right, thank you, Michelle. So thank you for joining us today. We're, uh, super excited for the first webinar in our fall series. Uh, we've been planning this for a while. So happy that we're getting to start with this CPD notice that we just published not too long ago. So if you don't know me, my name is Jen Carpenter. I am the director of our policy division in the Office of Disaster Recovery at headquarters, and I am joined by two members of our Policy Division. I'm going to let them introduce themselves. We'll start with Mikayla.

Mikayla Catani: Hey everybody, uh, Mikayla Catani here, our Assistant Director of Policy for the Office of Disaster Recovery, and also at headquarters.

Olivia Healey: My name is Olivia Healey. I'm a CPD Specialist within the Policy Division as well.

Jen Carpenter: Great. So Mikayla and Olivia are going to help me today, man, the chat box for your questions. So we're going to wait to take questions at the end, but feel free as I start going through the slides to enter questions, you know, as they come to you in the chat box. ..., and then Mikayla and Olivia will be helping me, ..., make sure that we hit those questions at the end. ..., or if we need clarifications, they'll work with you, ..., in chat to make sure we have your question right. ..., so please feel free to submit those in the chat. And then at the end, as Michelle mentioned, we will, we'll open up the line too so folks are able to, ..., be unmuted and then ask their question in person if you prefer. I know most folks like to do it in chat, so, ..., feel free to do that.

So our agenda today is really to walk through this notice. ..., we're going to go a little bit out of order if you're following the notice. ..., hopefully you can stay with me. I just, uh, want to walk through the different types of costs. We're going to walk through some examples of each type. ..., we're going to hit on, ..., the national objective considerations for each of the bucket of costs. So we'll talk through, we're going to talk specifically about, ..., the policy that we were able to implement in the notice to allow some costs related to the development of the action plan to be

Date: September 28, 2023

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treated as planning instead of admin. So I'll walk through that in detail. ..., and for those who were, ..., at the Problem Solving Clinic in Chicago with us in April, ..., if you saw, if you've already read through the final notice, you'll see we were able to add, ..., even additional cost categories to that section.

So I'll walk through that since that's new from the clinic. ..., so we were really negotiating, ..., really up until the last minute, like right before the CPD notice was published. ..., so I'll walk through those costs. We'll also briefly hit on direct versus indirect costs. We did update this notice for, ..., all the part 200 updates, uh, that we went through, ..., for those who were used to looking at, ..., what we'll refer to as 13-07. You know, that was really outdated for the part 200, ..., updates. So we made sure that all of that has been updated in this new notice. And then we'll briefly hit on some DRGR, ..., tips and guidance based on how we have written the notice. And then, as I mentioned, we will, ..., open it up for your questions. ..., and I think, you know, we have 90 minutes slated for today.

I do not have an hour and a half of slides. I'm not going to, ..., talk for 90 minutes. I think maybe, ..., we'll talk for about 45 minutes and then open it up for questions. So depending on how many questions we have, we might not keep you for the whole hour and a half. We just wanted to make sure we gave you, you know, there aren't that many opportunities to ask your questions, ..., to our policy division sort of live. So I wanted to make sure everyone had that opportunity. ..., I do ask that you keep your questions to the CPD notice. ..., and if you have other questions, ..., please make sure you're sending those to your CPD grant manager, but you will open up the floor for any questions on, in related to the notice day.

Alright, ..., so I believe, ..., yeah, she did. Olivia shared in the chat, ..., the, the link to the CPD notice, just in case you have not seen it, uh, before today's webinar, you can follow that link and download it there. ..., it is on our DR, it's on HUD clips for those you're familiar with HUD clips. And then also it's posted on our, HUD CDBG-DR website. So what's new in this, again, as I mentioned, we updated it for all the part 200 updates. ..., a big addition to this notice is 13-07 did not apply to states. So even though it included DR, ..., technically it did not apply to states. So we've added all the state program citations, ..., in this notice and made sure we reference when, ..., we have a waiver or alternative requirement in our notice that applies directly to states. So that's all been updated. I mentioned the guidance on action plan costs and then also, ..., focusing on how you input your activities into DRGR. That will hopefully, that hopefully will lessen, ..., a little bit of the headache of having, you know, 10,000 activities, ..., that we've seen in the past. So hopefully we're already moving away from that, but just to go back over that guidance.

All right, let's start at the beginning. ..., admin costs. ..., you'll see throughout the presentation throughout the CPD notice, we reference admin cost as PACs. So we're all just going to get used to that language. ..., or maybe I'll go back and forth throughout the presentation. ..., but if I'm, I'm saying PACs I mean admin cost. And the reason why we use that very specific term is because that's what's used in the

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

regulations. ..., so PACs are your general admin costs. So reasonable costs of grant management that don't include staff and overhead costs directly related to specific eligible activities. Activity delivery costs, ADCs, those are allowable costs incurred for implementing and carrying out eligible activities. All ADCs must be allocable to a CDBG-DR activity that is completed and meets a national objective. ADCs include direct cost integral to the development of the final CDBG-DR assisted activity in some circumstances.

Activity delivery costs can include indirect costs, and we will talk a little bit about that in a, in a later slide. ..., it is something I want to hit on, ..., just to make sure everyone's on the same page about that. So our first bucket is admin PACs, or second bucket is activity, delivery costs, any costs that we can tie to a specific activity. And then planning costs. ..., and planning costs are the costs of data gathering, studies, analysis, and preparation of plans, and the identifications of actions that will implement such plans. So let's dive into each one. Individually. As I mentioned, PACS or admin, ..., you have 5% of, uh, your total grant amount to use for admin. ..., we all know that that is really hard. That is, you know, 5% is just not enough. ..., but we are bound to that because it's in our appropriation statute.

So Congress has said in the appropriations, which allocate the funding for the DR awards, that you can only use 5% for admin. So that is something, ..., depending on the appropriation that we are bound to, ..., you can use 5% of any program income that is earned by the grant. So keep that in mind. ..., and again, these are cost incurred for the general management oversight of the grant. ..., you want to make sure you're being very deliberate about how you are keeping track of your admin costs. And we'll talk through a little bit later about, ..., sharing admin and how that works and when we think, ..., grantees can really think about, ..., not, maybe not sharing admin and why we think that's a good idea. ..., but ultimately the re for this is a 5 72 0 6. ..., and I already see a question in the chat.

Who's bringing up, wait, don't we have a 3% admin? So remember for CDBG-DR, it's 5% for admin, and that we, ..., usually even for state grantees, we have a waiver and alternative requirement. We put in nearly all of our federal register notices that makes that applicable to state grantees as well. So, stake grantees also have a 5% cap on admin and 5%, ..., of program income that's generated by the grant. ..., that includes, again, with this waiver and alternative requirement. That's usually in the federal register notice that includes your aggregate total for admin and technical assistance, ..., that you're giving to your sub-recipients. So total of 5% for all of our grantees, regardless of whether you're a state or local government.

So let's just go through an example. This is the easiest one, I think, for everyone, right? ..., but just to take some examples from the notice, you'll see in the CPD notice we have a table where we spell out, ..., your basic costs that you can include for admin. So these are just two of those examples. ..., you'd want to include staff time of amending budgets, an action plan text, both in and outside of DRGR. ..., let's say, because a grantee has decided to add an extra, to add an extra activity or adjust

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

a budget of an existing activity. So you might say to me, ..., you might say that, uh, wait, why are we, this is a specific activity. Can I charge you activity delivery cost? No. In this case, when you are amending your action plan for budgets for text, we expect that those are, those are oversight general admin of the grant, right? So make sure that, ..., those are admin PACs costs.

I just want to pause and make sure, is everyone hearing my audio okay? I'm seeing some chat about that. I just want to make sure we're good. Yes.

Moderator (Michelle): Yeah, most people are fine. I'm just checking in with them, Jen. Okay, we're Good.

Jen Carpenter: Good. Okay, great. ..., and then the second example is when you're monitoring activities and programs for compliance with HUD, HUD, ..., and then your own local requirements, right? We know grantees have their own requirements. ..., so when you're monitoring your grant, we expect that those to be charged towards your PACs.

Alright? Activity delivery. These again, ..., the interesting thing about activity delivery costs that I think is important for everyone to understand is they are administrative by nature. So that's why I think some, sometimes we can get confused, but as long as you can tie them to the, the execution, here's the bullet management and execution of a specific activity or program area, you can charge them to activity delivery. So, ..., even though it's called activity delivery, they are mostly administrative costs that you are able to document that this is for this specific activity.

..., and, and the good news with that is that you can charge, charge them towards that activity and then save that admin, right? We know that 5% is pretty precious. So anything that allows you to save admin, you want to make sure you're doing, so, you want to make sure folks have a way to track their time by activity. ..., also keep in mind, ..., beneficiaries, which includes the final recipient of the fund. So that could mean a homeowner who's getting a grant to rehab their home. It could also mean a developer, right? We treat developers as beneficiaries, ..., or a business owner. If you're running an economic development program, those beneficiaries, ..., are not recipients in the way I just said recipients, so I apologize, but they're not recipients in the way that you are the grantee and you are a recipient of the funds. ..., so beneficiaries cannot incur activity, delivery costs or packs. ..., everything they're doing is a direct cost, uh, for that activity. And so they're not incurring, ..., those additional administrative costs, right? That needs to be covered by the grantee.

So how do we, how did we come up with this definition? ..., well, activity delivery costs are not explicitly defined in the regulations, like the other two buckets of funding that we're talking about today. ..., so, you know, I just want to point out what the notice points out they do. We do have these reg citations that you can look to that sort of show you where this idea of activity delivery cost comes from.

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

And it's just a reference to costs that are eligible as part of an activity. So directly tying staff and overhead, again, we're, because we're talking about costs that are administrative and nature, tying those costs specifically to an activity, if I can do that, if I can document that, it can be an activity delivery cost.

All right, specific examples of activity delivery costs. So these are, ..., just two examples. ..., I think these are from the CPD notice. ..., so the cost of something as simple as buying paper for your housing rehab program applications or maybe buying uniforms for code enforcement staff working in MID areas. ..., again, the cost of buying that paper, I can directly tie it to my housing rehab program. And because I can do that, I can charge it to that activity and I do not have to charge that to my program administrative expenses. ..., and then another example are, ..., travel costs to make visits to the job site of a housing rehab activity to monitor progress before progress before making a progress payment. So, ..., you have inspectors going out to the sites to look to see if they get their, you know, 40% progress payment. ..., that is cost that you can tie directly to that activity. And so that's an easy way to document that you are. ..., you can charge those to the activity itself without having to charge it to your admin.

All right. Planning costs. I apologize that, ..., this, the words are a little small, ..., but wanted to make sure we covered this reg, ..., in full. So this comes directly from 570.205. ..., again, this is a while. This is an entitlement reg in our federal register Notice as we appoint state grantees to this reg and say, this is how we're defining planning and lots of examples here: ..., comprehensive plans, ..., historic preservation plans, capital improvement plans, ..., and then some capacity building activities. Those are defined. ..., and then we'll talk through some of these others. ..., again, it's really about when you're doing data, when you're doing analysis, and then ultimately it ends up with a plan. Those are kind of costs. Those are the kind of costs that you would put under planning. We also like to say, though, it doesn't always fit, we do like to say the easiest way is to, ..., to know if it's a planning cost is at the end of the day, do you have, do you have a plan that you can actually put on the shelf? So that's just another way where you can, ..., think about that.

..., so examples, again, I just took them straight from there. I did take the most interesting example, and hopefully everyone sees in the CPD notice where you have that long table of costs. This is one we point out with an asterisk, ..., because it can be kind of interesting. ..., so planning costs can be the cost related to a general environmental assessment, ..., and remediation oriented planning, uh, related to properties with a known or suspected environmental contamination. So the key here is these are sort of general costs. Maybe you're looking at an entire area. ..., so you want to charge it to planning because you don't know yet if you're going to fund an actual activity in that area yet. So you want this general plan first. ..., so, you know, that can be a planning cost, but it's important to remember that what you can decide in your policies and procedures, how you're going to treat this, but you just need to be consistent.

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

And that's something you'll hear from me a lot today, is be consistent once those general environmental costs move to an activity specific cost. So you've done the general environmental assessment and now you're moving to, okay, yes, we were able to mitigate any concerns, ..., and we're going to start building an affordable housing development here. You could move those general environmental costs to activity delivery costs for that project. ..., you just need to make a decision early on about how you're going to do that and your policies and procedures. And you need to be consistent. You can't pick and choose when you're going to decide if something is planning or when something is activity delivery. We expect that you will have a policy that says consistently we will turn our general environmental, ..., costs that we will charge to planning once we have an activity, we're always going to move those to our activity delivery costs and then follow that policy. You can keep it as planning. There's, there's no reason where you have to move it. ..., you just need to be consistent. You need to have a policy and you need to follow that policy. ..., so just make sure you, you're, you've got that covered and your policies and procedures when we come to monitor.

..., well I'll cover that at the end, I think. So let's talk about national objective considerations. ..., a little bit on each. We'll do, we'll go through each bucket of costs to make it really clear. ..., generally admin costs are presumed to meet a national objective because those costs are generally made in support of all the activities you're doing in your program, which will meet a national objective. So you don't have to show national objective compliance for admin. What that also means that I think some people forget sometimes, is that that means PACs are removed from the calculation that 70% of your funds must benefit low and moderate income persons, right? So we call it a 70% overall benefit requirement that changes from appro can change from appropriation to appropriation. We have made waivers in the past for those who have CDBG-MIT or for those who had funds under, ..., super storm Sandy, you saw that we made, ..., waivers and alternative requirements and maybe lowered that overall percentage based on the data of where the hurricane or the storms or disasters hit. ..., so I'm using 70% because that's what we've been using for the last few, few years. But whatever your overall benefit requirement is in your federal register notice, which you always want to go back and look, you're going to take your total grant and subtract your admin from the total before you do your 70% calculation. ..., and you're also going to do that with planning, and I'll explain that in the next slide. So just keep that in mind when you're trying to get to 70%. Make sure you're subtracting admin and planning. ..., again, admin is that 5%, I don't know anyone who leaves admin on the table. So that's an easy calculation. Take that 5% off.

Your total planning can be a little bit different, right? Because the cap puts you, ..., at 15%. So, and again, please look at your federal register notice, but over the last, ..., several years, we've been having just a straight 15% planning cap. ..., so make sure you check your notice to, uh, verify that your planning cap is 15%. ..., but again, planning activities are presumed to meet a national objective. ..., there's reg

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

requirements for that. ..., for our state grantees, again, this is a waiver and alternative requirement. We put in our notice so you have the same rules, ..., around, ..., planning activities that they're presumed to meet a national objective. ..., so keep that in mind. You're going to subtract your admin and your planning from your total grant before you calculate your 70% overall benefit requirement. ..., planning's a little bit different, right? Because you have a 15% cap, not everyone uses their 15%.

..., so that's really a, a changing number. ..., so you're going to, you want to plan, obviously you're going to budget some people just automatically budget 5% admin, 15% planning. If you aren't planning to spend 15%, you need to make sure that you're on top of what your overall benefit requirement is going to be. If you spend less, so if you end up spending your 5% admin and you end up spending only 10% on planning, then that's, that's the amount you're subtracting from your total grant to get to your overall benefit. So just to make sure you're keeping track of that activity, delivery costs, those costs are going to meet the national objective of whatever activity they are tied to. It gets a little bit more complicated though, when you have an activity that crosses multiple, ..., national objective criteria. And in that case, you're going to use the proportion of your total funds for that activity.

You're going to divide your, ..., activity delivery costs the same way. So this example doesn't help us too much. I just gave a straight up. ..., you know, if the easiest example, if you're carrying out a rehab program where a hundred percent of the beneficiaries are LMI, ..., then a hundred percent of your activity delivery costs that are part of that activity budget, ..., are going to be a 100% LMI as well, right? Because that's all in one activity line item. ..., if you are funding and activity, and we have examples, specific example in the notice, I think it, we put it as an 80 20. So if you're able to, if you have a program where 80% of the folks in the program are LMI, and then you have a 20%, ..., amount that is going to be urgent need, and you are able to document how that meets the urgent need alternative requirement in the notice, and please remember to document that because it's not just, oh, they're not LMI, I'm going to call them urgent need.

You do need to document how you're meeting the alternative requirement in your notice. Make sure you check that out. ..., it is different across appropriations, so make sure you know what's in your notice and you're looking at that. ..., so in that case, if it's 80 20, then that's how you're going to split, split your activity delivery costs. ..., the admin costs, the overhead costs that you are able to associate with that specific activity. You're going to split 80% into the same activity you have for the housing direct costs. You're going to put 80% of your activity delivery costs with that activity that are low mod, and then 20% with the activity and the hard costs that are for urgent need. So you're going to split them up in proportion to that activity and the criteria you're able to document. And then for overall benefit activity, delivery costs work the same way your hard costs work. ..., so they will

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

count towards your overall benefit. ..., they don't have that, you know, exception that I mentioned for admin, uh, planning.

Alright? So this was really the impetus behind us starting the CPD notice, ..., and why we chose to sort of go it alone on an update to 13 CPD Notice 13-07, ..., in the annual program, in the regular program, ..., staff costs incurred for creating consolidated plans or action plans. And, and capers are considered admin, so they're considered PACs. I have heard in the past folks, and I've seen guidance that can be conflicting on this, ..., you know, across the programs, but if you read CPD notice 13-07, it very clearly says that these costs are program administrative costs, right? So I just want to make that clear. That's kind of where we were starting from, and we felt as an office very strongly that CDBG-DR action plans and CDBG-MIT action plans went a step further and required a level of data and analysis and assessments, ..., that we think should be considered planning. And so that's why we took up, ..., ultimately took up, you know, redoing this notice. ..., and so we were able to, ..., and it took, uh, years <laugh>, ..., if you can believe that it really did lots of negotiation, ..., in the building to get approval for this. ..., but we really felt strongly that we had a good cause here to show that, ..., the emphasis we put on data gathering, analysis and planning, you know, particularly with, with this, ..., addition of mitigation funds that some of those costs should be planning.

..., and so we were able to kind of spell that out a little bit. ..., so there are some costs that regardless of whether they're associated with the action plan, they need to be admin. And so we've spelled that out. It's in the notice, ..., it's in the second table. And the notice you'll see, and I put it here to, ..., any of your outreach costs, your citizen participation and costs related to public comment. Those are general administrative costs. That doesn't change. ..., as I mentioned as an example earlier, costs like putting together a budget, typing things in DRGR, those are admin costs. Some fair housing costs also fall under both buckets, and we'll go through that. ..., I'm not sure that anyone is really documenting, ..., time on costs related to the provision of fair housing services in this kind of way. But if you are, ..., just make sure that these costs a and b, ..., are falling under your admin costs.

And then the good news, the good news is that we got support to include these buckets of costs, ..., into, ..., the planning bucket. Now this is, again, this is guidance, right? If you want to charge it all to admin because it's easier or you know, we'll talk through the documentation that's going to be required, ..., that's fine if you, you know, if you're like, there's no way I can track time like this, these are all eligible as admin, right? But what we wanted to do is give grantees a choice to be able to move some of these to planning and free up some of those admin costs. So for those who joined us at the Problem Solving Clinic, the first bullets will be familiar. Cost related to building your unmet needs assessment costs related to your mitigation needs assessment, which is now kind of over the last, since 2020 has really been a part of our action plans, everyday action plans because of our mitigation, ..., set aside. And then also we included a fair, the fair housing

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

assessment. That's part, specifically that's part of the consolidated notice. So for 20 to 22 grantees, you'll see this really specifically spelled out in the notice. ..., when we're asking you to do data analysis and come up with an assessment, we believe those are planning costs. So, you know, you just need to be able to document that those costs, ..., the, the staff costs related to these buckets. And then the last one here I have in green, ..., is the one I mentioned that we were able to add after the Clinic, and that is the cost of your required consultation. ..., so again, this language comes directly from our consolidated notice. So, ..., this is, ..., specifically the language in the notice that applies to 2020, 2021 and 2022 grantees. But you'll find required consultation in all our notices. It just might, the wording might look a little different.

So those costs of required consultation, ..., with states, tribes, local governments, federal partners, NGOs, ..., and other stakeholders, ..., all of those costs can be planning. ..., so those are all costs designed to get you to ultimately your action plan, which has your activities in it. ..., so you can also charge that bucket of costs to planning. ..., so what does this mean in most cases? I mean, some of you might be ahead of the, ..., ahead of the game on this and might have the kind of timekeeping systems that already have this very specific level of data entry. But you, you know, we've given you permission or we've, we've allowed these costs to be considered planning, but you have to be able to document that the time spent by your staff is happening in those areas, right? And so, ..., you want to make sure that your, your folks that work for you are able to do that. You know, they need, you need to, to make sure you're setting up. Maybe you need additional codes, ..., to account for that. ..., you know, maybe you'll have, ..., note fields ideally where you could put, uh, you know, folks are working on this section of the unmet needs assessment, or they're working on, ..., gathering the data for the Fair Housing assessment. ..., so you just want to make sure you have abilities in your systems to track that specific level of time.

..., and I will mention we did, ..., at the Problem Solving Clinic and maybe, maybe, ..., someone on my team can grab the link to the materials from the Chicago Problem Solving Clinic and put that in the chat. ..., if folks visit that, you'll see we did a presentation on, ..., specifically on admin. And, ..., we had a grantee, ..., there who joined us, who had really great, ..., ideas for how to do some of this stuff. I think it was a really good, ..., presentation. So, ..., for folks who need some additional support, I think that's a really good, uh, presentation that's on the HUD Exchange. ..., what if you are, and I have, you know, I've met with a lot of grantees over the last year. A lot of folks are contracting out for some of the costs related to the development of the action plan.

You know, you, you want to just make sure you have in your contract, ..., which costs are going to fall under PACs and which costs are going to fall under planning so that the consultants you are working with are tracking their time accordingly as well, right? You want, you need that backup documentation, ..., the same way you would

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

need it if it were staff. You need that document backup documentation, ..., to know how much time they're spending on each task that's a part of that contract. ..., so you might want to consider, ..., amending contracts working with the folks you already have contracts with to make sure that they can track their time. ..., frankly, it might be the easiest way to do it. ..., if you have, if you're just contracting out for something like the unmet needs assessment and that's all they're doing, that's a really easy way to be able to document the time spent there.

..., you can, one note, and you'll see this in the notice, ..., there are types of costs that can be allocated under multiple cost categories. So, ..., as I mentioned, activity delivery costs are administrative in nature. ..., you know, you can charge those to admin. I don't know why you would want to, but you can. ..., I mentioned the example with planning where you have a general planning cost that might move to an activity delivery cost. That is okay. And we expect that to happen across some cost categories. But again, as I mentioned earlier, you need to treat those cost consistently. You need a policy to ensure that you are, you've got caps to monitor, right? You've got a planning cap, you want to make sure you stay in your 15%, you have your admin cap, make sure you stay under 5%. ..., and you want to have a policy and be able to, ..., consistently go by that policy.

You can't say in one case, in this case, I'm going to treat this as activity delivery. In this other case, even though it is the exact same cost, I'm going to charge it to planning. That's a problem. That's out of compliance with part 200. You need to be consistent. ..., and then when we talk through this, the key is, as I mentioned, activity delivery costs, which are administrative in nature, can be charged to, ..., can be charged as admin, but admin costs cannot be charged as activity delivery costs, right? If you have that group in the table, when you're looking at those, those are all general cost, general oversight of the grant. You know, you can't charge those types of costs to a specific activity because it doesn't work. ..., so when I say that there are some costs that can be across cost categories, uh, that is not one of them. So general administrative costs have to stay in PACs. ..., but hopefully that's clear. We, and we tried in the notice to lay out some of the specific examples where, ..., like a planning costs might be able to move to an activity delivery cost. ..., all activity delivery costs are administrative in nature. So you can, again, make your policy there and just act consistently.

Alright. ..., so should you share program administrative costs? Obviously ultimately this is completely a grantee decision. It is up to you. There is no you have to or don't have to here at all. ..., this is just recommendations and guidance from our experience. ..., if you are a grantee that is working with local governments as sub-recipients or sub-grantees, and that's sub-recipient, ..., local government, it's just managing one housing program, there is really no reason where you would need to share your program administrative costs with them because they can tie all of their activities, all of their costs, even though they are administrative in nature, they can charge all those costs to that specific activity because they're just doing one activity.

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

So anything they're doing, they can charge towards, ..., activity delivery. ..., now if they are, we have to think through this a little bit differently.

If you are working with a local government that's running multiple programs, that's, you know, has a buyout program, a housing rehab program, ..., and a small business grant loan program, you might want to consider whether or not you should be sharing admin. ..., it might be that that local government could still track their time, ..., all their staff time for each individual activity. And so you can tie it to activity delivery. ..., but if they're doing anything that is general in nature that's across the programs and they're not able to tie it to a specific activity, that's when you might want to consider whether or not it'd be appropriate to share some admin. ..., and we say this because I think in the regular program, ..., particularly with state grantees, ..., they tend to just have the, you know, the way they do in CDBG is they share some of that admin and that's just the way you do it. ..., so we're just asking folks to think through it a little bit. Does it make sense? You only have 5%, you're building a new program. ..., DR is not CDBG, it, you know, it has its own, ..., all of its own components, ..., that you need to build up capacity for. So you want to make sure you're saving as much of that admin as you can.

All right, so briefly want to talk a little bit, ..., where the notice walks through direct versus indirect costs. ..., you know, again, depending on, you know, this is something, ..., I think just it's sort of general to remember. ..., uh, depending on how you're classifying and allocating indirect cost under your federal award, ..., it is possible that a portion of your indirect costs, so this is assuming you have an approved indirect cost rate, right? ..., please don't ask me about getting an indirect cost rate approved. We can, we can, ..., that's something that definitely you should reach out to your grant manager about. ..., we'll save that for another webinar. ..., but if you have an approved indirect cost rate, ..., you might have some indirect costs that are eligible to a specific activity such as housing, rehab, ..., and you might be able to appropriately treat appropriately treat them as activity delivery costs.

I think when we think, oh, indirect cost allocation plan, folks, just think indirect costs are automatically admin, but that's not necessarily the case. So, you know, we talk through it in the notice. ..., we reference all the part 200, ..., citations about this. Hopefully it will help folks think about when do I have costs like this that I could tie to a specific activity? ..., again, you know, helping to save some of that admin. ..., and then, you know, for the million time this webinar, a reminder, ..., when you do that, you have to treat them consistently. So you can't treat them one way in one case and different, ..., in a different case, right? So you have to be consistent. Make sure you're referencing, ..., in your policies and procedures, bring in all these part 200 references. ..., I realize not all of part 200 applies to states, but sometimes it's really good guidance or reference in your policies and procedures. Even if a section in part 200 doesn't apply because you're a state, ..., sometimes it's just helpful for guidance. ..., and again, you just want to make sure you're focusing on assigning costs to the, ..., appropriate cost objective. ..., and you know, usually the cost

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

objective is your DR award. That's kind of how we look at that. ..., and when you can't assign it to a specific objective, then when that's not feasible, it's usually considered in direct cost.

..., so just walking through the definitions again, ..., direct costs are those costs that can be identified specifically with this particular cost objective. In this case, we're talking about your CDBG-DR reward, or maybe we're talking even more granularly about, ..., a specific activity because they're activity delivery costs. ..., and it gives some examples of direct costs, but they're similar to what we've gone over. And then, as I mentioned, indirect costs are usually those costs incurred for a common purpose benefiting more than one cost objective. And it's not readily assignable to one cost objective specifically. So that, that's usually when, ..., you as a, ..., CPD office, you have multiple grants, right? You guys are working CDBG-DR. It's rare that we work with an office where CDBG-DR is the only thing what they do. ..., so you have multiple federal awards, you have, ..., multiple agency awards that you're working with across the federal government. There are some costs if you have folks who are working across all those programs where you cannot tie them to a specific war. And that's what we're talking about, ..., for those costs, that would be considered indirect.

All right, we are getting close to wrapping up. ..., this, there is a DRGR guidance section in the notice. I took out the main point, ..., a few of the main points from that section. ..., if you have additional DRGR questions that you feel like we did not address in the notice, please feel free to send an email. I'll also show you that, ..., our ODR policy email at the end of the webinar. ..., always appreciate hearing from folks where, ..., in notice documents where we, or guidance documents where we fail to hit something or there's some confusion, so please let us know. ..., but it is just sort of a reminder when you are creating activities in DRGR, ..., and to help you be able to use this guidance on activity delivery costs to the best of its ability.

..., if, if a activity has the same national objective, the same activity type, ..., you can really combine multiple activities into one single DRGR activity. You'll have records in your office, online, whatever, however you do your record keepings for each single individual activity, right? And when we come to monitor, we'll look at single activities, but in DRGR, ..., if your, ..., if your activities have the same national objective, the same activity type, you can consolidate them into a single DRGR activity. There's no reason why you would have multiple, ..., housing rehab activities that are for LMI beneficiaries. There's really no reason, right? ..., and it helps with your own, uh, reporting. You know, you want to make sure, you know, if you're grouping activities or you didn't normally group together, you want to really make sure you're using your narratives to explain to the public the updates for each of those individual activities, ..., in your QPRs, ..., and in your action plans.

But, ..., it's a really good idea to just think through, you know, what's the most efficient way to manage my activities in DRGR. ..., and then another reminder, this is, ..., where we differ from IDIS and I think sometimes can get folks in trouble. ...,

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

you all this, all this stuff we've been talking about with activity delivery, there is no standalone DRGR activity, delivery costs activity, right? ..., those activity delivery costs, everything we've been talking about should be included in your single DRGR activity. That, ..., is the hard cost, right? So you're going to have your activity delivery costs and your hard costs all in one line item and your single DRGR activity. ..., you, you're not separating those. And I realize that can be confusing, ..., for some who are new to dr.

but you should be grouping those costs together in one activity. Those should not be separated. And what I mentioned earlier about national objective and how it goes in proportion to the activity or funding, that's where, ..., that comes into play, right? Because if you have a housing rehab activity that is LMI and one that is urgent need because you're able to meet that alternative requirement, ..., so you're going to have two DRGR activities for housing rehab because they meet different national objective criteria, then you're going to be able to split up your activity delivery costs in proportion to those activities too. So you're not going to have a separate activity delivery cost. It's going to be incorporated into your activity.

All right? And I think I'm going to be joined by Mikayla who's going to kind of walk through, ..., the webinars we have coming up.

Mikayla Catani: Hey Everybody, thanks for sticking with us through this presentation. We've been gathering all of your questions, so we're going to jump into those next. ..., but before we do, we just want to share with you all some of our upcoming webinars that we have in our fall series. ..., so thank you for everyone who is able to join us today for the first one. Uh, next we have our Economic Revitalization Guide Overview webinar, which is currently scheduled for October 10th. Again, from two to 3:30 PM Eastern Time. Uh, this is a resource that's currently available on the HUD Exchange for you all. Uh, it's a really great resource and guide, so I'm excited to kind of walk through that and provide some examples for you all up. Next, we have a duplication of benefits or DOB worksheet overview. ..., and so our, our resource for this is coming soon.

Uh, we hope to have it posted online as soon as we can for you all to view. Uh, ideally we'll have it available before the webinar so you have a, some time to digest the material. ..., and then for this webinar, we will plan on going through the tool, providing a little bit of some general context related to DOB and really walking through a couple examples using the tool itself. So, uh, really hope that'll be helpful for you all, especially folks who are new to CDBG-DR and haven't had to do, uh, individual DOB analysis before. And then lastly on the schedule is, uh, an overview of our interchangeability policy bulletin. Again, this resource is coming soon, and we will try to have it posted and available before the webinar series. Uh, this presentation will really talk about the different, uh, provisions that allow interchangeability, both from an admin fund perspective, so those PACs that Jen's been talking about, ..., during today's presentation.

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

And then also for grant funds interchangeability, so all those other costs, right? So the construction costs, the planning costs, the, the activity delivery costs, and so on. Uh, so that is currently scheduled for November 7th from two to 3:30 PM Eastern standard time. And then we just want to make note, uh, that if government funding lapses, this schedule will be revisited and, and we'll do some rescheduling. Uh, so stay tuned. This information will come through the HUD Exchange, uh, listserv and then, so you'll get that announcement there. ..., but please keep track of this schedule. And then Olivia has also shared the link, ..., to our page highlighting the, the fall webinar series. Okay? ..., so with that, Jen, do you want to move us to our next slide? And then, Michelle, would you please just provide everybody a reminder of how to submit questions both in the chat and then coming off of mute? Oh, Michelle, if you're speaking, we can not hear you.

Jen Carpenter: All right. Maybe we can, since we can't hear Michelle, maybe we'll just remind folks. ..., Mikayla and Olivia have been taking the questions from the chat. ..., maybe let's, how about we start with those questions and then we will, I think there's, uh, four that we will tee up right away. Let's tee up those first four and then we will open it up, ..., for folks to use the raise a hand button. ..., and hopefully we'll get Michelle back, ..., and she can start unmuting people. But let's go through the first, uh, few questions we got in the chat.

Mikayla Catani: Sounds great.

Olivia Healey: Okay. Well, for the first question, ..., I think we have a little confusion around the specificity of it. ..., but it's just generally about when you are setting up your sub-recipient agreements and your activities, how can you incorporate your activity, activity delivery costs into, ..., those agreements and, and when you're starting those relationships, are there any, any advice?

Jen Carpenter: Yeah, it's a good question. If other grantees have good best practices for this, I think this is one we're hearing from other grantees would be great. ..., so if, ..., folks want to put ideas in the chat, we can read them, ..., or, or share them with everyone. ..., you know, I think, I think the best way is it's going to be an estimate, right? You're going to have to estimate, ..., what those kind of overhead administrative costs are going to be. ..., that will ultimately be activity delivery costs. ..., you can think through, ..., your own admin budget and how much you're spending.

Moderator (Michelle): You guys, able to hear me?

Jen Carpenter: Oh, yep, we can hear you Michelle.

Moderator (Michelle): Uh, Okay. I don't know what happened. My system has a mind of its own <laugh>. I apologize ladies and gentlemen. Okay. Alright. So if you do want to submit a, ..., question in the chat, I think most of you have figured out how to do that, just be sure to select the dropdown option of all panelists and then the, ..., all the speakers will be able to see your questions. ..., alternatively, if you're on the phone and you want to ask a question via, ..., WebEx audio or over the phone only line for WebEx audio press the raise hand icon at the bottom of your screen. You'll see it right next

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

to the smiley face. And then if you are on the phone only line pressing pound two, we'll enter you into the queue.

Jen Carpenter: All right. Awesome. Thanks Michelle. ..., so we do have some folks. Yay. I appreciate this a lot. ..., some grantees mentioning, ..., some of what they do for this, estimating this, ..., Ginger from Louisiana, ..., mentions that they have some processes in place where they estimate activity delivery costs based on the type of activity. ..., they include a budget for direct project costs, and then a separate line item for activity delivery costs in their sub-recipient agreement. ..., so that's good advice. ..., or I think that's it. ..., yeah, so I think it's an estimate, right? You're going to, ..., and this, this is for direct costs too, right? We know in this environment where, ..., construction costs are, ..., unpredictable where we've seen inflation over the last however many years, you are going to have to make adjustments over time to your budgets. ..., and just make sure you, again, you have a process for, for that. ..., you might even want to spell it out in your sub-recipient agreements about how that will be addressed. ..., so because you're going to have estimates and you're going to have to make some of reevaluations.

Mikayla Catani: Okay, so our next question is if a contractor provides support to multiple programs, but they can clearly segregate the support provided to each program, can these costs be activity delivery costs?

Jen Carpenter: Yes. Again, the same way you're going to have the staff you're working with, ..., keep their time sheets and track how much time for each task. You're going to do that with contractors too. You know, you should always hold your contractors to that same level standard that you hold your own staff to and tracking time. ..., because you know, when, when HUD comes in to monitor, we're going to want to look at that. ..., and you know, the big thing is you want to make sure, ..., it is spelled out in your contract, right? ..., you know, ideally, you'll include that before you sign the contract. ..., but I would always, you know, be checking in on your contracts and see if any of them need to be amended to make sure you have that, ..., ability to hold those folks to a standard that you have set for documenting time.

Olivia Healey: Uh, this next question is, how are our planning costs considered when calculating and,

Jen Carpenter: Oh, Olivia, we lost you at the end there for something.

Olivia Healey: Oh, my sound went out.

Jen Carpenter: Yeah. Oh no, it's, it's back.

Olivia Healey: Okay, cool. I'll just restart all over and then I'll also put it in the chat so viewers can, uh, see the question. Okay. But the question is, how are planning costs considered when calculating and tracking mitigation only activity costs?

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

Jen Carpenter: Yeah, so, ..., for mitigation set aside, ..., and just in DRGR, you'll see there are MIT activity types. ..., so that's how you're going to be able to track whether or not that activity is a mitigation eligible activity. You want to make sure you're, you know, whether you're talking about CDBG-MIT or you're talking about a MIT set aside within a DR. Grant, ..., please make sure you are documenting the, the requirements around eligibility for mitigation. Uh, they're spelled out really specifically in the notice. ..., so make sure that, you know, it's not just, oh, I've documented this in DRGR because I called it admit planning, or I called it admit rehab. We're going to want to see your program files and see how you've documented why this is a mitigation eligible activity. And that means, uh, you know, ultimately that it's meeting the definition of mitigation that we've included in your notice.

Mikayla Catani: Okay, for our next question, ..., in case an approved project has performed an AE, for example, design costs and at the end of the project cannot be completed because of external conditions beyond the grantee or subrecipient's control, can the cost be charged to an activity as an ADC because it was done under good faith or should grantees, uh, reclassify these costs to admin or planning?

Jen Carpenter: So thank you for asking this question. ..., I was hoping someone would, I actually meant to bring it up and I forgot to. ..., so, ..., I tried really hard to get failed costs, uh, included in the CPD notice. There's still a little bit of disagreement about how those costs should be treated. So you'll read the CPD notice and see that that's not really mentioned here. ..., so what that means is the guidance in 13-07 on failed costs is what currently stands right now. ..., and it does say that, ..., any cost of a failed project does have to be moved to admin. So that's where we're at today. I hope in the future, ..., we will be successful and coming up with a policy, ..., whether it's specifically for DR or, you know, it's broader than that, we'll see. But, you know, we do, we are working internally on that question to see if we can give some additional guidance.

But as of today, if you have failed costs, ..., activity delivery costs, ..., they do have to be reclassified as admin. If you are not able to meet a national objective and ultimately fulfill a project, I will say specific planning costs can be a little different, right? I walked through, uh, the planning reg, I walked through an example. ..., if your costs for planning are general in nature, right? You're sort of looking at a general project plan to see if, ..., maybe whether contaminants on a site can be mitigated or not. ..., and you ultimately, based on that plan and, and the work that you're doing around that plan decide they can't, that's still a general planning cost, right? It still meets the reg for planning. So if we're talking about those specific costs that are eligible under the reg, ..., 570.205 in that list of activities, ..., and what you'll see in the CPD notice, those are planning costs and that's okay. ..., but if we're talking about staff overhead work, ..., on a project where they would normally be activity delivery charged to an ultimate, you know, house that is occupied by an LMI household, and that doesn't happen, those calls are going to be moved to admin, ..., for now and stay tuned for. ...,

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

Moderator (Michelle): I think Jen froze.

Jen Carpenter: Oh, doesn't look like we

Moderator (Michelle): Are you back?

Jen Carpenter: Yes, we can hear you again. Don't see any hands. ..., should we just go, do we have any more questions on the chat we want to take?

Olivia Healey: I think, ..., if you want me to throw an impromptu session design on you, ..., we had a lot of questions come in that are very, like specific examples asking which cost category they fall into. Yeah. So I was thinking before we have your expertise, ..., kind of showcase what the answer is, if we wanted to do a little quiz on some of the ones that came in and have participants guest first and then go from there.

Jen Carpenter: Yeah, I like it. Let's do it.

Olivia Healey: Okay. ..., so for the first one, if anybody wants to put a guess in the chat, ..., before we go ahead and answer it, ..., what would the cost category be for a broad level environmental review?

Jen Carpenter: Broad level environmental review, and your, your audio is like, we can hear you, but it's just going in and out just a little bit. So I just, oh,

Olivia Healey: I'm so sorry.

Jen Carpenter: It's okay. We have some guests planning. Mm-hmm. <affirmative>. All right. Yes, that's right. Planning. Thank you. ...,

Moderator (Michelle): Ladies and gentlemen, just as a reminder, if you would like to respond to this question, please do, send your answer to all panelists so that the speakers can see your answers.

Jen Carpenter: Awesome. Thank you, Michelle. And yeah, we've got a lot of folks putting in planning, and that's the right answer, so that's good. ..., and Michelle, do we still have one hand raised?

Moderator (Michelle): Yes. It looks like we do, Catherine. Okay. So I'm going to unmute your line, Catherine, and you should be able to go ahead.

All right, go ahead.

Audience Member (Catherine): I just wanted to make sure that I was absolutely clear about the question about failed costs. So if it was, ..., an activity that's serving several properties, uh, as part of a single activity in DRGR, and you have maybe a damage assessment infection that reveals that there's not storm tieback, for example, so that property drops out of, of participation. ..., but you still have this, you know, you're still doing other properties that will meet a national objective, ..., and will be in DRGR. ..., so you would have, you know, potentially this activity delivery, but, so are you saying that that still would have to be rolled, rolled over to admin, even if you do have other properties that are still going to meet a national objective and go into DRGR?

Jen Carpenter: Yes, unfortunately, until we have, ..., a new policy in place, ..., the provision from CPD Notice 13-07 still stands. And I can, I can grab, there's, ..., a few a sentence in there. I think, ..., that addresses this. They would need to be moved to planning, or sorry, they would need to be moved to admin. ..., again, I, ..., completely understand why, uh, I, I completely understand the argument for, ..., us treating these costs

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

differently. And, ..., I am, you know, we're working really hard internally to be able to, ..., release, ..., something on this, but we're just not there yet. ...,

Audience Member (Catherine): I understand. I thank you for clarifying. I just wasn't sure if it was a distinction if you still do have other properties that are meeting a national objective, if there was a difference, but I understand that there's not, and I That's fine. Yeah. I appreciate the, yeah. Clarification.

Jen Carpenter: Yeah. Thank you for the question. All right. Do we want to try another, ..., uh, example here and see if we can get folks to guests?

Moderator (Michelle): Do you have another question in queue?

Jen Carpenter: Oh, Okay. Let's do that.

Moderator (Michelle): You ready for that one?

Jen Carpenter: Okay. Yeah.

Moderator (Michelle): Edward, your line is unmuted. You may go ahead.

Audience Member (Edward): Yes ma'am. My name is Edward Barnes. I

Jen Carpenter: You lost him.

Moderator (Michelle): Yeah. It looks like Edward dropped. So we, we do have someone else in queue though.

Jen Carpenter: Okay.

Moderator (Michelle): ..., looks like we have Laurel in queue. Oh, actually Edward just popped in. Let me try and unmute him again. Okay. Edward, go ahead.

Audience Member (Edward): Yes, ma'am. I'm trying to see if I'm in the right place or not. ..., is this webinar about, ..., how to obtain property and land or something like that?

Jen Carpenter: It is not, it is not.

Audience Member (Edward): Okay. What is this about? Because I got it in my email. I signed up to, uh, try to learn how to obtain property and land for my nonprofit.

Jen Carpenter: Yeah. So, ..., this is for community development block grant, ..., disaster recovery grantees. So if you are in a city or a county or a state, ..., that has had a major disaster over the last 10 years or so, ..., you might have a CDBG-DR grantee, ..., who covers, uh, the area in which you work. And maybe, ..., if one of you could put in the chat for Edward our, uh, grantee contact info page. We'll post that in the chat for you, Edward, and you can, ..., click on that. And then, you know, we have a list of all our grantees. We have contact information there so you can see if there's a, a grantee working in your state who might be running a disaster recovery program. ..., and that's what we're talking about today.

Audience Member (Edward): Okay. Thank you. Because I'm in Tulsa, Oklahoma, and yes, we had one in June, we had a

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

Jen Carpenter: Yep, we definitely have a grantee there.

Audience Yep. Yes ma'am.

Member

(Edward):

Jen Carpenter: And alright, We will put that in the chat for you so you can, uh, thank you. Reach out to Oklahoma's, ..., grant recipient.

Member Thank you, ma'am. Have a blessed day.

(Edward):

Jen Carpenter: You too. Thank you.

Moderator All right. We do have one more, ..., question in queue if you're ready for that one over the phone? Yeah. Oh, not phone audio, WebEx audio. Okay, let me go ahead.
(Michelle): Laurel, your line is unmuted. You be able, you should better go ahead.

Audience Oh, can you hear me?

Member

(Laurel):

Jen Carpenter: Yeah, you're better now.

Audience Okay, great. One question, so in the notice it says on table one it says that it's, it's

Member not an exhaustive list of examples in table one, right? But table two, it doesn't say

(Laurel): that. So just confirming that that's the same applies that it's not an exhaustive list in table two?

Jen Carpenter: Good question. I am going to say, a little bit of a nuanced answer. I think for those costs related to the action plan that could be charged as planning, that's an exhaustive list. The buckets, I mean, there could be costs. ..., you know, I hate to even say that there could be costs in these four bulleted lists that would fall under costs related to, build your mitigation needs assessment that we haven't listed here. So, ..., I think, yeah, I don't, I, I'm going to say it's not an exhausted list. ..., but I, you know, just be very careful on the planning side of that. You know, that was really negotiated with our attorneys. ..., so we can really use this to back up how you're charging these costs. ..., but it's, if it's not in that list or you know, within those four buckets in that table, ..., we're going to have a harder, harder time, ..., you know, backing up that those can be planning.

Audience Great. Thank you so much.

Member

(Laurel):

Jen Carpenter: You're welcome.

Mikayla Catani: Okay. I think we have, ..., some more time, ..., maybe for one or two more. ..., so let's go back and test everyone's knowledge. We received several questions in the chat asking about citizen participation and public hearings as it relates to your action plan development and the public comment period. So in the chat, can you guys tell us what do you think, ..., the proper cost category would be when doing, uh, public hearings for your CDBG-DR grants?

Give everybody a moment.

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

Yes.

Jen Carpenter: Yay.

Mikayla Catani: Getting right answers. Uh, so the answer would be, ..., there we go, the PACs, program administrative costs. There you go.

Olivia Healey: Do we want to do one more quiz or one I guess one more regular question. What are you feeling, Jen?

Jen Carpenter: Are the regular, where do we have more? So these other questions are what's coming in the chat?

Olivia Healey: Yes. I think that, ..., I'll do one more quiz. And then we can reassess the questions that came in. Yeah, some of the outstanding ones that, that you're looking at, we've addressed through other answers. They're just kind of nuanced to the same questions. All right, for a quiz for the audience, let's do, ..., if you created a system design and implementation plan for conducting your unmet needs analysis and that builds your programmatic or administrative capacity, how would you charge that one? So a lengthier answer, but for the concept that we're talking about creating a system for your unmet needs analysis, how would you classify that cost? I guess you could just refine it to your unmet needs analysis.

Jen Carpenter: Mostly they got it right, once they got it right. ..., again, remember all the costs related to your conducting your Amen needs assessment, right? ..., so if you need to build a system in order to conduct your menus assessment, ..., then we can, we can count that as planning, right? As long as it falls under that. ..., you know, all costs related to data analysis, ..., your assessment, uh, data gathering, ..., whatever you need to do to make that happen can be charged towards planning. ..., we want to, do you want to do another one more question? You see? ..., if we can do question 10, I think that's a good one for everyone. Sure.

Mikayla Catani ..., okay, so for this question, uh, the, the person's asking, does HUD have a preferred model or best practice for how grantees should track ADCs outside of DRGR given that there is no specific line items in DRGR for these costs? This is especially challenging where ADCs may be incurred before the project costs and charging them, ..., can, can be challenges for, can be challenging for grantees.

Jen Carpenter Yeah. So I think, I think this is a good question. ..., I would not say we have a preferred model. I think what works for you, ..., and what, you know, always we like to say what tells the story, right? And your records, ..., DRGR should not be, you should not look at DRGR as any kind of record keeping system, right? We want, when we come to you and to monitor, ..., sure we're going to look at DRGR before we come, but then we're going to want you to open your files to us. ..., and we're going to want to see, ..., you know, not only the, the hard costs and your construction contracts, ..., but a lot of times we'll also want to see those soft costs. And, ..., you know, whether it's a financial analyst doing a voucher review, ..., you know, a lot of times that's where those costs are reviewed.

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

Uh, when our FA financial analysts are doing, ..., their review. So they're going to pull vouchers from DRGR and they're going to want to see your backup documentation for that. That's usually how, ..., you know, you want to have, you want to have a good system. So when HUD comes, you know, if we pull vouchers from DRGR and give them to you and say, okay, tell us, you know, show us the backup documentation for this, you want to have a good system to be able to respond to that in a, in a timely way. ..., so however your system works best for you, but also think about HUD coming to monitor and what that looks like. ..., you know, maybe something as simple as in the, in the record in your records, you have an Excel sheet that lists the different types of costs, ..., and then you keep your, ..., your records for those administrative costs that are activity delivery in, in a different place.

And that's okay. But I should be able to tell when I'm looking through your files, ..., why there's this big difference. One of the other things, ..., we went back and forth on the notice. I think ultimately, we didn't include it, but, ..., something we have been seeing a lot of that I want to caution against is, ..., you know, when you're looking at the cost of a project and you're seeing activity delivery costs that are well over 20% of a project, that's a red flag for me as a monitor, right? If I'm coming in and you're, you're spending, ..., and, and the hard costs are like 50% and the activity delivery costs are 50%, ..., you know, I'm going to have a lot of questions about why there are so many administrative expenses charged to that activity. Again, there's no real rule, it has to be this percentage.

I'm just using examples. ..., you know, I think a lot of folks like to see those activity delivery costs to be under 20%. That's kind of a good rule of thumb to have when they're over that we start sort of questioning things. It's just kind of a red flag for us. We've been around for a while and looking at, ..., records. So you want to also make sure you're tracking activity delivery costs for each of your projects so you know how much you're spending on admin. Do you have a subrecipient whose admin costs are like out of control and way higher than all your other sub-recipients? You should have a way of tracking that. You're not going to be able to do it in D R G R, ..., and you shouldn't rely on D R G R. You should have a way in your own system to be able to track activity delivery costs yourselves so that you're keeping a good eye on how much you're spending on that.

..., or you know how much your sub recipients are spending. ..., and make sure that, you know, you're kind of seeing consistent costs. ..., but, you know, think through, you know, how can I track it as a grantee? What's the best way for me to keep track of these costs? And then also, ..., when HUD comes in to monitor, either doing voucher reviews or, ..., you have program staff just looking at your records, uh, what's the best way to represent that for them? ..., so they don't have to ask you a hundred million questions. Hopefully that's helpful. ..., again, if any grantees have advice or best practices for this and you want to put in the chat, I'd be happy to read those. ..., it's always good to hear from other grantees and, and especially the

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

ones who have been around with DR for a long time, who have ..., sort of these built-in practices that are helpful for our newer grantees. Are we, ..., kind of at time, I don't know. Michelle, do we have any more hands up just in case? Oh, Michelle, I don't know if we can, I don't see any, I'm looking at the list. I don't think we have any more hands up.

Yep. Can you hear me?

Moderator
(Michelle):

Jen Carpenter: Yes, we can hear you.

Moderator
(Michelle): I don't know why my system he's doing this. I apologize. No, there are no additional, ..., hands in queue.

Jen Carpenter: Okay, I feel like this might be a good place to end it. Mikayla or Olivia, do you have anything else that I'm missing?

Miakyala Catani: don't think so, Jen, I think we are good to move on. ..., so if you want to just move to our next slide, ..., for folks that may have additional questions later, you guys can reach out to us, uh, through our policy division inbox. So right here on the slide, and again, we will post this recording and the slides online. So be on the lookout for those.

Jen Carpenter: And then I just want to bring up that, ..., someone mentioned that just does a best practice in the chat that you should be reconciling your own system with D R G R on a regular basis. That is very, very good advice. ..., because you don't want them to be out of whack when you come to look. ..., so that's really something too to keep, keep, uh, checking or have, have a policy for how often you're going to do that and, and then try to stick to it. So thank you all very much for joining us. ..., hopefully this was informative and hopefully the CPD notice is going to help, ..., a little bit with some of those admin costs, ..., and see if we can move some of those around a little bit. ..., if you have a question about the CCB d notice that we didn't get to today, uh, please email the ODR r policy division inbox.

It's ODR policy division at HUD dot gov. ..., and then we will be hosting, uh, this, uh, recording and transcript and slides up on the website. ..., if we remain open for business next week, that will happen next week. ..., give us some time. It takes a few days to get the recording. And then, ..., work with our web team to get everything posted maybe closer to the next two weeks. ..., obviously if we have a lapse in government funding, ..., it will be on pause a little bit until we come back and are able to do that. ..., and just a reminder that we will, ..., send out that rescheduling. ..., thanks to Olivia in the chat. She posted in the chat. ..., those future webinars look for updates. If there is elapse in funding, ..., we'll make sure to let everyone know those are going to be rescheduled. We still want to have them. We're really excited about doing this webinar series. We haven't done one for a while. ..., so we

Date: September 28, 2023

Title: CPD Notice (CPD-23-06) on Allocating Costs Overview Webinar

were, we were pretty excited about doing it, so, ..., we're not going to cancel them. We will reschedule and, and we'll make it happen. ..., so thanks everyone. Really appreciate it and uh, we will talk to you. Talk to you all soon. Thank you.

Moderator That concludes our conference. Thank you for using event services. You may now
(Michelle): disconnect.