

Sharon:

Welcome and thank you for joining today's conference, Home-ARP 101, Non-Congregate Shelter Basics. Before we begin, please ensure you have opened the chat panel by using the associated icon located at the bottom of your screen. If you require technical assistance, please send a chat to the event producer. You can submit questions throughout the presentation to everyone, from the dropdown menu, in the chat panel, and through your question in the message box provided and send. With that, I'll turn the call over to David Jones, please go ahead.

David Jones:

Thank you so much and welcome again to everyone. I'm glad that you've been able to join us today for the latest Home-ARP webinar that we are delivering out. This one today is going to be on Non-Congregate Shelter Basics and we're glad that you could join us today. I just wanted to welcome you and I'm going to go ahead and turn off my camera now, and we're going to go through the slides. So we're going to have two presenters today. Ginny Sardone, director of Affordable Housing Programs, will be speaking today and I will also be participating throughout the day. We are going to try to ... in a broad way today, we're going to try to focus on basic NCS eligible activities. What PJs need to consider prior to investing Home-ARP funds in NCS development?

Staying in compliance once developed, and further considerations that you need to be looking at, if you're considering converting Home-ARP NCS projects into permanent housing. Something that we want to make really clear right now is that it's still very, very early in this process. I mean the time is ... Home-ARP has been around for a while now, but we still don't have NCS projects that are coming through yet. So this is still baby steps for everyone in this process. We're still fielding lots of questions. We're still open to lots of questions, so we're going to try to give you some information today, and at a minimum, we hope that this is going to spur you to reach out to the field offices, reach out to headquarters, reach out to Home-ARP staff and get additional information to help you.

We are going to touch on project development compliance and conversion today. What we're talking about for non-congregate shelter? And we know that there's non-congregate shelter that is ongoing right now in communities that is not related to Home-ARP, but for Home-ARP purposes, NCS is defined as one or more buildings that provide private units or rooms for temporary shelter. Serve individuals and families that meet one or more of the qualifying populations and they do not require occupants to sign a lease or an occupancy agreement. So we're going to break down the project development overview into the sections you see here. So qualifying populations, the mission and occupancy, eligible activities, eligible costs, replacement reserves, prohibited costs, commitment requirements and due diligence.

I'd like to turn it over for the first part here to Ginny, to talk about qualifying populations. Thank you, Ginny.

Ginny Sardone:

Thank you, David, and welcome everyone. Good afternoon and thank you for joining us for this webinar. We're really happy that you're interested in using your Home-ARP our funds for NCS. I just was going to take a few minutes before David really dives into NCS requirements, to talk a little bit about the qualifying populations for Home-ARP. What we're finding in the allocation plan, development process and with respect to PJ's home participating jurisdictions that are thinking about what projects to fund is that we can never sort seem to emphasize the qualifying populations too much. So the Home-ARP statute that created this one time funding source says that all Home-ARP funds must be used primarily to benefit these qualifying populations.

In the notice, the CPD 2110 implementing notice, sort of what we state is that all projects have to serve these qualifying populations. There's a minor exception in the rental housing section, but when you're thinking about putting together your allocation plan or if you're thinking about funding NCS, you really need to think about it in the context of these are the qualifying populations. These are the only people that you'll be serving within a non-congregate shelter that you would fund with Home-ARP funds. So just to quickly review these definitions, there are four qualifying populations. They are established in statute. The first is the homeless definition. That is at 24 CFR 91.5. These are the com plan regulations, but these are also the CoC regulations, this definition of homeless.

It's really important, particularly I think for non-congregate shelter to be aware of the fact that the homeless population in Home-ARP is only paragraphs one, two, and three of the homeless definition that you're familiar with. Paragraph four sort of was removed by Congress. That paragraph four is the domestic violence definition under homeless. They expanded that definition and they moved that out of the homeless definition for the purposes of this program. So that's really important, if you're thinking about establishing preferences in your allocation plan, preferences for non-congregate shelter. If you say, you have a preference for the homeless, you're really talking about sort of paragraphs one, two and three of that definition and not paragraph four, not the DV part of that definition.

The second qualifying population is at risk of homelessness. This is exactly the same definition in the com plan regulations at 91.5 and the definition that's used in the continuum of care program. So no changes to be aware of there. Then, I mentioned that they took paragraph four out of the homeless definition, Congress and they moved that into the third qualifying population for Home-ARP, and that is persons who are fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking. This definition is also a little bit different than what you're used to dealing with in your programs. What Congress did in creating this population is they took the domestic violence, dating violence, sexual assault and stalking definitions from the Violence Against Women Act regulation that HUD published, so that's 24 CFR 5.2003.

Then, they also added in the human trafficking definition from the Trafficking Victims Protection Act of 2000. So the domestic violence population, not in the homeless definition, they are sort of part of their own qualifying population, not actually all that confusing. I recommend you go back and look at the notice and you'll see exactly what these definitions entail. The fourth qualifying population was the one population where Congress gave HUD discretion and what those populations are, are families requiring services or housing assistance to prevent homelessness or those at greatest risk of housing instability. So that's how Congress set these other population and then, did give HUD some discretion in terms of how we define that.

Can you flip the slide please? Thank you. So I'm just quickly going to review those two other populations. These are probably the populations potentially that you're least likely to be serving in non-congregate shelter, but it's certainly worth taking a moment. The first possible sort of group under other populations, other families requiring services or housing assistance to prevent homelessness. So these are households or families who previously qualified as homeless as defined under the com plan and the CoC regulation, but they're currently housed due to some kind of temporary or emergency housing assistance. They're getting financial assistance, they're getting temporary rental assistance or some kind of supportive services.

So there is something that is ... some assistance that is temporary in nature, that has them housed, but the termination of that assistance puts them at risk of returning to homelessness, and so they need some additional housing assistance under Home-ARP or supportive services under Home-ARP to avoid a return to homelessness. So that's the first part of that other population's definition. David. Thank you. The second part is sort of more along the lines of the populations that you're used to in programs like the regular home program or the housing trust fund, and that is those at greatest risk of housing instability. This sort of means either a household that has an annual income, less than or equal to 30% of area meeting income and is experiencing severe cost burden.

So they're below 30% of AMI and they're paying more than 50% of their monthly household income toward housing costs or a household that has an annual household income less than or equal to 50% of area median income, and they meet one of that long list of definitions in paragraph little Roman three of the at risk of homelessness definition. So this is an NCS webinar, not a qualifying populations webinar. If you're interested in a deeper dive on the qualifying populations, there's a webinar that we did on qualifying populations preferences, limitations, and allocation plans back in May of 2022. I'll refer you back to that or to the notice to look at these definitions more clearly.

As we move through David's presentation today, please keep in mind that these are what the definitions are, and these are the only individuals or households that are eligible to be assisted with Home-ARP funds. I'm going to turn it back over to David. Thanks.

David Jones:

Thank you, Ginny. Appreciate it. That really is though ... I mean, Ginny is right and that this isn't a QP presentation, it is NCS. When we talk about NCS, we talk about admission and occupancy for NCS. It must meet the criteria for one of the four QPs and 100% of Home-ARP NCS funds used for acquisition of development must serve the QP. So it is crucial that the base from which we start is thinking about this qualifying populations. Admission and occupancy, other requirements that might be different for some of you that are used to dealing with just regular home program, so that occupants can't be charged the occupancy fees or other charges to occupy Home-ARP, unless this is already a customary fee for some reason or related to the way ESG is being run already.

So that's something that has to be ... you have to be aware of. We do encourage PJs to incorporate Home-ARP NCS into their coordinated entry system, but this is not a requirement, but it is certainly something that should be given heavy consideration. Okay, so for NCS occupancy limits, so we're going to do a poll question now on some of this, just to get some ... so please participate in this. These are going to be yes and no questions. So the first scenario that we'd like to give you is a PJ wishes to develop NCS to serve its homeless population with undetermined and unmet needs and is concerned that the Home-ARP NCS is described as temporary shelter and could require the PJ to move occupants before they are ready for other housing options.

So the question we're going to pose to you is, does HUD require a PJ to define or limit the length of stay for NCS occupants since NCS is defined as a temporary shelter? I believe that there will be a poll question that will pop up here momentarily. Okay, can everyone see the poll question that shows up on the right side of your screen? Everyone could go ahead and select an answer, yes or no. Does HUD require a PJ to define or limit the length of stay for NCS occupants since NCS is defined as temporary shelter? Okay, Sharon, if you have the ability to show the results of that now, I think that's probably a decent amount of time. Okay, it looks like more nos than yeses there, but pretty even split. So no, Home-ARP does not require PJs to establish limits on the length of stay by occupants of Home-ARP NCS units.

This is subject to local and state building codes or ordinances, which may require owners or operators of NCS to do so. So, that's possibility in your locality and NCS is not intended as permanent housing as its purpose, or it is to provide temporary shelter, until an individual household can obtain other transitional or permanent housing. PJs and owner, operators of Home-ARP NCS may choose to establish limits on an occupant's length of stay. Again, this is going to be subject to local and state codes and ordinances and may develop guidelines for operations or just also based around how you're running your outreach locally. So the answer is no, we do not get involved with setting those limits but again, it is temporary housing and we anticipate that this is a stop along a continuum.

Okay, thank you. We can ... the poll, if you want to remove that poll. Now, I'm going to go to the next slide. Okay, so NCS eligible activities, acquisition of structures to be used as NCS, whether you are doing rehabilitation or just

getting something in standard condition, rehabilitation of existing structures and new construction of structures to be used as NCS, are all eligible activities under the program. Acquisition of vacant land and demolition of any sort, are only permitted as part of a home NCS development. So you can't acquire land to be used at a later date or land banking, that sort of thing can't be done and no demolition done unless it is done as a part of the further project, right? Okay. So the NCS eligible costs, these should be familiar to any folks taking part today that have done home development projects.

We are talking about acquisition costs, demolition costs, development hard costs, the sticks and bricks part of the development, site improvements, any related soft calls, and then replacement reserves. Okay, ineligible cost, and this is a big one, we're getting a lot of questions on this, but yes, under Home-ARP, they may not be used for operating costs. It has to be for construction and soft costs related stuff, but no operating costs, rehab and construction costs to turn Home-ARP developed NCS units into permanent housing, is also not an eligible cost, that is ineligible. So the conversion, while it is permitted, and we're going to get into that later in the presentation, it is not something that is funded with ARP Okay, we got another poll question we're going to throw in here for folks.

So this is ineligible operating cost scenario that we have for you. So PJ invests Home-ARP NCS in the acquisition rehabilitation of a 15-unit motel to be operated as Home-ARP NCS. The original activity included minor rehab and replacement of room furnishings, beds, mattresses, cabinetry, seating. So the question we're going to pose for this poll, can Home-ARP funding be used to furnish a Home-ARP NCS room? I'll give you a few seconds here, 30 seconds or so to make a quick yes or no answer. Okay, do we want to show the results? Okay, so the yeses there are outnumbering the nos. Okay, so this was purposely kind of set up as a bit of a trick. Okay, so by putting the ineligible cost. Yes is the correct answer.

The cost associated with meeting the minimum Home-ARP NCS property standards established in the notice page 60 are eligible if they are a part of a development or rehabilitation budget and are a onetime cost, onetime cost to place the units into service. This may include basic furnishings to create an acceptable individual room to sleep, which includes space and security for themselves and their belongings. So we're talking about basic furnishings beds, seating, storage, cabinetry, lighting. However, it is an ineligible cost to then, replace those items later or to do sheets and bedding and those sorts of things. That then turns it into an operating cost. So first use of the funding in the development, the furnishing of the rooms is an eligible cost.

That becomes an operating cost if it's done later with Home-ARP NCS. So hopefully, we've gotten that point across there. Okay, so NCS commitments, Home-ARP NCS funds are committed when the PJ executes legally binding written agreement that meets the requirements in the notice. So the commitment requirements for acquisition NCS can be operated within six months of the date of acquisition and then, we're talking about acquisition

there, acquisition only and the units acquired will not require rehabilitation. If there is rehabilitation and new construction involved, development can begin within 12 months of the commitment date. Okay, so NCS due diligence, so the project development process, again should be familiar to those with home experience.

We're serving a different qualifying population and we're maybe tapping into housing resources, motels, hotels, those sorts of things that aren't typical for home at all, right? So those are where the difference are, but the NCS process is complicated a bit by the lack of cash flow that is typically created by charging home rent. So the home rents are relatively low compared to market rate and cases, but it's still able to pencil these deals out. This is going to be considerably more difficult in the case of NCS because of the qualifying populations that are being served and the fact that you're not creating cash flow from this. So before funding NCS, PJs must determine the project is financially feasible.

You need to be looking at information from the owner, the developer that demonstrates the project's financial feasibility throughout the restricted use period, that this is going to be a sustainable project and continue to provide that benefit. We must determine whether the owner intends to continue operating the project as Home-ARP NCS or convert to housing after the minimum use period. So you should be thinking about the long term disposition of whatever you develop, whatever NCS has developed, you need to be looking at long-term disposition. So future conversion of NCS to permanent housing is going to involve a higher level of planning in all stages of development. It's not going to be ... and we've had some questions around this, it's not going to be necessary for you to know specific project details of an NCS developed project that you want to convert to permanent housing at some point in the future.

The PJ's need to set expectations and think through if and how they will permit conversions, and they need to be talking about this with the developers that are coming along to do it, and they need to be establishing some kind of requirements, even if it's just how to initiate the discussion and the process with the PJ five years down the road. You want to put something in your written agreements and be thinking about it. That's what we're talking about, so you don't have to have specific set up for conversion, but you do need to be thinking about it and you need to be thinking about what does it look like for us as a PJ and our relationship with anyone that's coming to develop NCS, what are we looking at down the road?

This is going to help you not only in the event of conversion, but also, just in the long-term sustainability of these assets to your community that are going to provide housing and hopefully continue to provide housing, shelter. So before awarding funds for NCS, PJ must require the developers to submit evidence of appropriate shelter development skills and experience. The owner needs to submit evidence of prior experience in operating shelters, not just developing, acquisition or development budget timelines, sources and uses. Again, so if what you're seeing when you're reviewing these documents, if there is a gap in

the operating budget, the PJ should require the owner to submit a plan for securing additional private, local, state, federal, whatever other source is out there so that this can continue.

This is all a part of every bit of ... every project you're going to do NCS. I mean, this should be really a part of all the projects you're doing, but it's especially important with NCS and the fact that there just isn't going to be typical cash flow in these deals. Okay, so you have undertaken all the necessarily due diligence to commit funds to an NCS project. The next section that we're going to focus on really is getting into maybe some of the property standards requirements, use periods for your NCS project and requirements for establishing replacement reserves. So you've gotten this far and we're going to look at just how to make this happen. Okay, so property standards, for all projects, Home-ARP NCS units and common areas must meet all applicable state and local codes and HUDs lead safe housing rules at 24 CFR part 35.

Projects must meet Home-ARP NCS minimum property standards throughout the restricted use periods. So the minimum property standards for those of you that might be joining us today, that have ESG involvement as well, the standards are included in the notice on page 60 and they really are based on ESG but with enhancements for Home-ARP NCS developed in consultation with the snaps folks and with home, how do we take this a little bit higher than where it was at. So the key difference that we're going to see is that the requirement for in-unit bath facilities, we're not talking about communal, we're not talking down the hall. We're not talking toilet in the room and a shower down the hall.

We're talking about each individual sleeping room/ unit, however, you define it locally, each person is going to have access to their own bathroom. So for property standards, what we're going to look at for classifications is going to be based on whether you're doing an acquisition only project, a rehab project, or new construction, and the key thing to point out here is that these three categories are going to be determined by the PJ's local code requirements and based on the specific work to be performed. So if it's defined as rehab in your local code, it's rehab, right? If it's defined as new construction, it's new construction. That's going to vary a little bit from locality to locality. So in the case of an acquisition only project, must meet Home-ARP NCS minimum property standards described in the notice at the time of acquisition and be occupied and operated as NCS without any rehabilitation.

No rehabilitation at all. So the example here ... and this is something that we've seen prior to Home-ARP, is the acquisition of a residence suites or an extended stay type property in good condition and ready for occupancy. Something that they can receive a certificate of occupancy based on local codes and regulations and can be occupied straight away without anyone doing any work. That's acquisition only. Rehab, again, we're meeting all applicable state and local codes, ordinance and requirements. During rehab, we do want you to consider remaining useful life of major systems, and if you are going to establish a

replacement reserve to determine remaining useful life of major systems through a capital needs assessment. That's going to be crucial.

So any amount of funding committed for rehabilitation makes the project a rehab project, as long as the project is not designated as new construction by local codes. So this matters because of the way that we have set up restricted use periods and the time limits for rehab and new construction. I want to point out here, related to some of the needs assessments and thinking, considering replacement reserve. So, I want to make sure that everyone is making very clear decisions on establishing a replacement reserve versus completing the rehab work at the time of acquisition. This is going to require a process locally that we'll be able to do a solid capital needs assessment. If you don't have someone there, that you have someone that you trust can do these.

Some places aren't doing them, so it's important, this is something that you have someone to go to on staff or someone that you can hire out, but we want to make sure that that's being done. If the systems ... roofing or if structural systems or HVAC are close to end of life, but maybe they have some years, you might want to make the decision to just go forward with it and do that now. Complete the work now, especially, if you are a PJ that is not familiar with managing replacement reserves or ... I mean, know some places that just don't like to deal with replacement reserves at all, and you got to think about managing that replacement reserve it is going to have a longer term administrative involvement from you that maybe the investment on the front end is well worth it versus the hand holding that is going to be required for the replacement reserve.

That being said, replacement reserves are an option and for those that know how to use them or are eager to use them, that is going to be an option for NCS. Property standards for new construction. It meets all applicable state and local building codes. This is just like any new construction that you're doing now. No difference. What does it say for local codes? The distinction really between new construction and rehab, again, I'll stress is determined by local codes and ordinances. This might be a spot if we want to pause, Ginny, if there are any questions that we have that we want to do now are there any?

Ginny Sardone: There a couple, yeah. We're getting some good questions.

David Jones: Okay.

Ginny Sardone: I've been so busy calling them out of the chat, but I hope I'm not asking any of them too early.

David Jones: Okay, well, if you want ... I don't know if you were still pulling some of them together. I've got a poll question,... on property standards, we want to do that and then, we'll take some questions from your side.

Ginny Sardone: Sure, that's fine.

David Jones: Okay, great. I'm going to throw another poll question up. The scenario we have, the PJ wishes to acquire an unused dormitory for the provision of Home-ARP NCS. The dormitory is in good condition and does not require rehab to meet local code. Units are currently configured with four units, sharing a common bathroom. The question, can the PJ do this project as acquisition only and begin placing occupants in the building immediately? So again, we'll pop the poll question up. This will be another yes or no poll question and we'll give you 30 seconds or so to just take a quick take on it. Can the PJ do this project as acquisition only and begin placing occupants in the building immediately? Okay, we can go ahead and show the results.

Okay, so a lot of nos, some yeses, but a lot of nos. No, they cannot. So the minimum Home-ARP property standards, require in unit sanitary facilities that are in proper operating condition for personal cleanliness and disposable of human waste and they cannot be communal. So we're talking here ... in this description, everything else is good to go, except that you got four units sharing one common bathroom, and I must point out that the cost of rehabilitating or constructing a building to meet this standard is an eligible home cost. So you have the ability with additional rehab in this project to convert these bathrooms to make it so that they do have individual units. So you shouldn't be discouraged by that.

The funding is there to do it and that would be fully eligible cost. Ginny, I'll turn it to you for some questions if you have some questions now that we want to try.

Ginny Sardone: Hi. We have a lot of questions that are very relevant to what you've just been talking about. A couple of them I think have been answered, but I think it is definitely worth asking them again, with a slightly different twist. So the first question is, can you please discuss exactly what the definition of NCS is? Is this an independent unit with separate bathroom and kitchen facilities and can there be common areas utilized by other inhabitants of other rooms? So I think you just answered that.

David Jones: Yeah, very good question, and having that question when involving baths and kitchens is good to know. Kitchens and communal areas are okay. Shared communal kitchens or other kitchen facilities are fine for Home-ARP NCS. Communal areas, shared living area is also fine for Home-ARP NCS. However, we have made the distinction that Home-ARP NCS is going to be essentially a self-contained unit, a bedroom, whatever you want to call it, that has access to its own bathroom. So that is the key distinction and that's different from maybe folks that are doing ESG. That's a major difference. So just to boil it down, in the simplest of terms, shared kitchens, not an issue. Shared bathrooms are ineligible. I think that's the easiest way to present it.

Ginny Sardone: And we have sort of a different twist on this, but I think it's worth asking or pointing out. Someone asks whether there can be shared rooms, in other words, unrelated people in the same room.

David Jones: I think that unrelated people in the same room is going to ... I think where I'm going to go with that is it's going to be based on local codes for that, but Ginny, I would throw that to you, there's something in there that I'm-

Ginny Sardone: I view the question as a little bit different. I think unrelated people who are a household can occupy the same room. However, if you're taking two unrelated people who are not sort a member of the same household and putting them, they're not family, they're not a household and sort of simply making them share room, the answer to that is no.

David Jones: Right, and I think it also is complicated by what might be permitted by local ordinance for how they determine unrelated versus related and how that is done in the shelter housing situation, but that's a good clarification.

Ginny Sardone: Then, one last question for you on this topic, David.

David Jones: Okay.

Ginny Sardone: It's a good one, is it still acquisition if you replace furnishings or buy furnishing?

David Jones: So it's an interesting question there because I think that that's going to be one that is going to require some thought because I thought about it in terms too, what sort of a difference in say, re-keying locks, right? Let's say you buy a residence inn and the thing is move in ready condition, but re-key all of the locks, is that rehab? I think that the furnishing questions, if you're replacing mattresses, you buy a turnkey facility but you replace mattresses, is that considered rehab? I think that might be one that we have to throw around unless you want to throw an answer now, Ginny, that's definitely one that I thought about in preparing for this and I don't see that as rehab personally. I don't think that would be viewed as rehab based on local ordinance, local code. You're not going to have to pull a permit to replace a mattress, right?

I would say no, furnishings changing, re-keying locks, that kind of stuff would not be considered rehab, but might have to do a little internal discussion on that before answering that question.

Ginny Sardone: Yeah, I tend to agree with you David, although for the person who asked that question, if you want to follow up with us. We certainly can give you a definitive answer on that, and we actually just got one more question, David, that I want to throw out to you before you move on.

David Jones: Okay.

Ginny Sardone: Because it's something that we get a lot. So the question is, if you use Home-ARP funds for NCS, do you have ... I'm sorry. No, wrong question. If you're developing NCS for families, can a family NCS unit with three bedrooms share a bathroom? So this is the single family house question.

David Jones: Yes. Yes.

Ginny Sardone: That comes up so much,

David Jones: Yes, they can. If you are developing ... if you have set up your allocation plan and you've determined that homeless families are something that needs to be served locally, you can do single family housing in which a family unit shares a bathroom and once they are served in that NCS, that non-congregate shelter and move and you're serving another family in there, that is okay. Where this gets complicated is that, it is not the same for three unrelated individuals moving into that house and sharing a bathroom, but if you are serving families and you've set up preferences or limitations and you've established in your locality that you have a need to serve families, yes, you can do that in a single family housing situation where a single bathroom would serve that family. I hope that got at the question.

Ginny Sardone: I think it does.

David Jones: Yeah, I think there's some complexity there. If folks would like further discussion on that and want to reach out to us, please feel free to do so. That's the distinction that's being made in the idea of non-congregate shelter and the desire at the beginning of this to have individual rooms with bathrooms that are serving single people. I think that's the way it was talking about it. You got to think that a lot of this was being developed when COVID is full-blown and folks are thinking about some of the sort of health aspects of this and keeping folks apart. It's probably expanded beyond that at this point, and if serving families is what you need to do, then there is a way to do that where they would have a shared bathroom.

Ginny Sardone: Actually, we just got a follow up from the person who submitted that question and she says, her model includes four or five NCS for families on a single floor, not a single family home, but I think the principal is the same as they can ... members of the same household or family can share bathrooms as long as they're not sharing them outside of the unit.

David Jones: Yeah, I would agree with that but I think I would like to see that in more ... maybe if that question could be sent with a little more detail and we could pick at it a little bit, because if I heard something there, are we talking about multiple families on one floor sharing a bathroom or are we talking about-

Ginny Sardone: I'm assuming-

David Jones: Multiple people in a family.

Ginny Sardone: No, I think the question is multiple units essentially on a single floor where there's more than one bedroom in a unit and so, there's multiple ... sort of there's two bedroom enclosed units that share a bathroom but there maybe are multiple of that on a single floor.

David Jones: Okay.

Ginny Sardone: So it's really the same, right?

David Jones: Okay. Okay.

Ginny Sardone: Okay. Thanks David.

David Jones: Yeah, sure. Okay, we're going to move on now. So ongoing property standards and inspections. So PJs must develop ongoing inspection procedures, requiring an annual inspection, and we can take the poll question down too now, we don't need that. Require annual inspections, perform follow up inspections to verify any deficiencies are corrected within six months and ensure properties meet the NCS property standards, the minimum property standards throughout the restricted use period and life threatening deficiencies must be corrected immediately and PJ reinspects to verify within 14 days. That's pretty straightforward. We've talked about restricted use periods throughout this and I want to ... for those of you that have gotten into the notice and looked at some of this, the restricted use period is not the minimum use period.

There are two separate components here. A minimum use period is the amount of time that the NCS property must operate as emergency shelter before they can be converted to permanent housing. The restricted use period is looking at ... so NCS may remain as Home-ARP NCS, as originally developed during the restricted use period. It can be used as NCS under the emergency solutions grant program. It can be converted to permanent affordable housing after the minimum use period or it can be converted to CoC permanent housing, after the minimum use. So the minimum use period is going to dictate how long it operates as emergency shelter before doing any of the other things that are permitted under Home-ARP. PJs must comply with the requirements of the notice for not less than the restricted use period.

They must impose Home-ARP NCS requirements through a deed restriction, and this should be familiar to home folks and the duration of the restricted use period is based on the activity type, and remember how we talked about new construction rehabilitation or acquisition only? Here are the timeframes if you are doing new construction, there is a 15 year restricted use period. We want to make sure that we're getting 15 years of use for any new construction project. Rehabilitation is dropped to 10 and then, acquisition only is dropped to 10 and that is the restricted use period. So let's look at this through the different scope

of what's happening. So if the project is going to remain as non congregate shelter, what does that mean?

That means that there is no change in use during the restricted use period, so whether you did a rehab and it's 10 years or you did new construction, it's 15 years, whatever that original written agreement said is what it's going to be for the entire period. That's it, and you're serving the same population, no changes. You decided that it's going to be NCS and that's what it is for the entire period after the 10 year period or the 15 year period, then you're free to make choices. It turns into whatever it is and you don't have HUD involvement. Okay, so restricted use period, so if you are using it as ESG and this is something that's we're talking about ... you are permitted to basically use Home-ARP NCS funding to construct a building, and if it's possible for you to align this with ESG project, it can immediately become an ESG project.

So the ESG funds can be provided for operating and essential services. So during the development of this, we've looked at this, saying this is sort of trying to book in this, right? So we're bringing the funding from Home-ARP to create units that could transition and be accepted and work with ESG to be able to help with operating and essential services. If that is the case, it has to be operated in compliance with ESG, with 24 CFR part 576 and all applicable ESG requirements govern in the event of conflict with Home-ARP. So you're essentially using Home-ARP to develop, and you're using ESG to operate and provide services. That is something that has been intended and we encourage you to explore all options to make that happen.

Replacement reserve, so we talked a little bit about this before. Home-ARP funds can capitalize a replacement reserve to pay reasonable necessary cost of replacing major systems. We need you to do a CNA and major systems are listed here. Roofing, cladding, plumbing. That's what we're talking about. Again, I have to point this out, this is good. Establishment and use of the replacement reserve has to be incorporated into the written agreement and PJ should determine their role and how disbursements from the replacement reserve will be managed and what level involvement the PJ will place in the process. Know what you're going to do with this ahead of time. If it's not something that you're familiar with in your locality, plan it out, make sure that you're okay with it.

I have past history with PJs that I have worked for that the attorneys did not want us doing replacement reserves or getting involved in that at all. So just know that this is something that you can do locally before you decide. If the useful life projection that you've done in your CNA is close to the end. The restricted used periods, PJs need to seriously consider incorporating the work into the original project. Replacement reserve is there, it does involve additional work, but just think about the process before you get into it. It's more involved, if it's not something that you've done before. Okay, so returning of the replacement reserve, so if the NCS project continues as NCS, the projects can retain any replacement reserve that they set up to pay reasonable and necessary costs that's available to them.

If the NCS project will not continue as NCS, the remaining funds in the replacement reserve must be returned to the PJ's home treasury account. If Home-ARP grant has expired or closed out, the remaining funds in the replacement reserve must be deposited in PJ's local home account. They have to be recorded as program income receipt in IDIS and then, you could use them for eligible costs under 24 CFR part 92. We're pointing this out now it's important information but it's also ... it's probably something that most of you, if you get involved with this, we're talking years off. So come back to us and let's talk about it if you start needing to make these decisions and thinking about these processes, right? So what is project completion as it relates to Home-ARP NCS and why is it important?

So project completion starts the clock on the use period. So what do we mean by project completion? It means all necessary title transfer requirements of construction work have been performed. The project complies with the requirements of the notice, property standards, final inspection have been done. The project is actively operating as Home-ARP NCS. Final draw down has been dispersed and project completion information is entered into IDIS. So that's when your restricted use periods, the minimum use periods start. Okay, conversion to permanent housing. Getting a lot on this. We've gotten a lot of questions on this, and I think there's a fair amount of confusion. There's a lot of the questions that come through are making an assumption, I think and sort of equating conversion with adaptive reuse.

That's not really what we're talking about as it's related to Home-ARP. Under Home-ARP, conversion means a change in the original use of the Home-ARP NCS. So how it's operated? It doesn't necessarily have to be a physical construction related process. Conversion while permitted, conversion of Home-ARP NCS to permanent housing is not an eligible activity type and the cost related to turning Home-ARP NCS into permanent housing are only eligible under the rental housing at ... existing NCS into permanent housing are only eligible under rental housing activity, and there could be folks on the call today that have even posed the questions, let's say that you have an operating non-congregate shelter in your community right now that want to rehab it. We're going to keep doing this NCS. That is not a conversion.

That would just come in as a Home-ARP rehab. If you are looking to change and do something different with something that's operating as NCS into permanent housing, then that would be a rental housing project, right? That would not be home-arp NCS, because it is currently an NCS project that does not necessarily make it a Home-ARP NCS project. If you have any questions, we could dig into that deeper here, but on account of time, I would say reach out to us and we can talk about the specifics around that. Conversion requirements, so permitted conversions for us is really looking at conversion to permanent affordable housing, which is Home-ARP rental housing is what we're thinking about when we say permanent affordable housing or conversion to CoC permanent housing. If we're talking about permanent affordable housing, NCS is converted to

permanent affordable housing in accordance with the rental section of the notice.

Only after a minimum use period, as non-congregate shelter because this was set up and developed originally to be non-congregate shelter, you're permitted to do conversions to something else later, but we want to see that it operates and serves those qualifying populations as described for a certain amount of time, but it can serve ... it may serve different populations from the original QPs after that minimum use period. If you're converting to CoC permanent housing, it's converted to permanent housing under McKinney-Vento, according to the requirements of the notice and of 24 CFR part 578. Again, only after a minimum use period as NCS and then, it must serve eligible CoC populations. Again must invest no additional Home-ARP funding for the conversion.

So you're doing from other resources, conversions to other uses are using other sources of funding. Minimum use period. So if it's acquisition only, it has to operate as NCS for a minimum of three years. If it is a moderate rehab, five years minimum use period, if the total investment is less than 75% of the appraised value. Substantial rehab would be considered 10 years if the total investment is more than 75%. If it's new construction, it's 10 years. So these are minimum use periods that it would be operated as non-congregate shelter prior to any conversion to any other use. Restricted use period, converted housing. It must continue to comply with the requirements of the notice through the end of the restricted use period for the project and it must fulfill the balance of the Home-ARP NCS restricted use period.

So conversions do not necessarily wipe out being able to serve the folks that we intended to serve. It's just that it's a process of being able to convert it and moving towards more permanent housing based on your needs, locally. Permanent affordable housing, it must not invest additional ARP funds to convert. Not paying for any operating. It must determine that there's adequate financial resources are committed to the project to meet property standards of the notice. It must maintain the financial feasibility of the project to be operated as permanent affordable housing for the qualifying populations, and develop and evaluate the project in accordance with standardized underwriting guidelines conversion.

I don't have details to share with you today, but I do think that there will be additional webinars, TA products, some level of additional guidance that is going to touch on this underwriting guidelines, as we move forward and we start to see projects materialize, we're going to provide that background. Permanent affordable housing, PJs have to amend the use restrictions for home-arp NCS to reflect the conversion to permanent affordable housing. You're changing the NCS to different housing types, so that's going to change the overall dynamics of the project and there's going to have to be new restrictions put in place to lay out what that is. So plan for that and know that that needs to happen. So the provisions for imposing affordability requirements at 24 CFR 92.252(e)(1) through (e)(4), apply to the amended use restrictions.

The amended use restriction for the permanent affordable housing must be enforceable to maintain compliance with requirements of the homeowner notice. Okay, so we've got another poll question. So the scenario we have here is PJ has an opportunity to acquire a building that could accommodate the development of NCS and an affordable multi-family rental project on the same site or in the same building but two different uses. Can the PJ provide home art funds for the development of the project with both NCS and permanent affordable rental housing mixed in the same project? Again, this is a yes or no answer, and pop the poll question up here, and please make a selection and then, we'll talk about it. Okay. Show the results if you would, please.

So more yeses than no, and that is correct. Yes, PJs can use Home-ARP funds on a project with a mix of unit designations. However, if a PJ intends to fund a development that contains both Home-ARP NCS and Home-ARP rental units, the PJ must set the property up in IDIS as two separate activities and conduct cost allocation in accordance with 24 CFR 92.205 (d)(1) to ensure that the cost of the two activities are separately identified, tracked and documented. Both the Home-ARP NCS and affordable rent units must meet the requirements in the Home-ARP notice. The written agreement must clearly identify and describe the project and additional guidance is being developed on conducting cost allocation for Home-ARP NCS units when combined with other Home-ARP sources of funding.

It is permitted. It's just more complicated and there's a few extra steps to it. We appreciate and welcome creative uses of the funding. Okay, so CoC permanent housing. Non-congregate shelter, home-arp non-congregate shelter can be converted to CoC permanent housing to serve the following eligible households, during the restricted use period, but after the minimum use period, PJs can permit the conversion and they must be done according to the written agreement with the owner of the Home-ARP NCS. Again, this is an opportunity to take NCS and sort of bookend it with CoC in that way. It just needs to be thought through. It needs to be laid out in the written agreement and it is more involved, but it is an opportunity that we hope PJs will be looking into and coordinating with the CoC on.

Like we said, we are encouraging this. We hope that you're pursuing partnerships and leveraging opportunities with the CoC early and I think they've been a part of this process from the beginning, that this is an ongoing discussion. Also, it's important to note that Home-ARP Supportive Services, TBRA, it is available to qualifying households who might need to move as a result of any conversion. Making sure, again, we're just pointing out that there are resources there to make these things happen and to explore them. If you have questions about them, you can reach out to the field officers and reach out to us and we can talk through various scenarios. We're getting somewhat close here. I think the last bit that I have really is just the resources page and then, I think I'll see if Ginny has any questions.

This presentation webinar will be available, I'm not sure, probably within a week or two. Then, this resources page has the links but just going through HUD exchange in hud.gov, there are a lot of resources there and they're shown here but then, the links will be available to you when this is sent out, and with that, I would see if Ginny has questions that she would like to ask. We still have five minutes or so, it looks like. We can definitely take some questions.

Ginny Sardone: Yeah. We have a lot of great questions. I'm really impressed by the great questions that have been submitted. Before we sort dig into some of those because there's a lot of them. There were so many good questions, it was hard for me to cut any out. So I've tried to answer some of your questions individually, in the chat, so if you posted a question, particularly if you posted it to me privately, please take a look before the webinar ends to see if I answered it for you and then-

David Jones: Will these transcripts be available as well with what gets sent out?

Ginny Sardone: Generally not the chat.

David Jones: Okay.

Ginny Sardone: One thing that is not on this slide and that I want to be clear because a couple of times, I've said and several times David has said, "Sort of send that into us or get in contact with us." So if you have just general questions you haven't asked here or you've asked a question in the chat and we're not going to have an opportunity to address it because a few of these are very sort fact specific and probably not something we can do on this webinar. Please, and I'll put this into the chat, please send your questions to homearp@hud.gov. That is a mailbox that our staff in the office of Affordable Housing Programs staffs and we'll answer your questions or sort reach back out to you, if we need more information.

So if you have specific questions about a project you're trying to do or just something that you need to understand better, homearp@hud.gov is the place to get those answers. Also, there's your field office and there are a lot of materials as David has put here on this slide, that we've posted with more coming all the time. Please if you have questions, that's ... Okay, so David, I probably have at least 10 questions here so see if we can do relatively short answers to these, but they're all so good I wanted to handle them. So we have somebody asking if we can talk a little bit about the developer requirement for having experience developing shelter space and specifically, they ask whether experience developing affordable permanent housing is an acceptable substitute for the development experience for NCS.

David Jones: I think that again, these are going to be local decisions, right? I think that what we're trying to point out and maybe this is us as home folks, overcompensating for just how completely new Home-ARP NCS is and the idea that folks are

potentially going to go out and purchase hotels, motels, other structures that aren't typically done in home. It might be us sort of saying, "Look, this is different and maybe it won't be different in a year or two." Maybe it'll seem more familiar to us. Maybe in your locality right now, there is no difference in the developers that are converting and doing motels into non-congregate shelter that you've already done from those that are doing regular home multifamily or other stuff.

We think that it is special and different enough that this is specialized process. Maybe it's not in your locality. So I don't know, I mean, the notice doesn't go into specific details other than some of what I briefly stated today, and you can look getting a little more detail in the notice about that. So potentially, this doesn't look much different, but I think that we all need to think about this. This is different. This is different for us I think.

Ginny Sardone:

Okay, so we have a couple of questions that I'm going to try and wrap into a single question about whether you ... sort of the role of the CoC in NCS development and whether you must partner with the CoC. So I think particularly for non-congregate shelter, it makes sort of a lot of sense to be partnering with the CoC because sort of where ... what is going to be the source of referrals for your non-congregate shelter. One exception to that possibly might be if you're going to do a shelter that is only for the domestic violence, dating violence, trafficking sort of population and you may be using a different ... if it's a shelter limited to that population, you might be using a different source of referrals.

Somebody is pointing out that this ... and this is really important that the CE, the coordinated entry system used by COCs don't really match with the definitions of the four qualifying populations. That is absolutely true. So the person is saying, it doesn't really seem feasible to use the coordinated entry system. So I'm going to recommend for anyone who has questions around that, that you go to the notice, it is quite clear sort of, that there is not a complete sort of match between Home-ARP and what CE does. So the Home-ARP notice CPD 2110 has ... sort goes over the three different options that you have for referrals, involving CE or not involving CE. Also, I posted the link to the webinar that I talked about where we go over the qualifying populations and I'm going to post it one more time before we drop off.

The May webinar that I was talking about, that webinar we talk about the different options for taking referrals using the CE. So, if you've not seen that webinar, I really recommend that you go back and watch it. It is on the HUD exchange. Let's see.

David Jones:

A few additional points to this too, there is a Home-ARP guide to ESG for PJs that is available now and there is a webinar that is going to specifically deal with Home-ARP and coordinated entry and how that can work. And as much as reinforcing what Ginny said, that there is a benefit to being involved with the CoC. It is not a requirement, but we certainly believe that it would be a benefit and using coordinated entry is also not a requirement, but there are ways that it

will benefit both of those factions in your local jurisdiction, right? We know that they operate sometimes in their own places, home and they don't really come together as much. We are hoping that Home-ARP NCS funding is going to help that to kind of come together and that you are going to think through some of those things.

It is tough and like I said, we will have ... we're going to have additional TA coming out and this is all going to be within the next ... these things are done, we're just kind of getting things queued up to be able to be delivered. So you're probably within a month going to see some of these additional webinars coming out, where we're going to touch on this specifically around how Home-ARP and coordinated entry works, how referrals are going to be able to happen and we're not going to be able to make it perfect, we're not going to be able to have those things aligned exactly, but there are options available that will, I think be ... there will more positives available to folks on both sides.

Ginny Sardone: Thank you David. I think actually, we're a little bit over time.

David Jones: Okay.

Ginny Sardone: So I'm going to sort of pass it back to you to wrap up, but before I do, I just want to say thank you to everyone who participated today. I want to reiterate that sort of these slides and this presentation will be posted. So that may take a week or two, but sort of definitely will be available. Also, once again, please, if we didn't get to your question, send it to us and we will answer you individually. Thank you very much everyone. David.

David Jones: Yes. Thank you so much. We appreciate you being here. We appreciate the questions. Use the Home-ARP mailbox, use your resources at the field office. They will get questions to us if they are not able to handle it and keep the conversation going. Be thinking about this. Again, we don't have projects yet. There isn't Home-ARP NCS happening yet. We are encouraging it. Get your allocation plans in. If Home-ARP NCS is something that you are interested in, let's talk about it and let's get rolling with it. It's an opportunity. This is a really great opportunity for everyone on this call to access funding, to do things that they probably have been telling someone in their locality they want it to do. We've got the funding to help with that. So thanks everyone. Take care, and I will turn it over to Sharon I guess, to just close it out.

Sharon: That concludes our conference. Thank you for using Event Services. You may now disconnect.