

THE HFA INSTITUTE 2020

HOME Monitoring

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National Council of
State Housing Agencies

**HOME and
Housing Trust
Fund**
JANUARY 12 – 14



**MRBs and
Other Federal
Homeownership
Programs**
JANUARY 15 – 17



**Section 8 and
Other Federally
Assisted
Multifamily
Housing**
JANUARY 15 – 17



Housing Credit
JANUARY 14 – 16



PJ Responsibilities

- PJ is responsible for the day-to-day operations of its HOME program
- PJ must ensure that HOME funds are used in accordance with all program requirements
- Written agreements must include the basic requirements, include minimum HOME provisions, and include project specific requirements
- PJ must take appropriate actions to address performance problems

PJ Responsibilities (con't)

- PJ responsible for oversight of State recipients, subrecipients, or contractors
- Performance must be reviewed annually
- The PJs written policies, procedures, and systems establish the process for ensuring compliance and are part of HUD's monitoring review of PJ performance
- HUD monitoring reviews PJ compliance at both the program and project level

CPD Monitoring Handbook

- The monitoring handbook establishes CPDs process to assess performance over time and resolve compliance issues
- The HOME handbook exhibits detail the process for HUD's monitoring of PJs
- Exhibits set the standards to define compliance for each of the applicable HOME requirements
- Establishes documentation standards for PJ files

Updates to the CPD Monitoring Handbook Released in September 2019

- Updates incorporate substantive changes, including revised regulatory citations, made to the HOME Rule in 2013
- Include provisions related to the timely production and occupancy of assisted housing
- Strengthens the performance requirements for PJs

Key Changes that impact HOME Monitoring

- 24 CFR 92.504(a) requires the PJ to have comprehensive policies and procedures for efficient program administration
 - PJs must have comprehensive written policies, procedures, and systems
 - The PJ's policies and procedures must provide details related to all aspects of its program and the activities they undertake
 - The new HOME exhibits pair project requirements with the policy and procedure requirements
 - HUD monitors will track project file specific issues back to the policies and procedures

Key Changes that impact HOME Monitoring(con't)

- Homebuyer exhibits reorganized to provide separate exhibits for downpayment assistance versus homebuyer development
- Rental exhibits separated for rental development and rehabilitation versus ongoing rental project compliance
- HOME activity exhibits reduced from eight to six
- Exhibits include precise instructions to HUD field staff on how the reviewer will evaluate compliance with HOME requirements

HOME Pre-Monitoring Checklist

- Pre-Monitoring Checklist defines the key documents HUD will utilize in determining the status of the PJ programs and activities
- Checklist identifies documents and policies to be used as a part of the monitoring
- IDIS reports listed provide the PJ an overview of the status of their programs and activities
- PJs can use this checklist to check that systems are in place and reflect current operations

PJ Self-Assessment

- PJs can use the pre-monitoring checklist to complete a self-assessment in preparation for monitoring
- The checklist provides a high level overview of how HUD will assess PJ program performance and the systems the PJ has in place
- This can be a first step in ensuring that the PJ has appropriate systems in place and identify areas of potential concern prior to HUD's visit

Pre- Monitoring Assessment Questions

- Do the IDIS reports indicate missing data, stalled projects, or HOME funds subject to the expenditure deadline
- Do the resale and recapture provisions being utilized match the provisions approved by HUD in the ConPlan?
- Have the monitoring findings or concerns from prior monitorings been addresses? Are corrective actions being implemented to prevent a reoccurrence?
- Are there policies and procedures in place for each activity and are they being implemented?

Pre-Monitoring Assessment Questions (con't)

- Are there marketing procedures and materials in place?
- Do the written agreements meet the requirements detailed at 92.504?
- Is the PJ using the correct per unit subsidy, income and rent limits?
- Does the PJ have adequate written underwriting and subsidy layering guidelines?
- Does the PJ have written rehabilitation standards in adequate detail to define their minimum standards?

PJ Monitoring

- PJ must adopt a formal process for identifying the pool of activities and projects with a system to assess the level of risk
- PJ's policies and procedures would describe the process, criteria to be used, and documentation.
- Staff planning should include who is responsible for the process and when the risk analysis would be completed
- Monitoring planning would incorporate this process and document how this process drives the selection or prioritization of actions

Written Agreements

- Templates used by the PJ for each program or activity are included in the monitoring review
- Required provisions in written agreements detailed at 24 CFR 92.504 (c)
- Specific provisions required by type of agreement including state recipient, subrecipient, for-profit or nonprofit housing owner, sponsor or developer, rental housing development, homebuyers, homeowner or tenant recipients, and CHDO including pre-development loans , operating assistance, and capacity building

Using the Monitoring Handbook as a Tool for PJ Compliance

- PJs can use the monitoring exhibits to plan their compliance systems, ensuring they are prepared to meet the standards used in HUD's program monitoring
- Changes both from the 2013 Rule and the updated monitoring HOME monitoring exhibits mean that future HUD monitoring will be reviewing for content possibly not requested in prior monitoring
- Knowing the standard for compliance allows the PJ to adjust their systems and standards for documentation

Compliance Strategy

- Review IDIS reports to ensure reporting is current including reporting of occupancy
- Ensure that all required policies and procedures are in place and reflect the current process and standards for implementing the PJ programs and activities
- Establish systems to capture evidence of PJ due oversight of program operations
- Incorporate Risk Analysis into monitoring plan and set staff goals based on monitoring workload

Compliance Strategy (con't)

- Establish file checklists for internal and partner documentation for all key compliance requirements
- Sample internal and partner files to ensure policies and procedures are being followed and documented
- Track PJ's subrecipient and project monitoring findings and concerns for trends in non-compliance
- Utilize PJ monitoring to evaluate effectiveness of policies and procedures and establish annual process to consider revisions or updates to strengthen performance

Resources

- Transmittal Memo for Updated CPD Monitoring Exhibits, September 2019:
https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2
- CPD Monitoring Handbook
<https://www.hudexchange.info/news/cpd-monitoring-handbook-update-6509-2-rev-7-chg-1-now-available/>