



# **NCSHA: HOME Monitoring, Part 1**

February 10, 2021

# Welcome

- Sponsored by:
  - HUD, Office of Affordable Housing Programs
  - NCSHA
- Presenters:
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# Webinar Agenda

- Webinar Series
- Introduction to HOME Monitoring
- PJ Risk-Based Monitoring
- HUD Monitoring
- Resources and Tools
- Wrap Up



# Upcoming Webinar Series Objectives

Help Participating Jurisdictions (PJs) develop monitoring strategies for their programs

Help PJs prepare for HUD Monitoring

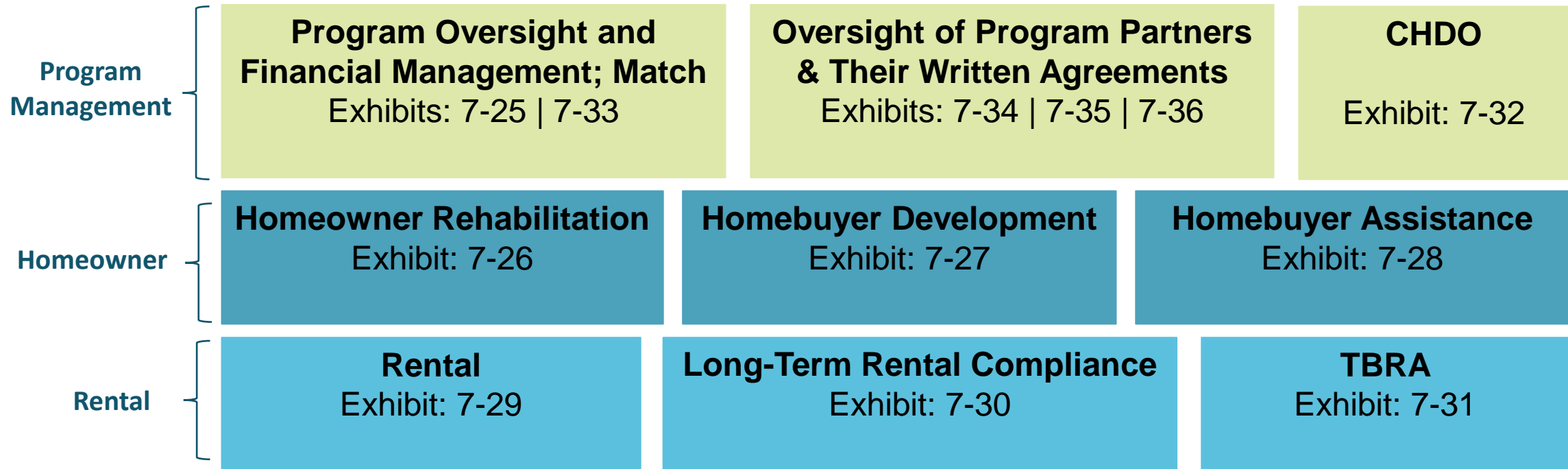
Introduce the CPD Monitoring Handbook & HOME Exhibits



# Coming in 2021

## Upcoming HOME Monitoring Webinar Series Overview

### Understanding Monitoring





# Introduction to HOME Monitoring

# Regulatory Basis for Monitoring

## 2 CFR 200.329

Recipient is responsible for oversight of activities, and must monitor to assure compliance with federal requirements and performance expectations are being achieved

## 24 CFR §92.504(a)

PJ must have written policies, procedures and systems, including:

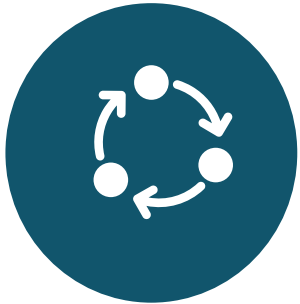
- A system for assessing risks of activities and projects, and
- A system for monitoring entities at least annually

## 24 CFR 92.550

HUD will monitor each PJ at least annually



# PJ's Responsibility for Monitoring in the HOME Program



Daily operations



Use of funds



Policies and procedures  
(including risk-based  
monitoring plan) for  
ensuring compliance



Provide access &  
cooperate with HUD



# Why Do We Monitor?

PJ

- Ensure compliance with statutory and regulatory intent
- Regulatory obligations
  - Protect funds
  - Ensure statutory intent is met
  - Document activity compliance
  - Avoid repayment
- Additional management uses
  - Track progress/production to ensure timely use of public funds
  - Hold recipients accountable for compliance with requirements
  - Provide feedback to improve program design and management
  - Train staff and program partners

HUD

- Ensure compliance with statutory and regulatory intent
- Affirm sustainability of assisted housing
- Identify potential problems and areas for TA



# Who Gets Monitored?

HUD monitors PJ

PJ monitors its program  
for overall compliance

PJ monitors projects,  
partners & beneficiaries



# What Gets Monitored?

## Program Compliance

- Overall program performance
- Financial systems
- Overall program regulatory compliance
- Administrative policies and procedures

## Project Compliance

- Project selection
- Subsidy layering, cost allocation and underwriting
- Commitment of funds, Construction, including meeting property standards
- Period of affordability compliance:
  - Ongoing rental (& TBRA) occupancy
  - Homebuyer occupancy & resales



# How Is Monitoring Done?

- PJ is required to have risk-based monitoring plan
  - Risk factors determine monitoring frequency and method
- Monitoring methods
  - Desk or remote review of reports (e.g., IDIS, progress reports, financial draws)
  - On-site monitoring: usually includes inspections & review of records
    - Required for property standards compliance inspections & ongoing rental compliance
- Items reviewed in monitoring
  - IDIS
  - Policies & procedures
  - Written agreements
  - File documentation



# When Must Activities Be Monitored?

Activity to be monitored	When?
Overall Program Administration	Ongoing; subrecipients, state recipients, and contractors; at least annually
Projects (during implementation) <ul style="list-style-type: none"> <li>• Progress inspections &amp; completion inspection</li> </ul>	At least annually <ul style="list-style-type: none"> <li>• Based on project schedule</li> </ul>
Rental <ul style="list-style-type: none"> <li>• Approval of rents &amp; utility allowances</li> <li>• Rental occupancy report &amp; certification review</li> <li>• Rental onsite monitoring (inspections &amp; files)</li> <li>• Rental financial review (10+ units)</li> </ul>	<ul style="list-style-type: none"> <li>• Annual</li> <li>• Annual</li> <li>• 1st year and at least every 3 years</li> <li>• Annual</li> </ul>
Homebuyer <ul style="list-style-type: none"> <li>• Principal residency</li> <li>• Resale/recapture</li> </ul>	<ul style="list-style-type: none"> <li>• PJ determines; recommended annual</li> <li>• On voluntary or involuntary sale or transfer</li> </ul>



# Using Monitoring to Improve Program Design

Evaluate the following:



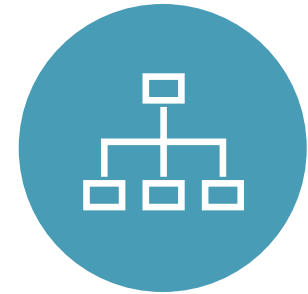
Productivity



Timely implementation



Results and outcomes



Administrative delivery  
systems





# PJ Risk-Based Monitoring

# Risk-Based Monitoring Framework

- 92.504(a): PJ must have written policies, procedures & systems, including:
  - A system for assessing risks of activities and projects, and
  - A system for monitoring entities annually
- Risk-based monitoring systems
  - Risk categories & factors
  - System for measuring/weighting/classifying risks
  - Monitoring methods based on risk, e.g.:
    - Low risk = remote review only
    - Moderate risk = “enhanced” remote (desk review plus follow-up)
    - High risk = onsite monitoring & TA
- May be used for pre-award assessment & for ongoing monitoring



# Risk Factors - References

Significant factors for risk assessment from federal standards and guidance

## 2 CFR 200.332(b)

- Prior experience with similar awards
- Results of previous audits
- New personnel or new/changed systems
- Extent and results of previous monitoring

## CPD 14-04

- Risk exposure
- Likelihood that program participant has failed to comply with program requirements
- Participant performed unacceptably

## HUD Study

Risk-Based Monitoring of CPD Formula Grants (HUD, 2009)

- Staff capacity
- Program complexity
- Past performance



# Risk Factors to Consider

## Program/Project Complexity

- Program/project size & funding
- Other funding sources required to implement
- Audits and prior management findings

## Organizational Capacity

- Staff prior experience/skills
- Recent staff turnover/ vacancies or organization & system changes
- Use of partners/team members with prior program experience

## Prior/Current Performance

- Prior contract completion on schedule & budget
- Prior contract monitoring findings and resolution
- Application or administrative plan concerns
- Participation in training, briefings, & start-up activities



# Monitoring Procedures



Annual monitoring activities schedule



Staffing, roles, and responsibilities



Procedures for conducting onsite and remote monitoring



Categorizing monitoring results

Findings and corrective actions  
Management concerns and response  
Importance of acknowledging successful compliance



Monitoring documentation & forms

Letters  
Monitoring checklists  
Report formats



Communications, TA, follow-up, findings resolution





# HUD Monitoring

# Monitoring Handbook: Revised HOME Exhibits

- HUD revised the CPD Monitoring Handbook Chapter 7 Monitoring Exhibits in 2019 to:
  - Reflect 2013 Rule changes
  - Streamline the Exhibits to combine program and project requirements (23 exhibits reduced to 13)
  - Separate homebuyer development activity monitoring from DPA
  - Separate rental development activity monitoring from ongoing monitoring
  - Add a pre-monitoring checklist to help Field staff prepare for monitoring (Exhibit 7-24)
  - Add beneficiary and owner, developer sponsor written agreement requirements



# Monitoring Handbook: HOME Exhibits (cont.)

## CPD Monitoring Handbook, Chapter 7: HOME

### Program Administration Exhibits

Program Oversight (7-25)

CHDOs (7-32)

Match (7-33)

Contractor Agreements (7-34)

State Recipient Agreements (7-35)

Subrecipient Agreements (7-36)

### Activity-specific Exhibits

Homeowner  
Rehabilitation  
(7-26)

Homebuyer  
Development  
(7-27)

Homebuyer  
DPA (7-28)

Rental  
Development  
(7-29)

Rental Project  
(7-30)

TBRA (7-31)



# Preparing for HUD Monitoring: Document Assembly

- Assemble & review
  - Past monitoring reports and findings
  - IDIS reports
  - Citizen complaints, public comments, social media, press reports & inquiries
  - Written agreements and/or deed restrictions
- Assemble all written policies and procedures
- Download CPD Monitoring Handbook Ch. 7 Exhibits



# Preparing for HUD: Self-Assessment

## Document Assembly

- IDIS reports
- Past monitoring
- Citizen inputs
- Policies & Procedures
- Monitoring Exhibits

## Self-assessment

- P&Ps review
- Documentation review
- Monitoring questions review

## HUD Monitoring



# Self-Assessment: Key Program Questions

## Key self-assessment questions:

- ✓ Does IDIS indicate missing data, stalled projects, imminent HOME deadline?
- ✓ Have monitoring findings/concerns from prior monitoring been addressed?
- ✓ Is the Match Log up to date and have appropriate documentation?
- ✓ Are you using correct per-unit subsidy, income, rent, ownership value limits?
- ✓ Are written policies and procedures in place for all activities & being followed?
- ✓ Do you have adequate written underwriting and subsidy layering guidelines?
- ✓ Do you have written rehabilitation standards in adequate detail?
- ✓ Do you have HUD-approved resale/recapture provisions?
- ✓ Do you have a risk-based monitoring plan?



# Self-Assessment: Key Project Questions

- ✓ Are there written agreements for all activities?
- ✓ Is underwriting documentation in project files?
- ✓ Are there program/project marketing procedures and materials in place?
- ✓ Are there inspection reports in project files?
- ✓ Do the resale and recapture provisions follow HUD-approved provisions?
- ✓ Are there project monitoring records in the files?





# Resources & Tools

# CPD Monitoring Handbook

Resources and assistance to support HUD's community partners

NEED HOUSING ASSISTANCE?

Email Updates

Log In



HUD EXCHANGE

Programs ▾

Resources ▾

Trainings

Program Support ▾

Grantees ▾

News



Home > Resources > CPD Monitoring Handbook - 6509.2 REV-7, CHG-1

Guides and Training Manuals

## CPD Monitoring Handbook - 6509.2 REV-7, CHG-1

Date Published: October 2019

### Description

This transmits CHG-1 to REV-7 of the *CPD Monitoring Handbook 6509.2*. The primary purpose of this revision is to comprehensively redesign and update Chapter 7, *HOME Investment Partnerships Program (HOME)*, and Chapter 25, *Relocation and Real Property Acquisition*. Minor changes are made to Chapter 2, *Management of Monitoring Activities*, to update language regarding corrective actions to more accurately reflect statutory and regulatory language pertaining to noncompliance.

### Resource Links

- [CPD Monitoring Handbook 6509.2 REV-7 \(HTML\)](#)

Tags: Acquisition and Relocation CDBG Colonias CDBG Entitlement CDBG HUD Administered CDBG Insular Areas CDBG State CDBG-DR Con Plan Davis Bacon Environmental Review Fair Housing HOME HOPWA HPRP Lead-Based Paint NSP RHED S+C Section 3 SRO Uniform Administrative Requirements



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#### Author Organization

HUD

#### Resource Approver

HUD Approved

HUD Exchange:

<https://www.hudexchange.info/resource/290/hud-community-planning-and-development-monitoring-handbook-65092-rev7/>

HUD Clips:

[https://www.hud.gov/program\\_offices/administration/hudclips/handbooks/cpd/6509.2](https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2)



# HUD Exchange HOME Page

## HOME Investment Partnerships Program

HOME provides grants to state and local governments to create affordable housing for low-income households

[Learn about HOME](#)

[Home](#) > [Programs](#) > HOME: HOME Investment Partnerships Program

New Training



### Get Started

The new **Building HOME** self-paced online training curriculum provides the foundational training you need to implement your HOME program!

[Explore the Training](#)



### Policy Guidance

- [HOME COVID-19 Guidance](#)
- [Laws and Regulations](#)
- [CPD Notices](#)
- [Policy Memos](#)
- [HOME FACTS](#)
- [HOMEfires](#)
- [FAQs](#)



### Limits & Allocations

- [Income Limits](#)
- [Rent Limits](#)
- [Homeownership Value Limits](#)
- [Max Per-Unit Subsidy Limits](#)
- [Formula Allocations](#)



### Reports

- [HOME Deadline Compliance Status](#)
- [HOME Expiring Funds](#)
- [HOME PJs Open Activities](#)
- [HOME PJs Vacant Units](#)

[View all HOME Reports](#)

<https://www.hudexchange.info/programs/home/>



# HUD Exchange HOME Page – Topics

## HOME Topics



## HOME Monitoring

Participating Jurisdictions (PJs) are responsible for managing the day-to-day operations of the funds are used in keeping with program requirements. The regulations require that the performance be reviewed by the PJ as least annually. PJs must also monitor projects throughout the applicable

Three primary goals of monitoring are to:

- Ensure production and accountability
- Ensure compliance with HOME and other Federal requirements
- Evaluate organizational and project performance as well as project viability (financial health)

Effective monitoring is not a one-time event, but an ongoing process of planning, implementing, and evaluating. Monitoring activities are most effective when distributed throughout its program year. Monitoring involves many reports, meetings, and documentation. Not only must PJs monitor organizations they have entered into agreements with, but also ensure the local HOME program is being administered correctly.

### Find by Resource Type

[Policy Guidance](#)

[Guidebooks and Training Manuals](#)

[Tools](#)

### Policy Guidance

[HOMEfires](#)

[HOMEfires Vol. 14, No. 2: Guidebook](#)

How can a HOME Participant ensure the local HOME program is being administered correctly?

Date Published: April 2018



# Building HOME Online Training

## Building HOME Online Training

New to the HOME Investment Partnerships (HOME) Program? Experienced and want to deepen your knowledge of HOME requirements? This is the right training for you. Let's get started!

TRAINING DETAILS & INSTRUCTIONS

QUICK VIDEO TOUR



Engaging, self-paced training when you need it.



Foundational training for government, nonprofit, for profit, and property management staff



Guidance including notices, HOMEfires, and guides



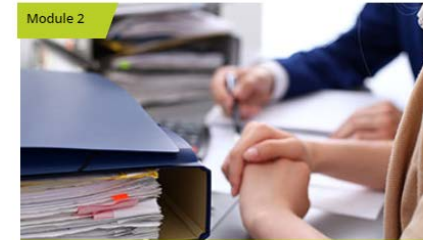
Challenge questions and exams to test your understanding of the requirements

Module 1



Overview of the HOME Program

Module 2



HOME Program Requirements

Module 3



HOME Program Administration





# Wrap Up

# Questions?

