

# THE HFA INSTITUTE

## HOME Administration

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The HFA Institute  
January 7, 2018

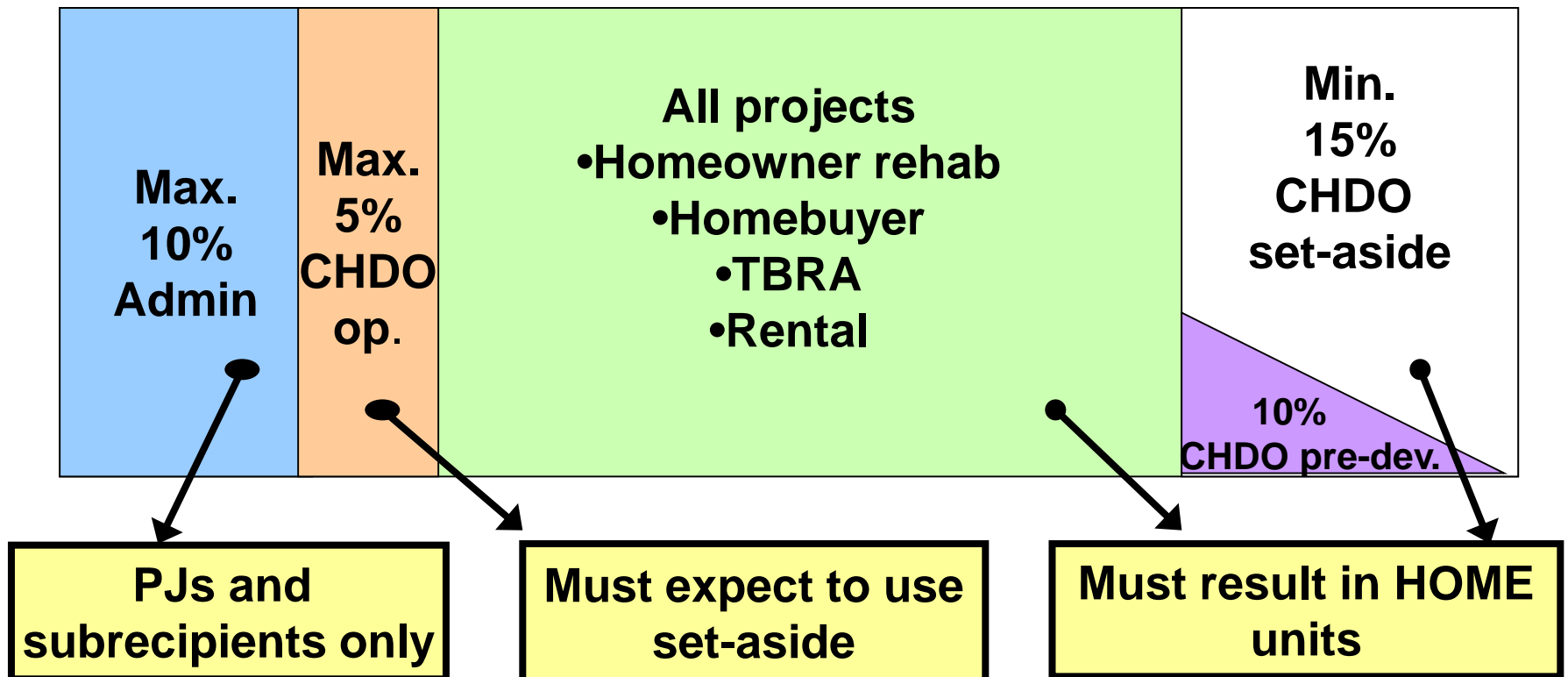


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- Agenda
  - HOME Program Performance
  - Organizing, Hiring and Staffing
  - Selecting and Managing Partners
  - Policies, Procedures, and Standards
  - Strategic Project Investment
  - Written Agreements
  - Managing Compliance

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## PJ's Annual HOME Allocation



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## Home Program Performance

- Effective programs:
  1. Achieve outcomes
  2. Meet local housing needs
  3. Are timely
  4. Ensure unit quality
  5. Are compliant

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## Program Performance:

### *1. OUTCOMES*

- Emphasis on:
  - Completed units
  - Occupied units
- Tools to measure:
  - Web reports
  - IDIS Reports

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## Deadline Compliance Report

Requirement Years: 2014 CHDO Reservations, and 2011 Disbursements

As of 11/30/2017

(sorted alphabetically by PJ)

PJ	±	Deadline Date	Original Allocation	Adjustments <sup>++</sup>	Requirement Amount	Total C.R.orD <sup>+</sup> through Deadline	%	Shortfall	Current Status
Abilene	CHDO-C	10/31/2016	\$12,294,256	\$165,576	\$1,678,562	\$1,920,587.31	15.62	\$0	
	CHDO-D	10/31/2016	\$11,162,437	\$165,576	\$1,508,790	\$1,908,678.56	17.10	\$0	
TX	D	10/31/2016	\$11,162,437	\$273,750	\$10,888,687	\$11,814,300.06	100.00	\$0	
Adams County Consortium	CHDO-C	8/31/2016	\$18,842,423	\$0	\$2,826,363	\$3,123,209.00	16.58	\$0	
	CHDO-D	6/30/2016	\$16,421,122	\$0	\$2,463,168	\$2,723,209.00	16.58	\$0	
CO	D	6/30/2016	\$16,672,418	\$79,191	\$16,593,227	\$17,475,470.00	100.00	\$0	
Aguadilla	CHDO-C	7/31/2016	\$11,839,231	\$67,835	\$1,708,050	\$2,405,847.00	20.32	\$0	
	CHDO-D	7/31/2016	\$10,968,096	\$67,835	\$1,577,379	\$2,258,995.00	20.60	\$0	
PR	D	7/31/2016	\$10,968,096	\$67,835	\$10,900,261	\$11,494,947.00	100.00	\$0	
Akron	CHDO-C	6/30/2016	\$43,292,481	\$0	\$6,493,872	\$7,392,102.00	17.07	\$0	
	CHDO-D	6/30/2016	\$39,676,986	\$0	\$5,951,548	\$7,332,102.00	18.48	\$0	
OH	D	6/30/2016	\$40,015,178	\$13,220	\$40,001,958	\$41,893,472.00	100.00	\$0	
Alabama	CHDO-C	6/30/2016	\$326,334,442	\$5,106,790	\$43,843,376	\$61,837,750.00	18.95	\$0	
	CHDO-D	6/30/2016	\$300,479,275	\$5,106,790	\$39,965,101	\$56,906,930.00	18.94	\$0	
AL	D	6/30/2016	\$302,939,119	\$199,023	\$302,740,096	\$314,176,661.00	100.00	\$0	

NOTE: Any ADDI allocations received through FY2008 are reflected in the Original Allocation and respective Requirements.

± CHDO-C: CHDO Commitments, CHDO-D: CHDO Disbursements, D: Disbursements

++Adjustments could include CHDO reallocations, grant reductions, deobligations, recapture of expired funds, or waivers of deadline requirements due to Presidentially-declared disasters.

\* PJ did not receive an allocation until after 2014. Therefore, it has no amount subject to the CHDO reservation deadline.

\*\* PJ did not receive an allocation until after 2011. Therefore, it has no amount subject to the FY 2016 disbursement deadline.

# Due to CHDO deobligation or waiver, PJ could have met its cumulative CHDO reservation requirement with a percentage less than 15%.

Source: Data entered by HOME Participating Jurisdictions into HUD's Integrated Disbursement and Information System (IDIS)

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## Open Activities Report

- Monthly to HOME reports webpage or in IDIS, PR48
- Excel spreadsheet -- broken up by state
- All open activities in IDIS
- Identifies open activities in need of completion or cancellation in IDIS
- Can use to track whether completing activities within 120 days of final draw
- Can use Excel filters to find specific types of activities
- Street addresses have been removed from the reports due to privacy considerations
- IDIS features Activity Flags Page that indicates infrequent draws

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## Vacant Units Report

- Helps PJs identify units in HOME projects that are marked "vacant" in IDIS
- If vacant units are part of completed HOME activity, occupancy and beneficiary data should be entered
- If occupancy and beneficiary data no longer obtainable, data on current occupant can be used in its place
- Two options – HOME Report on HUD's website or in IDIS, PR47



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## Program Performance: 2. *MEET LOCAL HOUSING NEEDS*

- Emphasis on needs determined by:
  - PJ Con Plan
  - Feedback & input from citizens
- Tools to measure:
  - Evaluation of goals versus outcomes
  - Outreach to neighborhood groups, partners, local leaders

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## Program Performance: 3. *TIMELINESS*

### 4-year project completion deadline—

- Projects must be completed 4 years from the date the written agreement is executed
- PJs may request 1-year extension if provide:
  - Information on status of the project
  - Steps being taken to overcome obstacles to completion
  - Proof of adequate funding to complete project
  - Schedule with milestones for completion
- Otherwise, must repay

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## Program Performance: 3. *TIMELINESS (cont)*

9-month sales deadline for homebuyer units (or 6-month if 2012/2013 funds)—

- Must have a ratified sales contract with buyer within 9 months of construction completion
  - Otherwise, must convert to rental unit or repay HOME investment

Rental occupancy deadline—

- Units must be occupied by income-eligible tenants within 18 months of project completion (reporting requirements if not occupied within 6-months)
  - Otherwise, must repay HOME investment



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## Program Performance: *4. UNIT QUALITY*

- All HOME-assisted units must meet standards
- Measure unit quality through:
  - Inspections
  - On-going monitoring
  - Feedback from homebuyers, homeowners, tenants

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## Program Performance: 5. *COMPLIANT*

- Must comply with:
  - HOME statute, regulations, notices
  - Other federal regulations
  - Local/State law
  - Requirements of other funders
- Measure compliance through:
  - Monitoring (self, partner, HUD)
  - Periodic assessment of key reports

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## Organizing, Hiring and Staffing



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## Staffing

- PJs operating with reduced HOME allocation and smaller staff
- Need to re-evaluate staffing plan and workload
- Define skill sets needed to evaluate gaps
- Set training goals as needed
- Consider alternative approaches for program implementation
- Reinvent program delivery strategy
- Reevaluate use of partners and their capacity
- Changing action plans may require revising staffing plans

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## Staffing Technical Requirements

- Knowledge of HOME regulation
- Underwriting
- Trained inspectors for property standards
- Long term compliance
- HOME Oversight also include Other Federal regulations about:
  - Non-Discrimination (92.505(a))
  - Handicapped Accessibility (Part 8, Section 504)
  - OMB Circulars and Part 85 (92.505(a))
  - Environmental (Part 58)
  - Lead Paint (Part 35)
  - Relocation/acquisition (Part 42)
  - Labor standards (92.354)
  - Excluded parties (debarred/suspended) (92.350)



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## Typical Organizational Approaches

- Structured by function
- Structured by program
- Structured by product
- Matrix (mixed) organization

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## Evaluating Your Organizational Structure – Typical Weaknesses

- Lack of clear responsibilities
- Gaps and duplications of effort
- Uneven workloads
- Duplication of effort
- Need for broad knowledge
- Difficult to keep up with rules
- Specialists may not see the big picture
- “Customers” confused about who to talk to

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## Evaluating Your Organizational Structure – Successes

- Communication and coordination
- Skill levels
- Mutual respect
- Clarity about goals
- Clarity about task requirements affecting each party

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## Managing Internal Staff

- *People do not manage themselves all that well*
- *Workers need guidance and support, and someone needs to facilitate communication*
- *There are some tools that will help:*
  - *Job descriptions*
  - *Performance objectives*
  - *Performance standards*
  - *Professional development*

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## Developing Effective Job Descriptions

- Help manager and employee understand role and duties
- Include:
  - Skills, education needed/desired
  - Detailed duties
  - Supervisor (s) and other task relationships
  - Hours and salary

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## Performance Objectives

- Measurable, realistic goals for individual staff
- Ongoing discussion with staff
- Used during performance evaluations
- Tasks themselves and task assignments are re-evaluated periodically
- Develop more specific work plans to address low performance

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## Performance Standards

- Breaks down performance objectives
  - Daily
  - Weekly
- Helps staff plan their time
- Makes performance expectations explicit
- May be used to evaluate performance during reviews

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## SELECTING & MANAGING ADMINISTRATIVE PARTNERS





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## Potential Administrative Partners

- **Subrecipient**
  - Manages program on behalf of PJ
  - Can be public or nonprofit, cannot be for-profit entity
  - Different definition than CDBG
- **State recipient**
  - Unit of local government that runs local program for state
- **Contracted Administrators**
  - Hired to administer all or part of HOME program
  - May be for-profit, nonprofit or public
  - Are procured

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## Administrator Application Process

- Need to select/evaluate admin partner applications
  - Note: this section applies only to admin partners – project applications covered later
- Two general options:
  - Competitive process
  - Negotiated partnership

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## Administrator Application Package

- Information provided to applicants
  - Funding available and PJ priorities
  - Program requirements
  - Eligible activities
  - Schedule and criteria for funding decisions
  - Rules applicable to administrative partners
  - Name and number of PJ contact
  - Application deadline and location

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## Application Package

- Information required from applicants
  - Program summary
  - Need/problem
  - Target area/population
  - Location and budget
  - Description and schedule of work
  - Anticipated program outcomes
- Agency information
  - Background and mission
  - Articles of Incorporation/By-laws
  - Non-profit determination
  - Personnel and finances
  - Past & current projects
  - Financial information

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## Evaluating Admin Applications

- Establish criteria:
  - Serve eligible target market & population
  - Consistent with Consolidated Plan
  - Effective program delivery system
  - No prior significant compliance or performance issues
  - Prior experience
    - Funded with HOME funds previously
  - Administrative and financial capacity

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## Evaluate Admin Partner Capacity

- Staff depth (number), availability
- Staff expertise
- Adequacy and accessibility of space and infrastructure
- Compatibility with PJ programs
- Receptivity of customers
- Track record
- References

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## Managing External Staff

- Many of the same principals apply as internal staff
  - Job descriptions
  - Performance standards
- Review capacity as a factor in funding decisions; track past performance
- PJs may mandate at time of application and/or in written agreement with partner
- Partners may need support/guidance from PJ
- Next few chapters discuss management of external staff

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## Tracking Partner Performance

- Establish PJ tracking system for financial compliance and performance
- Review IDIS Reports to track activities against partner performance
  - Track partner performance
  - Pinpoint stalled projects
- Use HOME Reports
  - Big picture of overall PJ performance
  - Pinpoint micro level issues that may need to be addressed



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## Tracking Performance: IDIS PR02 Report

- Only report available to track specific partner performance
- Lists activities by project
  - Project name = administrative partner  
OR
  - Project number
- Activity status
  - Underway indicates activities are moving
- Amount funded and disbursed
  - Pinpoint financial issues if large amounts are unexpended

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## Tracking Performance: IDIS PR07 Report

- Drawdowns by voucher number
- Best for reconciling local financial system reports to IDIS
- Vouchers can be tracked specifically to partners
- Good to track payment status

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## Tracking Performance: Other IDIS & HOME Reports

- IDIS PR27 shows status of HOME grants
- IDIS PR22 shows status of HOME activities
- HOME SNAPSHOT shows macro view of commitments and disbursements
- HOME Dashboard shows macro view of affirmative marketing and outreach efforts

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## Policies, Procedures, and Standards



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## Policies, Procedures, Standards

- **Policies:**
  - Overarching principles that guide actions of the or its partners
- **Procedures:**
  - Answers who, what, how to implement policies and standards
- **Standards:**
  - Set a benchmark for timeline, quality, completeness of tasks within procedures

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## Why Develop Policies, Procedures, Standards?

- Good policies, standards, procedures:
  - Ensure program beneficiaries and partners are treated with:
    - Consistency
    - Efficiency
    - Fairness
  - Demonstrate the PJ's program is in compliance with rules and regulations
  - Used as a management tool

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## Why Develop Policies, Procedure, Standard? (cont)

- Some of it is mandatory:
  - Federal Laws, Executive Orders
  - State and local legislation and Executive Orders
  - Implementing issuances (regs, etc.)
- Within some of mandatory guidance are options for PJs
- Some input is advisory
  - Best practices
  - Advice from peers
  - Can be a monitoring topic/issue

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## Key Topic Areas

### **Defining Assistance**

- Levels of Assistance
- Subsidy Layering
- Forms of Assistance
- Match
- Affordability/ Targeting

### **Property/Construction**

- Codes & Standards
- Lead-Based Paint
- Environmental Reviews
- Labor

### **Beneficiary Issues**

- Definitions of Income
- Relocation
- Lease Provisions

### **Cost & Financial Mgmt**

- Eligible costs
- Cost Principles
- Uniform Admin
- Disbursement
- Program Income
- Recaptured Funds
- Audits



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## Procedure Example: Financial Assistance

- Which division will underwrite?
- What tools will be used?
- Who will ensure compliance with 221(d)(3) and cost allocation?
- How & who will determine which type of assistance?
- How document compliance with subsidy layering?
- How, when, who documents match?
- How will affordability period be tracked?

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## Key Implementation Considerations

- When developing policies, procedures, standards consider:
  - Who will use them
  - When they will be used
  - What tools are needed
  - Who needs to be trained
  - What process will PJ use to evaluate effectiveness

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## Ways to Organize Policies, Procedures, Standards

- Might organize by:
  - Requirement type
  - Program type
  - Partner type
- May have separate documents or combined
- May incorporate within handbooks, training manuals, etc.

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## Activity Specific HOME Policies and Procedures

- Specific program rules and when reconstruction can be used and affordability period/loan terms
- Methodology to determine after rehabilitation values and standard for file documentation
- Optional long-term affordability requirements for beyond HOME minimum requirements
- 9 Month Sales requirement for Homebuyer - PJ needs to track status and take action if project at risk of not meeting deadline; additional reporting an option
- Capital needs assessment is required for rehab projects with 26 or more total units; PJs will need policies and procedures for implementation of this requirements

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## HUD Housing Counseling Certification

- HUD published the Final Rule for Housing Counseling Certification in the Federal Register on December 14, 2016.
- Rule implements statutory requirements that housing counseling required under or provided in connection with all HUD programs must be provided by HUD Certified Housing Counselors as of August 1, 2020
- PJs need to plan on how they will ensure compliance
- OHC tools available to assist



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## Housing Counseling Resources

- OHC HUD Exchange  
<https://www.hudexchange.info/programs/housing-counseling/>
- Agency locator:  
<https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>
- HC final rule  
<https://www.hudexchange.info/programs/housing-counseling/certification/>

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## Strategic Project Investment



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## Soliciting Homebuyer & Homeowner Applications

- Determine process used to take applications from individual borrowers. Options:
  - Open waiting list
  - Timeframes for application submission
  - Applications solicited from community
  - Other ways?
- Approach may depend upon who administers program
  - PJ
  - Subrecipient, state recipient



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## Reviewing Homebuyer & Homeowner Applications

- PJ must have homebuyer/owner application review process & criteria
- Assess:
  - **Household eligibility**
    - Is household low income?
    - Do they meet PJ's selection preferences (if any)?
  - **Unit eligibility**
    - Is unit principal residence?
    - If just acquisition, is unit standard now?
    - If acquisition with rehab, will it be standard within 2 years?
    - If rehab alone, will it be standard upon completion?

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## Underwriting Homebuyer/Homeowner Applications

- Need to have procedures regarding whether HOME direct assistance is wise investment
- PJs typically assess the four “Cs”:
  - Credit (likelihood to pay)
  - Collateral (value v. loan)
  - Capacity (ability to pay)
  - Capital (needed downpayment/closing costs)

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## Multi-Unit Project Applications

- Could include:
  - Multi-family rental projects
  - Scattered site rental projects
  - Multi-unit homeownership development projects (subdivisions or jointly developed scattered site)
- Underwriting will vary by type but concepts are similar

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## Developers and Owners

- Four common types of partners:
  - CHDOs
    - Needed to meet set-aside
    - Get some flexibility such as CHDO operating, pre-development, proceeds
    - If CHDO acting as recipient, cannot fund self
    - Use PR25 to track CHDO reservations & disbursements
  - Other nonprofit developers
  - For-profit developers
  - Other public agencies (PHAs, redevelopment authorities, etc.)

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## Project Application Process

- Need to select/evaluate the multi-unit project application process used by PJ
  - Note: This differs from selection of admin partners!
- Four general options:
  - Formal
  - Limited
  - Solicitation of Applications
  - Open door
- Can also use mixed approach

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## Multi-Unit Project Application Package

- PJ Manager needs to ensure application process is clear, fair, designed to elicit strong projects
- Some info provided to applicants:
  - Examples: funding available; PJ's program requirements; funding priorities; application deadline
- Get detailed info from applicants:
  - Project summary
  - Applicant capacity & background info

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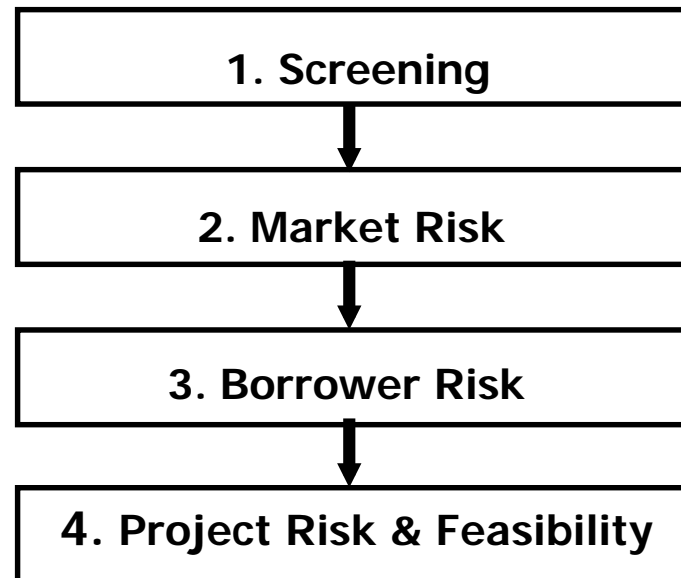
## Multi-Unit Project Review

- Project evaluation criteria may include:
  - Eligibility
  - Market
  - Prior experience and capacity:
    - Staff capacity
    - Receptivity by customers
    - Track record
  - Financial feasibility:
    - Project risk
    - Development costs
    - On-going project operations

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## Steps In Multi-Unit Project Review

- Manager needs to ensure PJ has effective procedure for underwriting multi-unit projects
  - Significant consequences for poor quality process
- Four key steps





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## Step 1: Initial Screening Review

- Conduct screening review
  - Quick review
  - Is project eligible?
    - HOME program rules
    - Local rules
  - Will project help achieve PJ's intended outcomes?
  - Is project consistent with PJ's goals and plans?

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## Step 2: Assess Market Risk

- Assess market risk
  - Will tenants live in property? Assess:
    - Location
    - Cost
    - Amenities
  - What are tenants' alternative choices? Is this property competitive?
    - Look at market trends & likely future rent increases
- Follow PJ market study standards

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## Step 3: Assess Borrower Risk

- Assess developer risk:
  - **Financial status** – Is the financial statement strong?
  - **Experience** – Does the developer have a good track record? Any outstanding monitoring findings?
  - **Capacity** – Does team have needed talent, knowledge, expertise? Look at team capabilities, including property manager
  - **Capital** – Does developer have sufficient assets to invest in this deal?

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## Step 4: Assess Project Risk & Feasibility

- Assess project risk issues such as:
  - Insufficient funds to complete project
  - Insufficient funds to manage project over time
  - Crime
  - Latent defects
  - Obsolescence
- Assess project feasibility:
  - Review of development budget, sources & uses statement
  - Review of operating pro-forma

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## Reviewing the Development Budget

- Classifies & estimates costs
  - Site acquisition & prep
  - Construction/rehab
  - Soft costs
  - Developer payment
- **Ask:** are costs reasonable and complete?
- Helps determine if project concept makes sense
- Watch for ineligible costs
  - Based on funding sources

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## Reviewing the Sources and Uses Statement

- Helps determine how much funding needed to develop property
  - Uses = one time costs
  - Sources = funds to pay costs
- **Key questions:**
  - Do sources = uses?
  - If yes, why need HOME \$\$\$\$?
  - If no, what is gap?
- Does project comply with PJ Underwriting/Subsidy Layering Standards

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## Reviewing Operating Budget

- Three types:
  - Lease-up, stabilized, long term
- **Key review questions:**
  - Is income achievable?
  - Are expenses reasonable?
  - Are estimated maintenance costs adequate?
  - Is appropriate amount budgeted for property management fees?
  - Are reserves adequate?
  - Can property survive modestly adverse events?
  - Can income increase over time to cover increasing costs?
  - Incorporate monitoring fees if proposed

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## Monitoring Fees

- PJ may charge owner a monitoring fee (for projects funded after 8/23/13 only)
- Monitoring fee must be based on actual costs
- Underwriting must include projected monitoring fees and document that fees will be affordable to the project
- Fees can escalate over time but actual fee charged will always need to be based on actual costs incurred
- Monitoring fees are no PI but an applicable credit. Fees collected must offset admin costs being charged to HUD.



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## Multi-Unit Financing Options

- Lots of choices for HOME investment:
  - Loans
    - Interest or no interest
    - Payments or no payments
    - No payments for while, then payments
    - Forgiven over time
  - Grants
  - Interest Subsidies
  - Equity Investments
  - Loan Guarantees
- Can include construction financing as well as permanent financing

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## Risk-based Evaluation Required

- Determine risk factors
- Assign weight to risk factors
- Determine rating by factor
- Compile all scores
- Rank organizations

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## Written Agreements

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## Importance of Written Agreements

- When there is problem, HUD asks for agreement FIRST
- Required for commitment/IDIS set-up
- Critical management tool for PJs
- Clarify roles & responsibilities, educate recipients
- Necessary for monitoring partner and project implementation compliance

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## Good Written Agreements

- Identify roles & responsibilities
- Define standards & expectations
- Enforce program requirements
- “Living” documents
- Serve as management tool

## Ineffective Written Agreements

- Based on CDBG or other program contracts
- Contain boilerplate, vague and/or conflicting regulatory references
- Lack adequate language on roles and responsibilities
- Provide too much detail, particularly on operational procedures
- Lack enforcement

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## Written Agreements Required for all Entities

- State recipients, subrecipients
- Contractors
- Owners/developers
- Households receiving assistance
- Anybody receiving HOME funding

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## Who Develops Agreements?

- PJ staff & attorney both make important contributions
  - Lawyers provide legal protections
  - PJ staff provide the business terms
- PJ must clarify/negotiate with recipients
- PJ **MUST** develop/approve agreements used by its recipients with beneficiaries

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## Relationship to Other Documents

- Funding award letter
  - Unlikely to have enough detail to be written agreement
- Other recorded legal documents
  - Note & mortgage/deed of trust, deed covenants, etc.
  - HOME mortgage should be separate from HOME compliance written agreement
    - Serve different purposes
    - HOME agreement must last entire affordability period; survives loan pre-payment



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## Timing & Duration of Agreements

- Enter into before any HOME funds are committed or disbursed
- Execute final agreement after Environmental Review complete
  - Exception for certain CHDO loan activities
  - Can execute preliminary agreement prior to environmental review
- Tie to period of affordability for project/program
- Include provisions for amendments and expiration date

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## Special Agreements

- **CHDO Project Proceeds**
  - Description of use, budget, conditions requiring PJ approval, required reporting and documentation, disposition of funds subsequent to use, conditions requiring return
- **HOME Match-Eligible projects**
  - Conditions required in Match Notice

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## Amending an Existing Agreement

- May need to amend an existing agreement when:
  - Change in scope of work, timelines, and budget
  - Ineffective or inaccurate provisions conveyed that affect short and long term compliance

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## Amending an Existing Agreement (cont)

- Determine changes in scope & budget required/allowable (cost principles)
- Update cost allocation & designation of assisted units if required
- Determine if “significant amendment” under ConPlan/Cit Participation Plan
- Execute amended written agreement, update IDIS, record changes

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## Tying Written Agreement to Monitoring

- Review written agreement before monitoring for all compliance issues
- Review files against written agreement provisions
- Reference written agreement provisions in monitoring report
  - Determine if agreement must be amended to ensure long term compliance
- Evaluate the need to update agreement templates to address common compliance issues based on monitoring

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## Enforcement When Partners Don't Comply

- Recommend action plan & timetable
- Suspend disbursement of funds
- Impose monetary fines or penalties
- Seek reimbursement of funds
- Terminate written agreement
- Debar or suspend party
- Limit future funding

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## Monitoring Plan and Procedures

- PJs should have monitoring plan with monitoring policies and procedures
- Include sample:
  - Form letters
  - Checklists
  - Job descriptions
- Annual plan and schedule should incorporate results of risk-based evaluation
- Policies should identify tools to be used; could include standards for staff training, corrective actions, etc.

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## Managing Compliance



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## Rental: Early Warning Signals

- “Red flags” that indicate rental property may be in trouble
- Detected through:
  - Reviewing reports, quarterly report
  - Conducting on-site inspections
  - Looking at trends at a property
  - Obtaining information from tenants or neighbors

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## Rental: Interventions

- Ensure property can pay expenses and capital expenditures with income
  - Measure impact in terms of increased income or reduced expenses
  - Restore operating “cushion”
- Characteristics of good interventions
  - Permanent fix, not temporary patch
  - Consensus
  - Short and intermediate targets
  - Increased monitoring

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## Financial Oversight

- Goal of financial oversight is to identify early enough to intercede and to help projects remain stable
- PJ must do an annual review of financial condition
  - Applies to projects with 10 or more HOME units
  - PJ may choose to implement standard system portfolio wide even when not required
- Paired with the oversight plan will need to be a strategy for when red flags trigger action

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## Financial Oversight Planning

- PJ will need to identify the financial indicators to review and a method of reporting or collection
- Define Internal procedures, staff responsibilities, and standards to determine when action is required
- If PJ sees problems, must take action, such as:
  - More frequent reporting and monitoring
  - Provide technical assistance
  - Assist in identifying additional non-federal funding or another appropriate owner

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## Troubled Projects

- 2013 HOME Rule provides some new flexibility for HOME to address Troubled Projects
- Applies to existing HOME rental projects no longer financially viable within the affordability period; Troubled defined as operating costs significantly exceed operating revenue
- PJ may request HUD approve investing additional HOME funds into the property; Total of new + old HOME funds cannot exceed current subsidy limits
- PJ may request HUD approve reduction of HOME units if original number higher than required

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## Records

- Types:
  - Program
  - Project
  - CHDO
  - Financial
  - Program admin
  - Other federal
- Keep 5 years after completion of affordability period
- For rental should have the 5 most recent years of tenants records

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## Wrap Up

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- Next steps:
  - Make a list of “to do” items
  - Review HOME program policies and procedures, job descriptions, applications, amend as necessary
  - Identify gaps in technical expertise and provide training for staff, subrecipients, and property managers
  - Review your files to ensure accurate and complete documentation