

Handouts & Resources

***PJ Self-Assessment Tool:  
Preparing for HUD Monitoring***

HOME Monitoring Training  
As of Spring 2021





## Importance of a PJ Self-Assessment

A self-assessment is a way for a PJ to evaluate its HOME program to determine whether it is compliant with HOME requirements and effective in meeting the PJ’s housing goals.

Undertaking a self-assessment before a HUD monitoring visit helps the PJ evaluate how its programs are working and whether its compliance and operational policies and procedures are in place and being followed. The self-assessment enables the PJ to identify any problem areas and take steps to remedy issues prior to HUD’s visit. A self-assessment also helps the PJ organize information and its files in a way that will make the HUD monitoring visit run more smoothly for everyone involved.

Effective PJs do not wait for a HUD monitoring visit to self-assess their performance and compliance. Self-assessment is most effective when it is a routine part of the PJ’s operations.

## About This Tool

This Tool has been designed as a companion to the [HOME Monitoring Webinar Series](#), to help PJs evaluate their HOME regulatory compliance and performance prior to HUD monitoring.

The *Webinar Series* and this Tool are based on the [CPD Monitoring Handbook](#), which establishes standards for HUD monitors to evaluate the compliance and efficiency of HUD’s CPD Programs. Chapter 7 of the Handbook covers the HOME Program. It contains 13 Exhibits that include questions a HUD monitor poses during an on-site monitoring visit. These Exhibits and the webinars are organized by administrative areas and activity.

This tool focuses on the PJ’s self-assessment. If a PJ uses a state recipient(s), subrecipient(s), or contractor(s) to administer all or a portion of its programs, it must monitor these program partners on at least an annual basis. CPD Monitoring Handbook Exhibits [7-34](#), [7-35](#), and [7-36](#) and their corresponding webinar, provide detailed information regarding how to monitor those partners.

This Tool provides an overview of what is involved in a program self-assessment. PJs must access the Exhibits of the CPD Monitoring Handbook to conduct a thorough review of their programs. The [Chapter 7 Exhibits Chart](#) lists and identifies the monitoring topics covered in each Exhibit.

## Self-Assessment Process

The self-assessment process is straightforward. It involves assembling documents, reviewing the documents, and drawing conclusions about compliance and performance. When conducted prior to a HUD monitoring visit, the PJ can use its self-assessment conclusions to identify steps it should take to prepare for HUD monitoring.

The graphic below illustrates this process:





## Document Assembly

The first step of a self-assessment is the document assembly. The PJ needs to collect all the written documents that reflect the program it is reviewing, including a sampling of its project files. The specific documents will vary based on the activity or administrative area under review, but in general the following documents are needed:

- Program policies and procedures
- Marketing materials, applications, and other forms used in the processing of applications and/or funding requests
- Written agreements (or templates) used with program partners (state recipients, subrecipients, contractors, CHDOs and other owners/developers) as well as beneficiaries (tenants, homeowners, homebuyers), as applicable
- A sample of project and/or beneficiary files, in order to review the file documentation, as applicable
- Applicable HUD limits for the activity (such as HOME income limits, HOME rent limits, homeownership value limits, or maximum per unit subsidy limits)
- IDIS reports
- PJ's Con Plan/Action Plan

**TIP:** For each of the four HOME activity areas (rental, homebuyer, homeowner rehabilitation and tenant-based rental assistance), Exhibit 7-24 lists all the documentation that the HUD monitor reviews prior to conducting an on-site visit, including required policies and procedures, applicable regulatory limits, and IDIS reports. Exhibit 7-24 also provides a list of documents for a general overview of a program. PJs can use this Exhibit when assembling documentation for its own self-assessment.

## Self-Assessment Review

Once the documents related to the area of review have been assembled, the PJ can start its self-assessment. For purposes of this Tool, the self-assessment process has been organized into three areas of review, as depicted in the chart below.





## Regulatory Compliance

The core function of every self-assessment is to determine whether the PJ and its partners are complying with all applicable HOME requirements for each administrative area or activity it is carrying out. A comprehensive review of regulatory compliance will include a review of three key elements: program policies and procedures; file documentation and regulatory limits; and written agreements.

### Program Policies and Procedures

Program policies and procedures (P&P) describe how a program or administrative function **should** operate. The P&P review determines if:

- ✓ The PJ has the P&Ps as required by 92.504(a) to carry out the HOME activity or administrative function under review.
- ✓ The PJ's P&Ps include non-required elements to ensure the PJ has comprehensive operational guidance for staff. The non-required elements might include the PJ's program design (e.g., marketing, program targeting, property selection, etc.), staffing, and organizational structure.
- ✓ The P&P are clearly written and complete (i.e., describe who must do what, where, when and how) and they
  - Accurately reflect HOME requirements for the administrative area or activity
  - Describe local policy decisions and local housing goals, beyond HOME requirements
  - Specify the HOME compliance documentation staff needs to retain.
- ✓ Related materials (program tools) are up-to-date and reflect the PJ's P&Ps. Examples of these materials include: application forms, staff worksheets to determine eligibility, inspection forms, file checklists, etc.

### File Documentation & Regulatory Limits

The documentation in the program, project, beneficiary and administrative files reflects how the PJ has carried out its program. By reviewing this documentation, the PJ can determine whether the program operates as it is designed. The PJ's review should include a reasonable sample size, to reflect the scale of the program, and include a cross-section to represent all staff administering the activity.

The file documentation review determines whether:

- ✓ The administrative function and/or specific activities under review comply with all the HOME requirements that apply. For instance, the core requirements for most HOME activities include a determination that:



- Beneficiaries are income-eligible, and staff complied with all HOME requirements related to determining their eligibility.
- HOME assistance was provided in an eligible form and the subsidy amount was determined appropriately.
- Housing met the applicable property standards, upon completion.
- HOME project complies with HOME affordability requirements.
- All HOME-paid costs were eligible and reasonable.
- HOME requirements secured through required legal mechanisms (e.g., written agreement; lien; deed or use restriction; covenant running with the land).

The PJ must ensure that it complies with **all** HOME requirements, not just core requirements. The best way for the PJ to assess its compliance with all the requirements that relate to an administrative function or program activity is to use the *CPD Monitoring Handbook Exhibits* as a tool in its self-assessment.

HOME regulatory limits help define how HOME funds can be spent - who can receive assistance and in which properties HOME can be invested. HUD generally updates these limits annually.

The HOME limits include:

- HOME income limits define a beneficiary's income-eligibility.
- HOME rent limits define what an affordable unit is, by unit size (number of bedrooms) and by geographic area.
- Homeownership value limits (95% of median purchase price, by area) define the maximum purchase price of a homebuyer unit or the maximum after-rehab value of a homeowner unit. PJs can use HUD's value limits or determine their own limits in accordance with the steps outlined at 92.254(a)(2)(iii).
- Maximum per-unit subsidy limits define the maximum amount of HOME funds that can be invested in a project.

HOME regulatory limits can be accessed on the HUD Exchange, HOME Program landing page: [HOME: HOME Investment Partnerships Program - HUD Exchange](#).

✓ Staff follow the PJ's P&Ps consistently to ensure compliance with HOME requirements and PJ policies.

✓ Staff use current (most recently issued) regulatory limits in carrying out its program. (Or, if a subrecipient, state recipient, or contractor administers the program, the PJ distributes updated limits when they become available.)

✓ Sample files meet the standard for documentation in the PJ's P&P and the HOME recordkeeping requirements of 92.508.

## Written Agreements

The PJ must execute a written agreement with any entity to whom it distributes HOME funds. Critically, the written agreement documents and conveys all HOME requirements with which a housing partner or beneficiary must comply. Therefore, it is a key tool for program compliance and PJ oversight. The review of written agreements will determine whether:

- ✓ The PJ executed a written agreement with each program partner and beneficiary who received direct HOME assistance, prior to disbursing HOME funds.



- ✓ The written agreements were properly executed – that is, signed and dated by each signatory and by all parties.
- ✓ The PJ set up its projects in IDIS **after** the written agreement was executed.
- ✓ The written agreements include all the required provisions outlined at 92.504(c), for the type of entity to which the PJ disbursed HOME funds. See chart below for the list of entities and the regulatory citation for their agreement.
- ✓ Other legal documents required for delivery of assistance (regulatory agreements, notes & mortgage, contracts) are consistent with and reflect the requirements outlined in the written agreement.

Required Written Agreement Provisions in §92.504, by Entity	
<b>§92.504(c)(1)</b>	State recipients
<b>§92.504(c)(2)</b>	Subrecipients
<b>§92.504(c)(3)</b>	Owners, developers, sponsors
<b>§92.504(c)(4)</b>	Contractors
<b>§92.504(c)(5)</b>	Beneficiaries (homebuyer, homeowner or tenant receiving tenant-based rental or security deposit assistance)
<b>§92.504(c)(6)</b>	Community housing development organizations receiving operating expenses
<b>§92.504(c)(7)</b>	Community housing development organization receiving assistance for project-specific technical assistance and site control loans or project-specific seed money loans
<b>§92.504(c)(8)</b>	Technical assistance provider to develop the capacity of community housing development organizations in the jurisdiction

## Program Performance

Assessing program performance means looking at whether the PJ is operating in a way that maximizes results (housing units, families served) and minimizes waste (time, resources), and determining whether the PJ is meeting its housing goals. A program performance review compares the PJ’s performance to its housing goals, as established in its Consolidated Plan/Annual Action Plan.

### IDIS Reports

IDIS reports enable the PJ to assess its overall performance and determine if it is meeting its development goals and meeting program deadlines. The PJ reviews relevant IDIS reports to determine that:

- ✓ The PJ’s IDIS data is reliable. That is, data is complete and the PJ is up-to-date with IDIS data input.
- ✓ The PJ is drawing HOME funds in a timely manner, showing that projects are moving on schedule.



- ✓ IDIS has not flagged any stalled projects/activities, approaching deadlines, or other potential issues that could result in compliance issues or loss of funds.

Exhibit 7-24 refers to several IDIS reports that are helpful for PJs to prepare for monitoring. These include:

- PR 09 Program Income Detail Report by Fiscal Year and Program
- PR 22 Status of HOME Activities Report
- PR 27 Status of HOME Grants Report
- PR 35 Grant, Subfund and Subgrant Report
- PR 44 Expiring HOME Funds Report
- PR 46 HOME Flagged Activities Report
- PR 47 HOME Vacant Units Report
- PR 48 HOME Open Activities Report

### **Production v. Goals**

The Consolidated Plan/Annual Action Plan and other local planning documents describe how the PJ expected its programs to perform in a given year. By comparing these goals against the actual production reflected in IDIS reports, the PJ will be able to determine whether:

- ✓ The programs produced the units and served the beneficiaries that it expected to, for the time period under review.

If this review identifies any potential issues, the PJ will need to take that information and dive deeper into specific projects to address why things are not working as intended and identify action steps that it must take to get the program or project(s) on track.

## **Monitoring & Evaluation**

In its self-assessment, PJs will want to look at other types of information to evaluate its performance. If available, the self-assessment should include a review of: monitoring results, feedback from the public, staff capacity, and community or organizational changes that might impact program performance or compliance.

### **Monitoring Results**

HUD periodically conducts formal, comprehensive monitoring of its PJs. The PJ, in turn, is required to adopt a monitoring plan and risk assessment to conduct annual oversight of programs and activities that are implemented by partners, in accordance with 92.504(a). In its self-assessment, the PJ will want to review recent HUD monitoring reports, as well as its own monitoring reports, to determine whether:

- ✓ The PJ fully addressed any outstanding findings or concerns, including correcting specific deficiencies and amending policies and procedures to prevent a reoccurrence.
- ✓ The PJ has and implements a monitoring strategy to assess the performance of its partners at least annually.
- ✓ The PJ's monitoring results indicate that the PJ's partners are compliant with HOME requirements and their written agreement with the PJ. Note, the self-assessment should



also determine how effectively the PJ examines and follows up on any problems it uncovers.

### **Beneficiary and Citizen Feedback**

Feedback from beneficiaries and citizens can help ensure the PJ’s programs are responsive to the community’s needs. In its self-assessment, the PJ should review any comments or complaints it has received (directly, in the press, or on social media) and determine whether:

- ✓ The PJ considered the feedback seriously, and where valid, corrective actions or policy modifications were implemented.

### **Staff Skills and Training**

Collectively, staff working on HOME programs must have a working knowledge of the communities it serves, familiarity with partner organizations (developers, nonprofits, etc.), expertise in HOME requirements, and specific technical skills (e.g., underwriting, housing market assessment, financial management systems, etc.). In the self-assessment, the PJ will want to determine:

- ✓ As an organization, the PJ has sufficient staff with the necessary expertise to implement the program; and each staff member is able to carry out his or her job obligations.

If the PJ identifies any staffing or organizational issues, it should evaluate how best to correct these deficiencies -- through new hiring, reorganization of staff/functions, or staff training.

### **Organizational or Community Change**

As communities and organizations change, PJs may need to respond by making changes to their programs to address evolving needs, new staffing, or emerging opportunities. When assessing its programs, the PJ should determine whether:

- ✓ The PJ was able to adapt to any significant changes in the community or the organization, by appropriately modifying activities, design, scale (volume) or administration of the program.
- ✓ Changes enhanced compliance or performance and yielded the expected results.

## **Getting Ready for HUD Monitoring**

Throughout its self-assessment review, the PJ should be drawing conclusions about its own performance and identifying areas of strength and weakness. With this information, the PJ can develop an action plan for itself so that it can begin to tackle the issues it has identified.

Prior to the HUD visit, the PJ will want to begin to address any serious deficiencies it has identified, that might lead to HUD findings, such as:

- Inaccuracies in making income-eligibility determinations
- Properties that fail to meet HOME requirements
- Potential problems in financial systems that might put HOME funds at risk

When the PJ uses the CPD Monitoring Handbook Exhibits to guide its self-assessment, it should not be surprised by any HUD monitoring results. The Exhibits are the actual questions that the HUD monitor will use to conduct their monitoring visit.





- Failure to keep sufficient documentation in the files
- Inconsistent application of required policies and procedures.

The PJ's self-assessment may uncover issues that will take some time to improve. For instance, if the PJ determines homebuyers are struggling to keep their homes after purchase, the PJ will need to look more closely at the causes. It may need to modify its homebuyer underwriting policies, and may want to seek feedback from counseling agencies, program partners or beneficiaries before adopting changes. For these types of issues, the PJ should be prepared to describe to HUD the steps it is taking to evaluate the problem and make improvements.

At the monitoring visit, the PJ should be prepared to share its program strengths and successes and be up-front with HUD about any areas that need to be strengthened. If the PJ has implemented any changes to P&P prior to the HUD visit, it should share the original and updated P&P, so that HUD knows what P&P were in place for the period under review. By presenting its self-assessment findings to HUD, along with any steps it has taken or will take to improve its program, the PJ can set the tone for a smooth and collegial monitoring process.

## CPD Monitoring Handbook

### Chapter 7 (HOME) Exhibits and Topic Areas

Exhibits	Title	Topic Areas
7-24	HOME Pre-Monitoring Checklist  <i>This Exhibit does not include questions for the HUD monitor. It lists documents the monitor reviews prior to a monitoring visit, for each topic area.</i>	<ul style="list-style-type: none"> <li>• General Program Oversight</li> <li>• Homeowner Rehabilitation</li> <li>• Homebuyer Development</li> <li>• Homebuyer Assistance</li> <li>• Rental Production</li> <li>• Long-term Occupancy</li> <li>• CHDO</li> <li>• Match</li> </ul>
7-25	Guide for Review of Program Oversight, Financial Management, and Cost Allowability	<ul style="list-style-type: none"> <li>• Program Progress and Reporting</li> <li>• Financial Management</li> <li>• Cash Management Practices</li> <li>• Internal Controls</li> <li>• Program Income</li> <li>• Cost Allowability</li> </ul>
7-26	Guide for Review of Homeowner Rehabilitation Projects and/or Policies & Procedures	<ul style="list-style-type: none"> <li>• Affirmative Marketing</li> <li>• Project Selection, Commitment and Set-up</li> <li>• HOME Subsidy</li> <li>• Income Determination</li> <li>• Beneficiary Written Agreement, (review required)</li> <li>• Ownership and Occupancy Status</li> <li>• Property Requirements</li> <li>• Property Standards</li> <li>• Eligible/Reasonable Costs</li> <li>• Procurement and Contractor Oversight, if applicable</li> <li>• Loan Processing and Servicing</li> <li>• Project Completion</li> <li>• Record Retention</li> </ul>



Exhibits	Title	Topic Areas
7-27	Guide for Review of Homebuyer Development and/or Rehabilitation Projects and/or Policies & Procedures	<ul style="list-style-type: none"> <li>• Project Selection, Commitment and Set-up</li> <li>• Owner, Developer Written Agreement, (review required)</li> <li>• HOME Subsidy</li> <li>• Cost Allocation (if applicable)</li> <li>• Eligible/Reasonable Costs</li> <li>• Procurement and Contractor Oversight (if applicable)</li> <li>• Property Requirements</li> <li>• Property Standards               <ul style="list-style-type: none"> <li>○ New Construction</li> <li>○ Rehabilitation</li> </ul> </li> <li>• Affirmative marketing</li> <li>• Income Determination</li> <li>• Housing Counseling</li> <li>• Beneficiary Written Agreement, (review required)</li> <li>• Responsible Lending/Lender Requirements</li> <li>• Ownership and Occupancy</li> <li>• Resale and Recapture Requirements</li> <li>• Lease Purchase (if applicable)</li> <li>• Project Completion</li> <li>• Record Retention</li> </ul>
7-28	Guide for Review of Homebuyer Downpayment Assistance Projects and/or Policies & Procedures	<ul style="list-style-type: none"> <li>• Affirmative Marketing</li> <li>• Project Selection, Commitment and Set-up</li> <li>• HOME Subsidy</li> <li>• Income Determination</li> <li>• Housing Counseling</li> <li>• Beneficiary Written Agreement, (review required)</li> <li>• Responsible Lending/Lender Requirements</li> <li>• Property Requirements</li> <li>• Property Standards</li> <li>• Ownership and Occupancy</li> <li>• Resale and Recapture Requirements</li> <li>• Eligible/Reasonable Costs</li> <li>• Procurement and Contractor Oversight (if applicable)</li> <li>• Project Completion</li> <li>• Record Retention</li> </ul>
7-29	Guide for Review of Rental Development or Rehabilitation Projects and/or Policies & Procedures	<ul style="list-style-type: none"> <li>• Project Selection, Commitment and Set-up</li> <li>• Owner, Developer, Sponsor Written Agreement (review required)</li> <li>• HOME Subsidy, Subsidy Layering</li> <li>• Cost Allocation</li> <li>• Eligible/Reasonable Costs</li> <li>• Property Requirements</li> <li>• Property Standards</li> <li>• Procurement and Contractor Oversight (if applicable)</li> <li>• Project Completion</li> <li>• Record Retention</li> </ul>
7-30	Guide for Review of Rental Project Compliance and/or Policies & Procedures	<ul style="list-style-type: none"> <li>• Tenant Selection</li> <li>• Income Determination               <ul style="list-style-type: none"> <li>○ Initial Income Determination</li> <li>○ Annual Income Recertification</li> </ul> </li> </ul>



Exhibits	Title	Topic Areas
		<ul style="list-style-type: none"> <li>• Lease Compliance</li> <li>• Rent Compliance               <ul style="list-style-type: none"> <li>○ Initial Rents</li> <li>○ Subsequent Rents</li> </ul> </li> <li>• Ongoing Occupancy Requirements</li> <li>• Property Standards</li> <li>• Eligible Costs</li> <li>• Procurement and Contractor Oversight (if applicable)</li> <li>• Project Completion and Lease-up</li> <li>• Record Retention</li> </ul>
7-31	Guide for Review of Tenant-Based Rental Assistance (TBRA) Projects and/or Policies & Procedures	<ul style="list-style-type: none"> <li>• Commitment and Set-up</li> <li>• Participant Selection</li> <li>• Income Determination</li> <li>• TBRA Assistance Contract</li> <li>• TBRA Subsidy Administration</li> <li>• Lease Provisions</li> <li>• Property Requirements</li> <li>• Eligible Costs</li> <li>• Procurement and Contractor Oversight, if applicable</li> <li>• Record Retention</li> </ul>
7-32	Guide for Review of Community Housing Development Organization (CHDO) Qualifications, Projects, and/or Policies & Procedures	<ul style="list-style-type: none"> <li>• CHDO Eligibility               <ul style="list-style-type: none"> <li>○ CHDO Legal Structure;</li> <li>○ Independence;</li> <li>○ Accountability to the Low-Income Community</li> <li>○ Capacity;</li> </ul> </li> <li>• Project Eligibility               <ul style="list-style-type: none"> <li>○ CHDO Set-Aside Roles and Certification;</li> <li>○ Special Assistance for CHDOs</li> </ul> </li> </ul>
7-33	Guide for Review of Match Requirements	<ul style="list-style-type: none"> <li>• Eligibility</li> <li>• Documentation</li> </ul>
7-34	Guide for Review of Contractor Written Agreements	<ul style="list-style-type: none"> <li>• Contractor Written Agreements</li> </ul>
7-35	Guide for Review of State Recipient Written Agreements and Oversight	<ul style="list-style-type: none"> <li>• State Recipient Written Agreements</li> <li>• State Recipient Oversight and Internal Controls</li> <li>• Reporting</li> <li>• On-Site Monitoring by the PJ</li> <li>• Program Income Monitoring</li> <li>• On-Site Review of State Recipients by HUD (optional)</li> </ul>
7-36	Guide for Review of Subrecipient Written Agreements and Oversight	<ul style="list-style-type: none"> <li>• Subrecipient Written Agreements</li> <li>• Subrecipient Oversight and Internal Controls</li> <li>• Reporting</li> <li>• On-Site Monitoring by the PJ</li> <li>• Program Income Monitoring</li> <li>• On-Site Review of Subrecipients by HUD</li> </ul>