

We will be starting momentarily.



HOME Program Monitoring Series

Session 1: Understanding Monitoring

Spring 2021



Welcome to the Webinar Series

Presenters

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What is Your Experience with HOME (in Years)?

A. Less than 1 year

B. 1-5 years

C. 5+ years



Which HOME Activities Do You Work With?

A. Program management

B. Homeowner (Homeowner rehabilitation, homebuyer development, homeowner assistance)

C. Rental (Rental, Long-term rental, TBRA)

D. More than one activity



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



HOME Monitoring Webinar Series Overview

	Understanding Monitoring April 13, 2021		
General Administration	Program Oversight and Financial Management; Match Exhibits: 7-25 7-33 April 15, 2021	CHDO Exhibit: 7-32 April 20, 2021	Oversight of Program Partners & Their Written Agreements Exhibits: 7-34 7-35 7-36 April 22, 2021
Homeowner	Homebuyer Development Exhibit: 7-27 April 27, 2021	Homebuyer Assistance Exhibit: 7-28 May 4, 2021	Homeowner Rehabilitation Exhibit: 7-26 May 11, 2021
Rental	Rental Exhibit: 7-29 April 29, 2021	TBRA Exhibit: 7-31 May 6, 2021	Long-Term Rental Compliance Exhibit: 7-30 May 13, 2021



Understanding Monitoring Webinar Objectives

- Provide an overview and conceptual framework for the Webinar Series topics & materials
- Establish the regulatory context for PJ monitoring
- Explore risk factors on which to base PJ monitoring
- Introduce the CPD Monitoring Handbook & HUD monitoring of PJs

Topics

- Introduction to HOME Monitoring
- PJ Risk-Based Monitoring
- Getting Ready for HUD Monitoring
- Tools and resources





Introduction to HOME Monitoring

Regulatory Basis for HUD to Monitor PJs

- 24 CFR 92.550(a)
 - HUD will review the performance of each PJ at least annually
 - Will rely primarily on IDIS information and information from the PJ, but also citizen comments and complaints
- §92.550(b)
 - Periodic in-depth review to determine if PJ has committed/ expended funds and met regulatory requirements
 - Using CPD Monitoring Handbook 6509.2 Chapter 7 Exhibits



Regulatory Requirements for PJ to Monitor Its Program

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

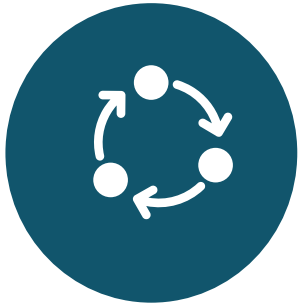
24 CFR 92.504(a)

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



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



Program Monitoring: Beyond the Regulations

- Monitoring is an essential component of good program management to
 - Ensure compliance and
 - Provide feedback on performance

Are we doing things right?

- Document compliance
- Monitor implementation progress & efficiency

Are we doing the right things?

- Evaluate results
- Enhance future program design



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

Project Compliance

- Project implementation
 - Project selection
 - Acquisition/development
 - Completion/initial occupancy
- Period of affordability
 - 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
 - Property/project sites/ units



When Must Activities Be Monitored?

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



Using Monitoring to Improve Program Design

Evaluate the following:



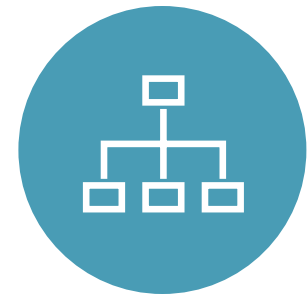
Productivity



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

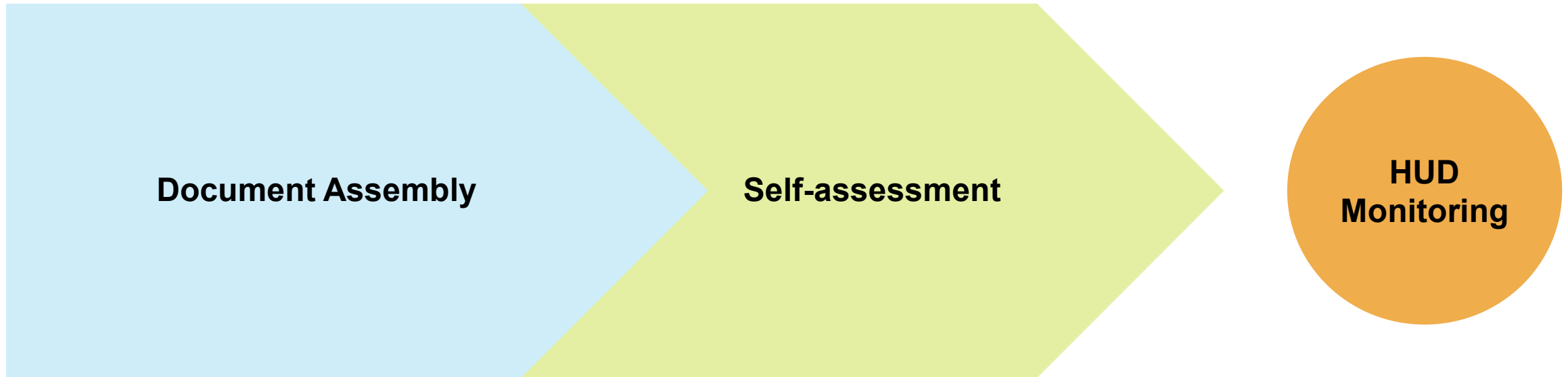
- ✓ Annual monitoring activities schedule
- ✓ Staffing, roles, and responsibilities
- ✓ Procedures for conducting onsite and remote monitoring
- ✓ Categorizing monitoring results
 - Findings and corrective actions; management concerns and response
 - Importance of acknowledging successful compliance
- ✓ Monitoring documentation & forms
 - Letters, monitoring checklists, report formats
- ✓ Communications, TA , follow-up, findings resolution





Preparing for HUD Monitoring

Steps To Get Ready



Self-Assessment Tool

Handouts & Resources

PJ Self-Assessment Tool: Preparing for HUD Monitoring

HOME Monitoring Training
As of Spring 2021



Preparing for HUD: Document Assembly

Document Assembly

- IDIS reports
- Past monitoring
- Citizen inputs
- PJ P&Ps
- Written agreement templates
- CPD Monitoring Exhibits

Self-assessment

HUD
Monitoring



Preparing for HUD Monitoring: Document Assembly

- Assemble & review program performance/status
 - ConPlan/Annual Plans/CAPERs
 - Past monitoring reports and findings
 - IDIS reports
 - Citizen complaints, public comments, social media, press reports & inquiries
- Assemble & review written program documents
 - Policies and procedures
 - Marketing and application materials
 - Written agreements/templates
- Download CPD Monitoring Handbook Ch. 7 Exhibits
 - Review Exhibit 7-24 (documents HUD assembles/reviews prior to/during 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 compliance monitoring
 - Incorporate owner/beneficiary written agreement requirements in project-specific exhibits
 - Add a pre-monitoring checklist to help Field staff prepare for monitoring (Exhibit 7-24)



Monitoring Handbook: HOME Exhibits (cont.)

CPD Monitoring Handbook, Chapter 7: HOME

General 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: Self-Assessment

Document Assembly

Self-assessment

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

**HUD
Monitoring**



Self-Assessment

Regulatory Compliance

- Policies and procedures
- Regulatory limits and requirements
- File eligibility documentation
- Written agreements and legal documents

Program Performance

- Program status (IDIS)
- Production vs. ConPlan goals

Monitoring & Evaluation

- PJ monitoring
- Response to prior monitoring
- Citizen comments/media
- Staff skills/training
- Changes to program



Regulatory Compliance Assessment Questions

- Policies and procedures
 - Does the PJ have comprehensive policies and procedures meeting HOME requirements?
 - Does the PJ have additional policies and procedures that are essential for effective program operations?
 - Are they being followed consistently?
 - Do the P&Ps state the documentation the PJ needs to retain to evidence compliance?
- Written agreements and legal documents
 - Has a written agreement been executed with each program partner and beneficiary, prior to setting up and disbursing HOME funds?
 - Does each written agreement meet 92.504(c) requirements?



Regulatory Compliance Assessment Questions (cont.)

- Regulatory limits and requirements
 - Are the regulatory limits that apply current?
 - Do all partners have the current limits?
- HOME subsidy amount (and how it is determined)
 - Are underwriting, cost allocation and subsidy layering standards consistent with the Rule and are they consistently applied across all activities?
- File eligibility documentation.
 - Do the files document beneficiary income eligibility following HOME requirements?
 - Were properties inspected and documented to meet program standards?
 - Do project files contain documentation for all HOME requirements



Program Performance Assessment Questions

- **IDIS/activity status**
 - Is IDIS data current and reliable?
 - Do the reports flag any stalled projects/activities, approaching deadlines, or other potential issues that could result in compliance issues or loss of funds?
 - What do the IDIS reports indicate about the program's performance?
 - Are projects moving on schedule?
- **Production v. goals**
 - Has the program produced the units and served the beneficiaries that were identified in the Con Plan/Annual Plan (and/or other local planning documents)?
 - If goals are not met, what action steps can the PJ take to get the program on track?



Monitoring & Evaluation Assessment Questions

- PJ's monitoring of partners
 - Has the PJ adopted a monitoring strategy? Is it being followed? Are partners being monitored at least annually?
 - Do program files document monitoring and compliance?
- HUD monitoring
 - Has HUD monitored in recent years? Have all findings and concerns been addressed?
- Beneficiary/Citizen/Media comments
 - Have comments been received? Have they been addressed



Monitoring & Evaluation Assessment Questions (cont.)

- Staff
 - Do staff receive periodic training?
 - Do staff have the expertise to carry out program functions?
- Organizational or community changes
 - Have there been significant changes in the jurisdiction or the PJ agency (and its partners)? Have these changes affected compliance or performance?



Self-Assessment Tool

Handouts & Resources

PJ Self-Assessment Tool: Preparing for HUD Monitoring

HOME Monitoring Training
As of Spring 2021



<https://files.hudexchange.info/course-content/home-monitoring-webinar-series-understanding-monitoring/HOME-Monitoring-PJ-Self-Assessment-Handout.pdf>



Are You Ready for HUD Monitoring?

A. I am ready for HUD to monitor today.

B. I need to organize some documents, but I have them all.

C. I have a lot of work to do, and I'm ready to learn how to get ready!





Resources & Tools

CPD Monitoring Handbook

CHAPTER 7: HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)	WORD
Optional Attachments 7-0 (4 files), Exhibits 7-1 through 7-23, and Attachment 7-1 – (REMOVED)	
Exhibit 7-24 - HOME Pre-Monitoring Checklist	WORD
Exhibit 7-25 - Guide for Review of Program Oversight, Financial Management, and Cost Allowability	WORD
Exhibit 7-26 - Guide for Review of Homeowner Rehabilitation Projects and/or Policies & Procedures	WORD
Exhibit 7-27 - Guide for Review of Homebuyer Development and/or Rehabilitation Projects and/or Policies & Procedures	WORD
Exhibit 7-28 - Guide for Review of Homebuyer Downpayment Assistance Projects and/or Policies & Procedures	WORD
Exhibit 7-29 - Guide for Review of Rental Development or Rehabilitation Projects and/or Policies & Procedures	WORD
Exhibit 7-30 - Guide for Review of Rental Project Compliance and/or Policies & Procedures	WORD
Exhibit 7-31 - Guide for Review of Tenant-Based Rental Assistance (TBRA) Projects and/or Policies & Procedures	WORD
Exhibit 7-32 - Guide for Review of Community Housing Development Organization (CHDO) Qualifications, Projects, and/or Policies & Procedures	WORD
Exhibit 7-33 - Guide for Review of Match Requirements	WORD
Exhibit 7-34 - Guide for Review of Contractor Written Agreements	WORD
Exhibit 7-35 - Guide for Review of State Recipient Written Agreements and Oversight	WORD
Exhibit 7-36 - Guide for Review of Subrecipient Written Agreements and Oversight	WORD

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](#)

Need technical assistance to prepare for HUD monitoring?
[Request TA on the HUD Exchange.](#)

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



HUD Exchange HOME Page – Topics

HOME Topics

CHDO	Consolidated Plan	Consortia	Cross-Cutting Requirements	HOME & Other Federal Programs
Homeowner Rehabilitation	Homeownership	IDIS	Income Determination	Match
Monitoring	Program Administration & Management	Rental Housing	Tenant-Based Rental Assistance	

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 success of HOME-assisted rental projects?

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



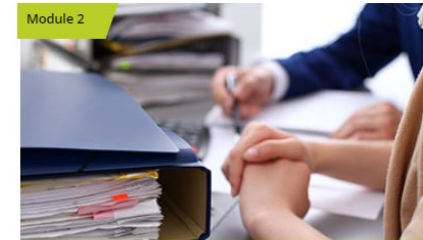
Challenge questions and exams to test your understanding of the requirements

Module 1



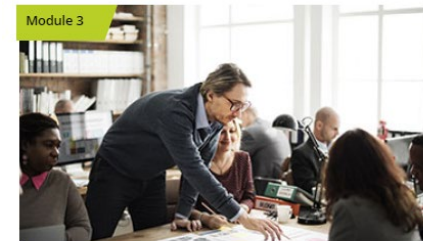
Overview of the HOME Program

Module 2



HOME Program Requirements

Module 3



HOME Program Administration

<https://www.hudexchange.info/trainings/building-home/>





Wrap Up

Organization of Each Webinar

Webinar agenda

- Regulatory requirements
- Exhibit monitoring questions (by topic area, not question-by-question)
- Additional program design considerations
- Getting ready for HUD monitoring

Each monitoring topic area:

Requirements

- Key regulatory requirements on which the Exhibit Questions are based

Documentation

- Items that must be documented to demonstrate compliance, including both policies & procedures and file documentation

Compliance Review

- Compliance determinations that go beyond basic file documentation (as needed)



Questions?



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