

### PROGRAM ADMINISTRATION AND MONITORING

As the HOME PJ for the State of Idaho, the Idaho Housing and Finance Association (IHFA) is responsible for managing the day-to-day operations of the HOME program. Monitoring enables IHFA to assess the HOME program performance, and ensure that all funds are spent in accordance with the laws and regulations governing the HOME program.

IHFA is responsible for managing the day to day operations of the HOME program, ensuring that HOME funds are used in accordance with all program requirements and written agreements, and taking appropriate action when performance problems arise.

#### **Project Monitoring**

Three goals of HOME monitoring

1. To ensure production and accountability;
2. To ensure compliance with the HOME and other federal requirements;
3. To evaluate organizational and project performance during the compliance period (for additional information regarding HOME compliance, see Chapter 8- Management Capacity Threshold requirement)

For individual projects, monitoring begins at project pre-development with the collection of information on affirmative marketing procedures, Fair Housing policy, procurement procedures, environmental review, other federal requirements, compliance with local codes and zoning ordinance, evidence of plan approval and issuance of building permits.

IHFA requires both pre-construction and post-construction conferences to ensure contractors are informed of federal procurement standards and their responsibilities to comply with the requirements for federally assisted construction projects. The level of review will be determined by the Sponsor's degree of expertise.

During construction, IHFA will:

- Monitor monthly progress with special attention to any pending or anticipated problems;
- Regularly discuss issues with sponsors and provide any technical assistance needed;
- Make periodic visits to the site to inspect the quality of the construction and evaluate progress;
- Review Sponsor's and Contractor's record keeping;
- Review project schedule to determine if the project is on schedule, all major milestones have been met, and the number of units proposed are being produced;
- Review project's success in meeting the Davis/Bacon, Section 3, and other standards established in the written agreement;
- Review the project's compliance with accessibility requirements; and
- Review project payments to ensure the costs are on target and the requests for disbursement are properly documented and accurate.
- Review proposed Tenant Lease protections and other property management issues.

#### **Project Compliance**

Sponsors/owners are responsible for ensuring compliance with all aspects of the HOME program during the period of affordability. Additionally, all HOME projects are subject to compliance monitoring and reporting procedures established by IHFA. Specific guidelines pertaining to monitoring and reporting are included in the HOME Compliance Manual that is made available to all development sponsors/owners. Sponsors/owners are strongly encouraged to obtain the Compliance Manual, and to become thoroughly familiar with all aspect of the program compliance contained in the Manual. Manual is available at <http://www.ihfa.org/pdfs/HOMEManual2002%201.pdf>

During the Period of Affordability, IHFA will perform annual reviews of all HOME-assisted rental projects undertaken. The review will include:

The initial income of all tenants occupying HOME-assisted units;

- The annual recertification of tenant income;
- The initial rent levels for HOME-assisted units;
- Current rent levels and utility allowances;
- Affirmative Marketing Requirements;
- Compliance with Section 504 and all other Federal cross-cutting measures;
- Compliance with all HUD HOME regulations that apply to the particular housing type and with all requirements described in the Regulatory Agreement.

On-site inspections to monitor compliance with the Section 8 HQS and tenant file documentation requirements will occur no less frequently than annually for all rental projects with 26 or more HOME assisted units, once every two years for projects with 5-25 HOME units, or once every three years for projects with 1-4 HOME units.

Homeowner activities do not require annual inspections or reports.

However, IHFA will verify on an annual basis that the home continues to be the principle residence of the homeowner. In addition, HOME participants must follow uniform Federal administrative requirements as follows:

- For governmental entities, all requirements of OMB Circular A-87 and the applicable requirements of 24 CFR Part 85.
- For nonprofit organizations, the requirements of OMB Circular A-122, OMB Circular A-133 and the following attachments of OMB Circular A-110: attachment B, attachment F, attachment H (paragraph 2) and attachment O.

### **Making Loan Repayments Based on Net Cash Flow**

Projects which are making payments on their HOME loan based on net annual cash flow must submit detailed annual budgets to IHFA setting forth the anticipated project income from all sources and a detailed estimate of expenses for that year. These annual budgets must be submitted to the IHFA Compliance Department, no less than 30 days prior to the beginning of each fiscal year. At the discretion of IHFA, additional reports may be required as deemed necessary. At year-end, financial reports', which show all income and expenses for the year including brief explanation of all deviations of 10% or more from the original budget, must be submitted. Finally, no less than 45 days after the end of the project's fiscal year, the project must submit financial statements prepared by an independent certified public accountant to IHFA. These annual financial statements will be submitted by the due date and conditions identified in the Deed of Trust Note. The Net Cash Flow Calculation Form (Exhibit "A" of the Deed of Trust Note) will be submitted within the time constraints determined in the Deed of Trust Note. The Net Cash Flow is generally defined as all Gross Income from the project less: (a) Reasonable\* Operating Expenses; (b) Debt Service on the permitted senior mortgage loan as IHFA may direct; and (c) only required net deposits to Reserves and Escrows. The certified Net Operating Income calculation will be used to determine the project owner's amount owing for the annual NOI loan payment.

### **IHFA Record Keeping**

IHFA will establish and maintain records that document the status of each HOME project as well as the over-all program administration. These records will include but are not limited

#### **1. Program records**

- Documentation of maximization of private sector involvement
- Documentation of eligibility of all HOME-assisted activities

- Documentation of tenant eligibility and income targeting requirements
  - Documentation of compliance with matching requirements
2. **Community Housing Development Organizations (CHDO)**
    - Documentation of CHDO qualifications and designations
    - Documentation of the efforts to identify and designate CHDOs
    - Documentation of the project-specific loans and operating assistance grants awarded to CHDOs
    - All written agreements with CHDOs
  3. **Project records**
    - Documentation of the sources and uses of funds for each project
    - Verification of property standards compliance for each project
    - Documentation of Period of Affordability
    - Documentation of tenant and participant protections
    - Documentation that the amount of HOME funds invested in a project met the minimum and maximum requirements
    - Documentation that all properties assisted with homeowner rehabilitation loans or home buyer assistance were within the appraised value limitations
    - Records indicating the number and type of HOME units in the project
    - Documentation that no more federal assistance than necessary has been supplied to the project.
  4. **Other Federal Records**
    - Equal Opportunity and Fair Housing Records
    - Affirmative Marketing Procedures
    - Environmental Review Procedures
    - Compliance with the Uniform Relocation Act and all other applicable relocation and displacement regulations
    - Compliance with labor standards and Section 3
    - Compliance with lead-based paint regulations
    - Compliance with conflict of interest regulations
    - Certifications regarding debarment and suspension
    - Compliance with flood insurance requirements
    - Records concerning intergovernmental review
    - Compliance with administrative requirements
  5. **Program Administration Records**
    - Documentation regarding the amount of drawn-down and expenditure of federal HOME funds and HOME Program income
    - Records associated with the Integrated Disbursement and Information System (IDIS)
    - Project documentation including agreements, sources and uses of funds, audits and resolution of any audit findings

All records will be maintained in accordance with the HOME regulations.

### **Integrated Disbursement and Information System**

The Integrated Disbursement Information System (IDIS) is an electronic link between the Participating Jurisdiction (IHFA), HUD, the HOME recipient, and the HOME funds. IDIS is designed to meet two objectives:

1. To manage and account for disbursement of HOME funds to the PJ and ultimately to the HOME recipients, and;
2. To collect, consolidate, and report information regarding HOME program performance.

IHFA, as the HOME PJ for the State of Idaho, draws down HOME funds from the Federal Treasury through the IDIS system. Project sponsors should be aware that if for any reason IDIS is inoperable, IHFA might not be able to draw down the HOME funds that have been awarded to the project.

### **HOME Funds Disbursements**

Each HOME project is established in the IDIS system by the PJ. The amounts set up in the system establish the maximum amount of HOME funds that may be drawn down for each project. Though the amount of HOME funds set up in the IDIS can be amended, additional awards of HOME funds require appropriate documentation and review by IHFA's Resource Allocation Committee.

In order to disburse HOME funds for project costs, IHFA must first receive and approve a disbursement request. All disbursement requests to IHFA must be evidenced by full documentation in the form of bills, invoices, and/or receipts. For multi-family projects, the work must be certified 'complete' by the contractor, inspecting architect, and project sponsor. The Sponsor is required to maintain evidence of cost certification for a minimum of five (5) years after construction completion, to be reviewed and audited at IHFA's discretion. Disbursement requests will be reviewed for consistency with the HOME program and the project budget before payments are made. If required by IHFA or other project funders, HOME funds may be disbursed through a title company to ensure proper payment.

HOME funds disbursement requests should be addressed to: **HOME Program, Idaho Housing and Finance Association, PO Box 7899, Boise, ID 83707-1899.**

Following review and approval of the disbursement request, which may include a construction progress inspection by IHFA staff, IHFA will request a draw of the approved amount of HOME funds through the IDIS system.

Once the funds are deposited into the local HOME Program account from the Federal Treasury, IHFA will issue a check or wire transfer to the pre-approved account for payment of project costs. HUD regulations state that all HOME funds must be disbursed to the "end user" within **fifteen (15) days** of receipt into the local HOME account.