Guidelines for Desk Monitoring

Prior to Project Settlement for a Housing Development Grant Project

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

Grantee	Reviewer	Date of Review
Project Name	Project Number	

Determine progress that the grantee and participating parties have made in carrying out the provisions of the Grant Agreement and verify information presented in the Grantee Progress Report (GPR).

I. Relocation

If no temporary or permanent replacement is involved in this project or if the relocation plan does not require relocation activities to have started by this date, **check this box** and go to Part II. ☐

Compare the progress reflected in the GPR to the relocation plan (submitted as a part of the application or as amended in the Grant Agreement) and Exhibit E in the Grant Agreement.

1. Does the progress towards the completion of temporary and permanent relocation activities appear consistent with progress in land acquisition, development completion and marketing of units? Yes ☐ No ☐
   If no, discuss with grantee. Record results here:

2. Does the expenditure of relocation funds to date appear consistent with the relocation plan? Yes ☐ No ☐
   If no, discuss with grantee. Record results here:

II. Contracting

Compare the GPR responses to the goals identified in the approved Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) Plans.

1. Have contracting activities begun? **If no, go to Part III.** Yes ☐ No ☐

2. Does it appear that the MBE/WBE goals are being achieved? Yes ☐ No ☐
   If no, discuss the obstacles to progress with the grantee. Record results here:

III. Construction/Rehabilitation

1. Have construction/rehabilitation activities begun? **If yes**, go to question 3. Yes ☐ No ☐
   If no, answer question 2 then go to Part VI.

2. If no, answer the following:

   a. Has the construction start target in Exhibit E of the Grant Agreement been delayed by 30 days or more? Yes ☐ No ☐

   b. Does it appear at this time that the statutory deadline for construction start will be missed? Yes ☐ No ☐

   If yes, contact the grantee to determine what problems exist and advise of the early start option (Grants awarded prior to July 22, 1985, have four years from notification of preliminary approval date to start. All other projects have two years after date of preliminary approval to start. Find date of HUD's letter of selection to grantee. If unavailable in Field Office, check with Headquarters.) **Record results here:**

form **HUD-50004** (9/89)
ref. Handbook 4591.1

3. Compare progress towards development completion reported in the GPR relative to the milestones of Exhibit E of the Grant Agreement. (Consult source documents and records of any previous on-site review.)
If there is no executed Grant Agreement, go to question 4.

Is the project development on schedule in accordance with all milestones in Exhibit E of the Grant Agreement? Yes ☐ No ☐
If no, contact grantee to determine problems and indicate whether an amendment to the Grant Agreement is necessary. **Record results here:**

4. Has construction/rehabilitation started and proceeded without HUD approval of project evidentiary materials? Yes ☐ No ☐
If no, go to question 8.

5. **If yes to 4**, did the grantee receive approval for an early construction start? Yes ☐ No ☐
If no, inform the grantee that an early start approval is necessary, and ascertain that the HUD Field Office has approved a Request for Release of Funds (indicating satisfaction of environmental review requirements).

6. Has a Request for Release of Funds been granted? Yes ☐ No ☐
If no, the project may be in violation of 24 CFR Part 58 regulation.
Notify the Headquarters Development Grant Division immediately.

7. What are the obstacles to submission of the HDG evidentary materials?
Discuss with grantee. Record results here:

8. Has construction proceeded in good course (i.e. was (have) site clearance and preparation (been) pursued diligently and followed without appreciable delay by other significant construction activity)? Yes ☐ No ☐
If no and the statutory deadline for construction start **has passed** (see question 2b above), the project is in violation of HDG statute and may be subject to total recapture.
Notify the Headquarters Development Grant Division immediately.
If **no and** the statutory deadline for construction start **has not passed**, contact the grantee to determine problems and provide assistance and/or warnings, as appropriate.
Record results of conversation(s) with Headquarters and/or grantee here:

9. What was the date of construction start? _____ Enter Date

10. Has the locality issued the first occupancy certificate? Yes ☐ No ☐

11. Compare the percent of construction completed to the percent of funds expended to date in the GPR (Disbursement of Funds).
Does the progress in completion appear consistent with the rate of expenditure of funds, both HDG and non-HDG? (If drawdown has not begun, check N/A). Yes ☐ No ☐ NA ☐
If no, contact the grantee to determine the reason for the apparent discrepancy. **Record results here:**

12. Are there indications that any participating party has reduced or reneged on any financial or other development period commitment? **If yes, explain:** Yes ☐ No ☐

IV. Drawdown of HDG Funds

1. Have HDG funds been drawn down by the grantee for the project? Yes ☐ No ☐
   If no, go to Part V.
   If yes, compare the amount of HDG drawn down to date on the GPR (Disbursement of Funds) and the amount of private and other funds expended to the most recent Headquarters drawdown report available. The totals may not be exact, but should provide an approximate verification that HDG draws are in compliance with the leveraging ratio listed in Section 1.01 (f) of the Grant Agreement and an estimate of progress towards completion.

2. Is there a significant discrepancy between the amount of HDG drawn down on the GPR and the Headquarters report? **If yes, discuss with grantee. Record results here:** Yes ☐ No ☐

3. Using the GPR, compute the ratio of non-HDG to HDG funds spent to date as follows:

$$\text{Leveraging Ratio} = \frac{\text{Item 5} + \text{Item 7}}{\text{Item 2}}$$

   Have drawdowns to date occurred in accordance with the leveraging ratio, i.e., is the ratio obtained using the above formula less than or equal to the leveraging ratio posted in Section 1.01 of the Grant Agreement? Yes ☐ No ☐
   If no, discuss with grantee. Record results here:

4. Does the pattern or frequency of drawdowns shown in the Headquarters report indicate that the project may be experiencing excessive delays or a rate of expenditure which is inconsistent with the progress of construction or rehabilitation? **If no, contact grantee. Record results here:** Yes ☐ No ☐

5. Where the Grant Agreement specifies a Project Investment Account (PIA) or one time interest rate buy down, did the draw occur no earlier than 60 days prior to initial occupancy and was the draw made in acordance with the leveraging ratio? (If no PIA or buy down, mark NA.) Yes ☐ No ☐ NA ☐
   Contact the grantee as appropriate to make this determination. Record results here:

V. Occupancy

1. Has occupancy begun? Yes ☐ No ☐

2. Based on the milestones in Exhibit E of the Project Grant Agreement, or based on construction progress (i.e. completion of the project or any stage), should occupancy have begun? Yes ☐ No ☐
   If the answer to both 1 and 2 are no, go to Part VI.
   If the answer to either 1 and/or 2 is yes, compare progress towards completion of occupancy described in the GPR to the milestones in Exhibit E of the Grant Agreement. **Record results here:**

3. Does it appear that (or have) any of the project milestones for occupancy will be (or have been) missed by more than 30 days? Yes ☐ No ☐
If yes, contact grantee to determine the problem and indicate whether an amendment to the Grant Agreement will be required. **Record results here:**

4. Compare the percent of units occupied to the percent of units completed in the GPR. Does progress in occupying the units appear consistent with the number of units completed to date? **Yes** ☐ **No** ☐
If no, discuss with grantee. Record results here:

5. If there was a commitment to serve very low-income households (GPR: item 10, Project Description/Status and Exhibit C of the Grant Agreement), is the progress toward this objective consistent with the rate of occupancy for the lower-income units and the project as a whole? (*If no commitment to serve very low-income, mark NA.*) Yes ☐ No ☐ NA ☐
If no, discuss with grantee. Record results here:

VI. Other

1. Has HUD approved the Personal Benefit Expenses (PBE's) to be used at initial rent-up? Yes ☐ No ☐
(The PBE's should be submitted by the grantee at least 60 days prior to initial occupancy.)

2. If HDG was used as a PIA, was the investment plan updated by grantee to reflect actual investments, interest rates and disbursements, and submitted to HUD promptly after drawdown (and investment) of the HDG funds? Yes ☐ No ☐
If no, and the PIA has been drawn down, contact the grantee for an updated investment plan.
Record results here:

3. To the best of your knowledge, has the ownership entity changed or has the character or structure of the ownership changed since execution of the Grant Agreement, e.g., from non-profit to limited partner, or from minority to majority controlled? Yes ☐ No ☐
If yes, explain:

Any change in ownership prior to Project Settlement must be approved by the Headquarters Development Grant Division and must be reflected as an amendment to the Grant Agreement. Further, if the project initially qualified for points in the selection process as a minority or female controlled entity, then the project ownership must continue as a minority or female controlled entity for at least seven years from the date of initial occupancy. Finally, if project ownership changes from non-profit to for-profit, the new owner must commit 10 percent of project costs as an equity contribution without reducing the total amount of non-HDG project debt and non-HDG grants. Unless project costs have increased significantly, the increased equity commitment will result in a HDG Grant decrease.
Note any change here and contact Headquarters to discuss appropriate action:

4. If the answer to question 3 is yes, has Headquarters approved the ownership change? Yes ☐ No ☐
If no, contact Headquarters to discuss appropriate action.

5. Do you have information which would lead you to believe that there may be a substantive violation of the HDG requirements such as:

a. the number and bedroom composition of lower-income units approved will not be provided? Yes ☐ No ☐

b. the entire project will not be held for residential rental, cooperative or mutual purposes for the Project Term? Yes ☐ No ☐

c. the owner has discriminated against prospective tenants on the basis of their receipt of, or eligibility for public assistance or the presence of minor children, except in the case of units set aside for the elderly? Yes ☐ No ☐

d. the rents charged for the lower-income units exceed the HDG formula rents? Yes ☐ No ☐

e. tenants leasing the lower-income units were not at the time of occupancy or are not now lower-income? Yes ☐ No ☐

f. other? Yes ☐ No ☐

Explain:

If your response to any of the above questions is yes, contact Headquarters to identify appropriate action or follow the procedures specified in Chapter 2, Paragraph 2-4(b) and (c) of this Handbook.

Record determinations here:

Record any other comments or concerns which may not have been covered by this guide: