

Guidelines for On-site Monitoring

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

Performance requirements for Housing Development Grant Projects

Grantee	Reviewer	Date of Review
Project Name	Project Number	

I On-Site Visit at Grantee's Office

1. Do the grantee's files and records support or verify the information reported in the Grantee Progress Report with respect to:

- a. progress on development, i.e., number of units completed? Yes No
- b. progress on occupancy for both the market rate and the lower-income units? Yes No
- c. expenditures from public and private sources? Yes No
- d. expenditures on WBE/MBE subcontracts? Yes No
- e. progress on displacement, temporary relocation, and disbursement of relocation payments? Yes No
- f. adherence to the development schedule of Exhibit E of the Grant Agreement?
If no, explain the delays: Yes No

2. Does the grantee have a process in place to adequately address these issues:

- a. The requirement that over-income tenants in designated lower-income units be replaced with lower-income households? Yes No
- (i) Is this requirement reflected in a Grantee-approved lease or other form of official notification to each lower-income tenant? Yes No
- (ii) How does the grantee/owner intend to enforce this requirement?
 - (A) convert a vacant market rate unit with an equal number of bedrooms to a lower-income unit, and renegotiate the rent of the over-income tenant? or Yes No
 - (B) notify the tenant that the household must move within the appropriate time period? Yes No

Comments:

- b. Verifying incomes for new tenant certification and recertification of existing tenants? Yes No
- c. Verifying that the number and appropriate bedroom distribution of lower-income units are occupied or available for occupancy by eligible tenants? Yes No
- d. Reviewing requests for rent and personal benefit expense increases, including a schedule and format for submitting such requests? The owner is permitted to update HDG rents proposed in the application based on income limits in effect 60 days prior to estimated initial occupancy. Thereafter, rent increases are permitted whenever the HUD very low-income limits, applicable person limits by unit size or prototypical adjustments to income are revised. Simultaneously with the review of rents, the grantee must also review the PBE charges using the criteria provided in the Grant Rent Mechanism. Yes No

- e. Determining income adjustments and computing rents in accordance with Part 813.107(a) of HUD regulations for tenants who are required to pay no more than 30 percent of income for rent? (Other lower-income tenants use prototypical adjustments of Part M-5 of the application). *If not applicable, mark NA.* Yes No
NA
- f. Verifying the rents actually paid by lower and very low-income tenants, including the availability of assistance from any escrow required by the Grant Agreement to assist very low-income tenants? Yes No
- g. Where marketing is a problem, assisting in the identification and placement of lower and very low-income tenants, e.g., referral mechanism from the PHA where needed? *If not applicable, mark NA.* Yes No
Comments: NA

3. Do the records indicate that there has been an ownership change? Yes No
If yes, did the ownership change meet the following criteria: *If not applicable, mark NA.*
- a. The new owner and the grantee have entered into an owner/grantee agreement or other contract which ensures that the new owner will comply with the Covenants, Grant Agreement and/or Settlement Agreement? Yes No
NA
- b. If the project received competitive advantage at the HDG application stage for controlling ownership by women and/or minorities, and the ownership change is occurring within seven years of application approval, the new owner is at least 51 percent women and/or minority owned and controlled as defined by the HUD Application Packet? Yes No
NA
- c. If the previous non-profit owner was exempted from the 10 percent equity requirement, but is now converting to for-profit or limited partnership, the new owner will now meet the 10 percent equity requirement? Yes No
Comments: NA

4. Review the grantee's financial management system, including vouchers and invoices used to determine Letter of Credit draws, for compliance with the following HDG requirements: *If not applicable, mark NA.*
- a. for an HDG funded Project Investment Account (PIA)
- (i) the Investment Plan is on file with HUD and complies with the guidance provided in Section 9.03 (e) (ii) of the Grant Agreement? Yes No
NA
- (ii) the frequency and amounts of disbursements have been made in accordance with the Investment Plan on file with HUD? (A current plan must be filed immediately after the funds are drawn down from the U.S. Treasury Letter of Credit and invested.) Yes No
NA
- (iii) the grantee has required sufficient financial records (i.e., an annual audit) to determine that the full amount of the PIA disbursements are warranted? Yes No
NA
- b. The grantee has established and followed procedures that minimize the time elapsing between the transfer of funds to it and its disbursement of such funds; Yes No
- c. HDG funds are not used for grantee administrative costs; Yes No
- d. HDG draw requests are based upon appropriate evidence of development costs, i.e., invoices, contractor vouchers and other evidence, in accordance with Appendix 1 of this Handbook; Yes No
- e. The grantee is screening costs presented for HDG program eligibility in accordance with Part M of the Application Packet and the Project Settlement Procedures Addendum; Yes No
- f. Calculations for HDG draws are correctly determined in accordance with the leveraging ratio; Yes No

g. Program income received during construction is used to reimburse costs incurred for the Project activities and is used prior to, and in place of, any subsequent draw from HDG funds; *If not applicable, mark NA.*

Yes No
NA

h. Program income received after completion of assisted activities is used to support the construction, rehabilitation or operation of real property to be used primarily for low-or-moderate income rental, cooperative or mutual housing, in accordance with Section 8.04 of the Grant Agreement.

Yes No

Identify any problems found in a. thru h. above:

II Visit to the Project Site

1. Project Construction

a. Is the owner constructing/rehabilitating the project in accordance with Parts M-1 and M-10 of the Project Application and Exhibits B and C of the Grant Agreement? *If construction has not begun, mark NA and go to Question c.*

Yes No
NA

In particular:

(i) Is construction progress in accordance with the project schedule in Exhibit E of the Grant Agreement?

Yes No

(ii) Is the project site the same as indicated in Section 1.01 of the Grant Agreement and/or the site control documents submitted as part of the application or Grant Agreement?

Yes No

(iii) Are the number and bedroom composition of units the same as indicated in Section 1.01 of the Grant Agreement and/or Section D of the approved Exhibit M-1?

Yes No

(iv) Is the structural type (e.g., high rise vs. townhouse, new construction vs. substantial rehabilitation) the same as indicated in the Project Application and/or Grant Agreement: e.g.,

Yes No

(A) if the project was designated substantial rehabilitation, is the owner clearing the site for new construction instead? and

Yes No

(B) are the combination of high rise, garden, townhouse and detached units as approved?

Yes No

Physical changes, i.e., changes in site, number of units, number of lower-income units, distribution of units by number of bedrooms and project structural type, are in violation of 24 CFR Section 850.31(f) unless specifically waived by Headquarters. Other changes may require an amendment to the Grant Agreement.

Comments:

(v) If any answer to questions (i) through (iv) is no, does the change negatively affect project feasibility? (Review this aspect in consultation with Mortgage Credit.) *If not applicable, mark NA.*

Yes No
NA

(vi) Based on an investigation as to which units are to be designated lower-income, do the number and bedroom composition of these units match those specified in the Project Application and/or Grant Agreement? *(If not applicable, mark NA.)*

Yes No
NA

(vii) Are the lower-income units indistinguishable from the exterior and interspersed throughout the project relative to market rate units without any physical or social barrier segregating the lower-income units from the market rate units?

Yes No

b. Does the current cumulative level of HDG and other financing sources (from the GPR) appear consistent with the progress in development activities? *If not applicable, mark NA.*

Yes No
NA

Comments:

c. If the HDG project is substantial rehabilitation, does the grantee have records confirming that notification has been made to existing tenants regarding lead based paint requirements and has appropriate abatement/treatment been included where necessary? *If not applicable, mark NA.*

Yes No
NA

2. Review of Owner's Records

a. Is there any indication that any developmental or financial obligation of any participating party has been reduced or cancelled or that the financial structure of the project or the identity of its participants has changed since the Project Application? *If not applicable, mark NA.*

Yes No
NA

If yes, Explain:

If yes, has the Field Office or Headquarters been notified of and approved this change? *If not applicable, mark NA.*

Yes No
NA

b. If rent-up has not begun, review the HDG rent computations, income verification and recertification, tenant eligibility, occupancy by bedroom size, reimbursements for Section 8 Existing and voucher tenants and other HDG requirements below with the owner; then go to question 3 below.

c. If rent-up has begun, answer the following:

(i) The project is _____ percent rented, with _____ lower-income units already leased.

(ii) Is the owner experiencing any difficulties renting the lower income units?

Yes No

(iii) Review a sample of the tenant files for lower-income units. Do the files indicate that:

(A) appropriate rents are being charged (use Appendix 3 to make this determination);

Yes No

(B) incomes are appropriately verified;

Yes No

(C) the tenants are income eligible (use Appendix 4 to make this determination);

Yes No

(D) the appropriate number of units by bedroom sizes are occupied by or available to lower-income households.

Yes No

Explain any no answers to questions 2(c) above and provide comments on procedures used:

(iv) If any tenants in designated lower-income units hold Section 8 Certificates, does the PHA reimburse only the difference between the HDG formula rent and 30 percent of tenants income? *If not applicable, mark NA.*

Yes No
NA

Number of Tenants: _____

(v) If any tenants in designated lower-income units hold Housing Vouchers, is the contract rent the HDG formula rent and do tenants not benefit from the shopping incentive? *If not applicable, mark NA.*

Yes No
NA

Number of Tenants: _____

If necessary, contact the local PHA to correct the process for questions (iv) and (v).

(vi) Does the resident manager reside in a HUD lower-income unit?

Yes No

If yes, does the manager pay his/her HDG rent, receive a salary and include this salary in their qualifying income? (A no response is a violation. Resident managers must either reside in a market rate unit or pay HDG rents and receive a salary.) *If not applicable, mark NA.*

Yes No
NA

3. Conclusions of Site Visit

Based on the review of the project site and owner's records does it appear that the owner has committed any substantive violation as defined in Chapter 1, Paragraph 1-4 of this Handbook?

Yes No

If yes, explain:

III Issues Which May Be Addressed By Non-housing Staff

1. Labor Standards (A separate report from the Labor Relations Staff may be attached).

a. Are the owner, contractor and all subcontractors complying with wage rate requirements?

Yes No

b. Is there evidence that the grantee is effectively monitoring for these wage rate requirements? Yes No

c. If this review has been performed in a separate monitoring visit by a Labor Relations Officer, please indicate. Yes No
Explain any no answers to questions 1 and 2 and/or attach a separate report on a wage rate review made by the grantee or HUD Labor Relations Officer.

2. Relocation/Displacement (A separate report from the Relocation Staff may be attached). Yes No

a. Were any residential or nonresidential occupants permanently displaced, temporarily relocated or relocated within the project? If not applicable, mark NA. NA

b. If yes, the reviewer shall determine if the required payments and advisory assistance were provided in accordance with the applicable regulations. For projects (cases) subject to the URA, the reviewer shall complete Form HUD-4022, Relocation Case File Review. For projects not subject to the URA, the reviewer shall determine that the required payments and advisory assistance were provided by the grantee in compliance with the regulations at 24 CFR 850.35(d)(2). (Provide comments on the requirements concerning notice, counselling, and monetary assistance to displaced tenants) Yes No
NA

c. Were any very low-income households displaced and replaced by households that are not very low-income? If yes, explain. If not applicable, mark NA. Yes No
NA

d. Are any very low-income tenants who "replaced" very low-income displacees paying rents higher than HDG rents in violation of the Grant Agreement? (If there were ten very low-income families permanently displaced, the Grant Agreement should require that ten "replacement" very low-income families pay no more than HDG low-income rents even if the owner committed only five lower-income units in the application.) If not applicable, mark NA. Yes No
NA

e. Are those who were on the project site prior to development, and were relocated temporarily, now paying no more than 30 percent of adjusted income for rent in accordance with 24 CFR Part 813? If not applicable, mark NA. If no, explain and/or refer to any separate report on relocation compliance by the grantee or a HUD Relocation Specialist. Yes No
NA

3. MBE/Affirmative Fair Housing Efforts

a. Is there evidence of owner and grantee best efforts to achieve the goals for contracting established in the Women and Minority Business Development Plan? If not applicable, mark NA. Yes No
NA

b. Does it appear that these goals will be achieved? If no, explain : Yes No

c. Are the project marketing efforts consistent with the Affirmative Fair Housing Marketing Plan and with all applicable Federal anti-discrimination legislation? If not applicable, mark NA. If no, explain and/or refer to a separate report by FHEO or grantee staff: Yes No
NA

4. Design Requirements to Meet the Needs of the Handicapped. Has the project been constructed in accordance with Section 504 of the Rehabilitation Act of 1973 for access by the handicapped and design of a specified proportion of units for the mobility impaired and for the hearing or visually impaired? (These requirements apply to all projects for which a construction contract went out for bid on or after July 11, 1988.) If no, explain : Yes No
NA