

## Implementing Activities

The primary purpose of HCCSD's monitoring program is to ensure that subrecipients of Harris County entitlement funds carry out their activities in accordance with the respective regulations and individual applications for funding and all relevant agreements, while also ensuring that funded projects and programs continue to follow the direction of the Consolidated Plan and any other relevant comprehensive plans developed by HCCSD.

Specific areas of subrecipient operations that will be reviewed by HCCSD staff include financial performance, project timeliness, record-keeping procedures and compliance with federal regulations and applicable program guidelines. Staff members will continually assess subrecipient activity to determine organizational ability to carry out approved projects. Where potential problem areas are found, HCCSD staff will assist subrecipients by providing technical assistance and training.

### Performance Measurement

HCCSD is in the process of implementing HUD's new performance measurement system. Using the new system of objective, outcomes, and output indicators, quantifiable outcome statements have been created for each measurable objective. The matrix of programs and performance measurement outcomes are included in the appendices.

### Program Objectives

HCCSD has established performance measures and strategically conducts monitoring reviews of programs to ensure that they are carried out in a timely manner and in accordance with the County's five-year strategy. A statement of work will be developed for each activity funded under the Consolidated Plan. This statement of work will be incorporated into a written agreement between the County and the subrecipient. At minimum, the statement of work will provide:

- a description of the work to be accomplished;
- a schedule for completion of the work; and
- a line-item budget for the proposed activity.

The statement of work will be written in sufficient detail to allow HCCSD to monitor performance.

HCCSD currently monitors subrecipient progress on a scheduled basis. For construction-related projects, weekly updates are received from the Harris County Public Infrastructure Department and from the respective project and

construction management representatives of the funded entities. These updates detail project costs, milestone accomplishment and significant events. Data from these updates will be used to determine subrecipient success in meeting program objectives as related to the Consolidated Plan.

## **Reporting and Tracking Systems**

All subrecipients must submit the following written reports and forms to HCCSD:

### **CDBG- and ESG-funded Subrecipients (Public Service Projects)**

*Individual Eligibility Form:* Submitted with monthly reports for new participants, provides certification by participant of income, household size and service area. This form certifies the participant's eligibility prior to delivery of service. For persons younger than 18 years of age, parent or legal guardian must sign the form.

*Project Status Report:* This report tracks the number of units delivered per month and cumulatively. When not on target with the contract goal or amount of award expended for the percent of contract time elapsed in the program year, subrecipients must provide an explanation for the shortfall and provide a plan of action to get on target.

*Client Data Report:* Submitted monthly, this report lists all new and duplicate clients served during the reporting month, as well as the number of units of service per client and other requested demographic information.

*Tally Sheet:* Submitted monthly, this report provides a cumulative summary of the number of new persons served by the program during the program year.

*Employee Data Report:* Submitted monthly, this report documents Equal Employment Opportunity (EEO) Compliance regarding persons employed in Federally funded programs.

*Mid-Year Report:* Subrecipients submit a narrative summary of the project's activities, goals and evaluation of the effectiveness of the program through the first half of the program year.

*Annual Performance Report:* Subrecipients submit a narrative summary of the project's activities, goals and evaluation of the effectiveness of the program for the entire program year.

Monthly and Mid-Year reports are to be submitted in accordance to their subrecipient agreements. The annual performance report is due within one month after the end of the contract period. Staff performs desk reviews of the information submitted on a monthly basis and notifies the agency of any

discrepancies. Staff also conducts annual monitoring visits to ensure that the agency has implemented the program and administered the funding according to all applicable Federal requirements.

HOME- and CDBG-funded Subrecipients (Affordable Housing Projects)

*Project Set-Up Report:* Verifies estimated amount of funds allocated to an activity and participant household characteristics. This report is submitted as services are rendered to provide project set-up information. Submitted for every homebuyer/homeowner assisted.

*Project Completion Report:* Verifies actual amount of funds expended on an activity, purchase price or after-rehab value, and household characteristics. Submitted as services are completed to provide project completion information. Submitted for every homebuyer/homeowner assisted.

*Environmental Review Determination of Categorical Exclusion and Exemption:* Verifies environmental review status of an activity. Submitted as services are rendered to establish that the activity is not subject to Section 24 CFR 58.5 and do not require prior HUD approval for drawdown of funds. Submitted for every property acquired or rehabilitated.

*Property Inspection Form:* Verifies that acquired property meets all of the county's locally adopted property standards and codes including any state codes or requirements which the county must comply with. This form is completed prior to provision of assistance. Submitted for every property acquired.

*Inspection Checklist (Multi-Family Units Only):* Verifies that acquired property meets all of the county's locally adopted property standards and codes including any state codes or requirements which the county must comply with. Submitted annually for units acquired or rehabilitated using HOME funds.

### **On-Site Monitoring**

Scheduled site visits are conducted by HCCSD staff to monitor program progress. The purpose of HCCSD's on-site monitoring program is to determine if a subrecipient is carrying out its program activities as described in the application for assistance and the written agreement. On-site monitoring is also used to ensure that required records are maintained to demonstrate subrecipient compliance with applicable regulations. All Affordable Housing projects are monitored annually throughout their affordability periods.

The frequency of on-site monitoring is determined as a result of risk analysis conducted by HCCSD staff. Through risk analysis, priorities are established and resources allocated. Subrecipients that represent the greatest vulnerability to

fraud, waste and mismanagement are monitored within the resources available. Risk factors evaluated include:

- Subrecipient experience with CDBG program or other federal grants;
- Subrecipient staffing, to include turnover and key staff experience;
- Previous compliance or performance problems;
- Nature of activity (housing, economic development; relocation, acquisition); and
- Scope of program.

Agencies are notified in writing of any findings and given a date by which all findings are to be addressed, as well as corrective actions that must be taken to address the findings. The monitoring letter also addresses concerns and makes recommendations for improvement. HCCSD staff conducts a financial monitoring review of all subrecipients. Agencies are required to certify that funds are being used in accordance with their contract with Harris County.

In addition to monitoring conducted by HCCSD, the Harris County Auditor's Office has a Grant Monitoring Program which consists of a Compliance Review of the Grant Monitoring process performed by the Grantee Department (HCCSD) and a direct review of the records of select subrecipients.

Harris County will continue to use these established procedures and will incorporate any additional requirements on an as-needed basis.

### **Timeliness Monitoring**

In order to monitor the timely expenditure of funding, HCCSD tracks the expenditures of subrecipients on a regular basis. Projects funded with CDBG Public Service and ESG dollars are reviewed monthly to track what is expended against the amount of services provided. CDBG General Activity and HOME projects are monitored on a weekly and quarterly basis to assist in the identification of slow-moving projects. All projects have monthly service and expenditure benchmarks noted in their contracts.

### **Minimal Acceptable Standards for Housing**

All properties receiving funding must meet property conditions as set forth by HUD and HCCSD. Each property must undergo inspections using the forms and procedures required by HUD.

*New Construction Homes:* Since a formal inspection is provided by the lending agent, only a final HQS or Single Family Home (SFH) inspection conducted by HCCSD is required. HCCSD retains copies of the Compliance Inspection Report for FHA new construction loans.

*Pre-Owned Homes:* A Texas Real Estate Commission (TREC) inspection is required on all pre-owned homes. If repairs are needed, a follow-up TREC inspection is required to ensure proper repairs were completed. HCCSD will conduct a final inspection once the TREC inspections are completed.

*Audit Inspection:* Audit Inspections are conducted to ensure that each inspector is performing as required. HCCSD or its representative audits at least 20 percent of each inspector's inspections. Properties are chosen at random and any items found to be substandard at the time of the audit inspection must be repaired to meet the minimum standards prior to closing.

*Termite Inspection:* It is the responsibility of the seller to obtain a termite inspection for all pre-existing properties.

#### **Additional Requirements:**

All units built before 1978 are required to comply with the lead-based paint regulations as described in 24 CFR Part 35.

New construction homes and pre-existing homes undergoing remodeling must meet the current Energy Star Certification requirements.

In addition to HCCSD property standards, all units must meet and comply with state building codes, which have been adopted by Harris County. The state codes are the International Residential Code, International Plumbing Code, International Mechanical Code, and International Energy Conservation Code.

Other governing rules and regulation will also be observed, such as Homeowner Associations, local and federal regulations pertaining to the particular zoning, traffic, drainage, floodplains, and fire.

#### **HOME-Specific Homebuyers Recapture Guidelines**

The Department's Downpayment Assistance Program is designed to assist eligible, low-income applicants with the purchase of decent, safe, and sanitary housing by providing financial assistance for downpayment, closing cost, and mortgage assistance for new construction and/or existing housing. Funds for assistance are available as a deferred or amortized loan. Both the housing and potential homebuyer must be eligible for the program, following specific standards and requirements from HUD.

Each loan made under the program includes requirements for recapture of the remainder of the loan should the homebuyer sell during the five- or ten-year "recapture period." If the house is sold after expiration of the recapture period, the loan and all recapture provisions are forgiven.

To ensure awareness of the recapture requirements involved in receiving a loan through the Downpayment Assistance Program, all applicants are required to sign a Recapture Provision Certification.

Additionally, HCCSD conducts an annual mail-out to all homebuyers still under affordability restrictions. Each homebuyer must confirm residency/primary occupancy of the home purchased with federal funds. Any homebuyer found not residing in the unit is referred to the Harris County Auditor's Office for recapture of funds.