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Development Agencies

GAO EVALUATION OF THE HOUSING TRUST FUND
& HOME/HTF GRANT CLOSEOUTS

1

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SPEAKERS
Lorissa Luciani, *Moderator*
NJ Department of Community Affairs

Virginia Sardone, *Director*
Office of Affordable Housing Programs, HUD

Peter Huber, *Deputy Director*
Office of Affordable Housing Programs, HUD

Bill Lord, *Director*
Tennessee Housing Development Agency

Willa Darley Chapin, *Housing Branch Chief*
California Dept. of Housing & Community Development

2

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AGENDA

1 — **GAO BACKGROUND & CONTEXT**

Virginia Sardone, *Director*
Peter Huber, *Deputy Director*

2 — **GAO SAMPLE STATES PERSPECTIVE**

Bill Lord, *Director*
Willa Darley Chapin, *Housing Branch Chief*

3 — **GAO REPORT RECOMMENDATIONS**

Virginia Sardone, *Director*
Peter Huber, *Deputy Director*

4 — **HTF/HOME CLOSEOUTS**

Virginia Sardone, *Director*
Peter Huber, *Deputy Director*

3

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GAO BACKGROUND
& CONTEXT

4

HTF GAO Report and Grant Closeout
COSCDA Program Managers Training Conference
March 18, 2024

5

A Quick Word About 2024 HTF Funding

- Amount GSEs are required to make available for HTF are dependent entirely on volume of mortgage originations
- Mortgage interest rates in 2023 were higher than at any point since HTF's inception
- Received $195.9 million from the GSEs
- $204.9 million available to allocate
  - +/- rescissions
- Allocated $382.4 million in 2023

6

HTF Risk Analysis and Upcoming Monitoring

- HTF Risk Analysis Protocol -
  - Published as an update to CPD Risk Analysis Notice (CPD 23-08)
    - Establishes risk factors and scoring rubric for each grantee and program by HUD Field Office
    - Determines which grantees/programs are monitored each year
- HTF Monitoring Exhibits
  - Will be published as a revision to CPD Monitoring Handbook
    - Currently in HUD Departmental clearance
  - Monitoring to commence in FY 2024
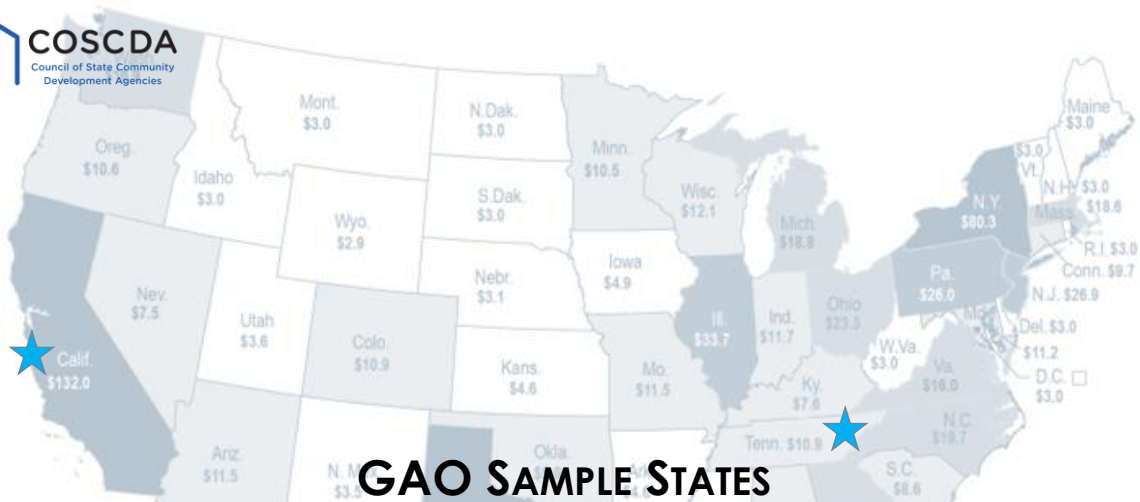
7

GAO Evaluation of HTF

8

GAO Evaluation of Housing Trust Fund

- GAO conducted lengthy, in-depth review
  - Production rates, costs, etc.
  - Grantee allocation practices
  - HUD oversight and risk assessment
- Report issued on August 8, 2023
  - GAO Report 23-105370 "Improvements Needed in HUD's Oversight of the Housing Trust Fund Program"
  - Included 5 recommendations for HUD

9

GAO SAMPLE STATES

PERSPECTIVE

10

State Experiences

- Tennessee – Bill Lord
- California – Willa Darley Chapin

11

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GAO REPORT

RECOMMENDATIONS

12

GAO Recommendations for HUD

1) Timely Projection Completion

- Grantees not reporting project completion in IDIS within 120 days of final draw
- <u>Recommendation</u>: Develop centralized process to monitor grantee compliance with requirement to report completion information within 120 days of final project drawdown and provide additional instruction to grantees about requirement.
- <u>HUD Response</u>: HUD will begin tracking compliance with this 120-day requirement.

13

GAO Recommendations for HUD

2) Independent Cost Certification Requirement

- Grantees not including requirement for cost cert in HTF written agreements and not obtaining cert for each project at completion.
- <u>Recommendation</u>: Use additional methods, such as formal notices and training, to enhance communication of the cost certification requirement to grantees.
- <u>HUD Response</u>: HUD has issued FAQ on this topic and has added information on this requirement to HTF training. HUD will also monitor each grantee for compliance.

14

GAO Recommendations for HUD

3) Reporting of Total Units in HTF Projects

- Grantees do not always accurately report the number of total units in an HTF project in IDIS, affecting accuracy of HUD reporting on the total cost of HTF units, leveraging, and dispersal of HTF units.
- Recommendation: Develop centralized process to monitor data in IDIS on the total number of units in completed projects for likely errors and provide additional instruction to grantees about inputting these data.
- HUD Response: HUD will stress importance of accurate reporting of total units to Grantees and will include review of this data in monitoring reviews.

15

GAO Recommendations for HUD

4) HTF National Production Report Can Be Misinterpreted

- Report does not make it clear that "total funds" is for all units in a project (not just HTF units), which may lead to conclusion that HTF units are more costly than comparable unassisted units.
- Recommendation: Revise public reports on HTF to disclose that the amount of non-HTF funds may be underreported and that HTF units are only a portion of total units in HTF-assisted projects.
- HUD Response: Added explanatory language to HTF reports webpage and report's explanatory document to make clear that there may be non-HTF units in an HTF-assisted project and that other funds reported as leverage for HTF-assisted projects may be underreported.

16

GAO Recommendations for HUD

5) HUD must assess HTF Fraud Risks

- Grant programs should undergo fraud risk assessment periodically
- <u>Recommendation</u>: Conduct a comprehensive assessment of HTF fraud risks in accordance with GAO's Fraud Risk Framework and HUD's fraud risk management policy.
- <u>HUD Response</u>: HUD is currently developing a fraud risk assessment template for use across the Department. OAHP will use this template as a baseline for all programmatic fraud risk assessments, including HTF.

17

Questions?

18

COSCDA Council of State Community Development Agencies	HOME (1992-2014)	HOME (2015)*	HTF (2016)*
Total Grants	13,688	637	53
Closed Out	2,726 (20%)	0 (0%)	0 (0%)
Eligible for Closeout	8,860 (65%)	368 (58%)	21 (40%)
Not Eligible for Closeout	2,102 (15%)	269 (42%)	32 (60%)

*subject to Part 200 Closeout Timeline requirements
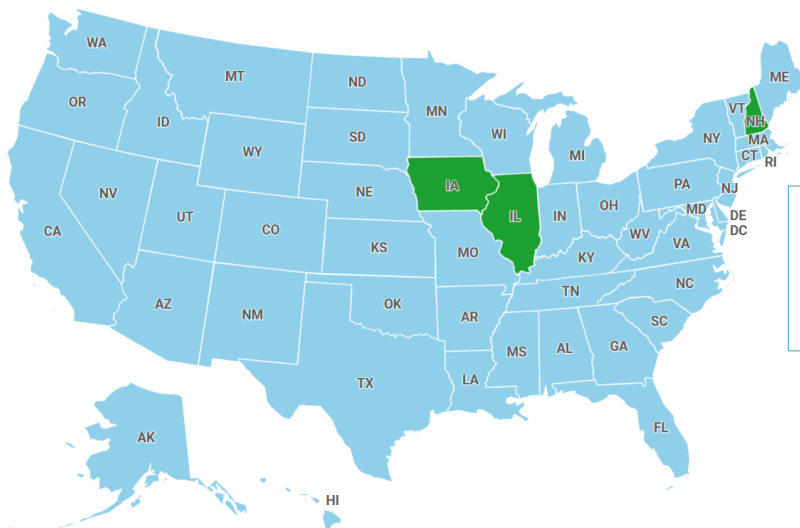
HTF/HOME
CLOSEOUTS

19

HTF Grant Closeout

20

Closeout – HOME, HTF, HOME-ARP

- 2 CFR part 200 requires all grants to be closed out within 1 year from the end of the period of performance (POP)
- HTF grants have a 7-year POP
- HTF grants must be closed out 8 years from the date of obligation
- Most 2016 HTF grants were obligated in late 2016 or 2017
- Many of these grants must be closed out this year
- HTF Closeout Modules completed in IDIS Release 11.29 (12/18/23)
  - Along with HOME and HOME-ARP

21

Closeout – HOME, HTF, HOME-ARP

Currently there are 63 HTF grants ready to close out in IDIS

22

Ensure your grant is ready to closeout

- IDIS grant screen - closeout button
  - Ready?
  - Submission status
- Complete activities with 2016 HTF funds committed/expended
  - PR100 HTF Activity Status Report for 2016 – check activity status
- Enter beneficiary data for these activities
  - PR106 HTF Vacant Units Report – reports activity and unit
- HOME/HTF/ARP Grant Closeout Status Report
- Ensure all findings are closed – shouldn't be any, right?

23

User: H19720 Role: Headquarters Organization: HUD - Switch Profile - Logout	Plans/Projects/Activities	Funding/Drawdown	Grant	Grantee/PJ	Admin	Reports

Grant

View Grant

[Return to Search Grants] | [View Grant History] | [Grant Closeout]

Grantee/PJ Name: (tip)
ARIZONA

Program: (tip)
HTF

Grant Year: (tip)
2016

Grant #: (tip)
F-16-SG-04-0100

Administering Organization: (tip)
ARIZONA

Payee EIN/TIN#: (tip)
86-6004791

Grant Status: (tip)
Active

Grant Blocked: (tip)
No

Obligation Date: (tip)
11/03/2016

Period of Performance End Date:
11/03/2023

Commitment Deadline : (tip)
11/03/2018

Expenditure Deadline : (tip)
11/03/2021

Grantee Organizational DUNS #: (tip)
08-670-4488

Grant Amounts

View Subfunds

Amount

24

Total HTF Funds Authorized:
$3,318,674.00

Total HTF Funds Recaptured:
$0.00

Subfund
- Search

The grant closeout process can only begin when the grant meets the following eligibility criteria:

Subgrant
- Search

1. All funds for the grant year are expended. GRANT BALANCE = $0.00.
2. All activities that have drawn funds from the grant must be COMPLETED or canceled in IDIS. (i.e., to close out a 2016 HTF grant, any activity that has any 2016 HTF funds drawn, must be completed or canceled).
3. All activities that have drawn funds from the grant must have NO VACANT units (i.e. to close out a 2016 HTF grant, any activity that has any 2016 HTF funds drawn, cannot have any units marked "vacant").
4. (i) If the total amount of HTF funds available for allocation this Fiscal Year (i.e. Total of all HTF grants for all HTF grantees for that year) is less than $1 billion, HTF beneficiaries for this grant cannot have a % Median Income of - "% of the higher of 30+% AMI or poverty line to 50% AMI."
   (ii) If the total amount of HTF funds available for allocation this Fiscal Year (i.e. Total of all HTF grants for all HTF grantees for that year) is $1 billion or more, only 25% or less of total HTF beneficiaries for this grant can have a % Median Income of - "% of the higher of 30+% AMI or poverty line to 50% AMI."

Subfund Program Income
- Search

Subgrant Program Income
- Search

Utilities
- Home
- Data Downloads
- Print Page
- Help

The HTF grant cannot proceed with the closeout process. One or more of the above eligibility criteria have not been met:

1. Activity ID(s) in Open status: 22896, 23215

Links
- Contact Support
- Rules of Behavior
- CPD Home
- HUD Home

▶ **Submission Status**   [click to show]

Grantee Upload of SF-425

Grantee must upload a completed, final SF-425 as part of the closeout process. The SF-425 can be downloaded in the Report section of Microstrategy in IDIS.

Cancel | Return to Grant

25

User: H19720
Role: Headquarters
Organization:
HUD

Plans/Projects/Activities	Funding/Drawdown	Grant	Grantee/PJ	Admin	Reports

- Switch Profile
- Logout

Grants

Grant Closeout

Grant
- Search
- HESG Review

Grant Number:
F-16-SG-04-0100

Total HTF Funds Disbursed:
$3,000,000.00

Total HTF Funds Authorized:
$3,000,000.00

Total HTF Funds Recaptured:
$0.00

Subfund
- Search

The grant closeout process can only begin when the grant meets the following eligibility criteria:

Subgrant
- Search

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Subfund Program Income
- Search

Subgrant Program Income
- Search

Utilities
- Home
- Data Downloads
- Print Page
- Help

Grant F-16-SG-04-0100 has met the above eligibility criteria. Current Status: awaiting Grantee SF-425 and, concurrently, Field Office response on Requirements & Conditions.

Links

▶ **Submission Status**   [click to show]

26

27

Closeout – HOME, HTF, HOME-ARP

- January 24th Webinar posted to HUD Exchange

- HOMEHTFcloseout@hud.gov

28

Questions?

29

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QUESTIONS
THANK YOU!

30