

Monitoring HOME Single-Family Development & TBRA

March 18, 2025



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KHC Housing Contract Administration Division

- 3 Teams
 - Single-Family Programs
 - Homebuyer development (HOME, KY Affordable Housing Trust Fund, KY Rural Housing Trust Fund)
 - Owner-occupied home repair (KY Affordable Housing Trust Fund)
 - Weatherization (US Dept. of Energy, LIHEAP) (monitoring is internal to that team)
 - Homeless Programs
 - Continuum of Care (KY Balance of State CoC Collaborative Applicant and State HMIS Lead)
 - Emergency Solutions Grants
 - HOME TBRA
 - HOPWA
 - Emergency Rental Assistance 2
 - Housing Navigation Team
 - Compliance and Training
- We work closely with other divisions, including Design and Construction Review, Corporate Planning and Accountability, and Tenant Assistance Programs.



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HCA Risk Management Strategies

- We have 92 subrecipient agencies with nearly 300 active grants across all programs
- Can't do in-depth monitoring on all due to limited staff capacity, so we employ strategies to minimize risk:
 - Biennial Risk Assessment Tool
 - Annual Program Compliance Report
 - Randomly selected draw supporting documentation monitoring
 - Prioritize agency monitorings if program staff raise concerns.
 - Maintain flexibility with our monitoring priorities.
 - On-demand "Compliance University" trainings



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Biennial Risk Assessment Tool

- Scores all subrecipients on a range of risk criteria to prioritize projects for monitoring
- Used to create the Annual Monitoring Plan
- Updated annually with Annual Program Compliance Report (APCR) data
- Risk criteria include:
 - recent executive and program staff turnover
 - Insufficient staff capacity (number and training)
 - "red flags" from the APCR
 - amount of combined funding across all HCA programs
 - time since last monitoring
 - findings/concerns from most recent monitoring
 - new subrecipient (new to KHC or new to program)
 - reporting errors (including HMIS, if applicable)
 - returned, recaptured, or not fully expended funds in last 3 years (\$10,000 or more of not fully expended
 - financial management concerns
 - draws not submitted regularly or with consistent errors
 - budgeting/expenditure monitoring errors
 - program waiver/modification requests, especially grant period extensions
 - failure to participate in offered trainings
 - HCA program staff concerns about subrecipient performance identified through department survey



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Annual Program Compliance Report (APCR)

- Online compliance monitoring tool integrated into our grants management system
- Subrecipients must complete an APCR for all active grants across all HCA programs.
- Assesses subrecipient's ability to meet federal, state and KHC compliance requirements, with general organization-wide questions and program specific ones.
- Completing and submitting the report correctly evidences subrecipient's knowledge of their grant allocation(s) and their ability to follow specific written instructions.
- KHC Compliance and Training staff review the submissions and compare the information received to information in our databases.
- Each subrecipient is evaluated for compliance "red flags" raised during the APCR process.
- APCR red flag information incorporated into subrecipient's score on the Risk Assessment Tool.



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Monthly Draw Supporting Documentation Audits

- The KHC Corporate Planning and Accountability division selects grants randomly each month for full draw supporting documentation audits.
- Selected agencies are given 3 business days to upload documentation supporting all costs in the selected draw via a secure file transfer.
- Program staff review the submitted documentation, requesting additional information/documentation if needed to support reimbursed costs.
- If draw documentation audits identify ineligible costs and or financial management concerns, the grant may be prioritized for an audit by the Compliance and Training Team.
- All subrecipients should have at least one draw audit annually.



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Compliance Team Responsive to Program Staff Concerns

- A grant not included in the Annual Monitoring Plan may be prioritized for monitoring if program staff raises concerns.
- Issues that could spur a monitoring visit may include, but are not limited to:
 - Financial management/cost eligibility issues identified via draw audits.
 - Changes in subrecipient leadership program staff
 - Failure to meet service and/or expenditure goals as the program year progresses
 - Failure to meet draw and reporting deadlines
 - Client complaints
 - Ethics hotline complaints



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On-Demand “Compliance University” Courses

- Due to increased subrecipient staff turnover during and after the pandemic and increased monitoring findings, the Compliance and Training team launched the “Compliance University” offering short, on-demand courses on a range of topics in late 2024.
- Some trainings hosted in our learning management system are mandatory and others optional.
- The Compliance and Training Manager has developed a course development plan for the next three years.
 - Topics currently available include:
 - HCA 101; Conflict of Interest; Board Responsibilities; Personnel Activity Reports; and Rent Reasonableness
 - Topics slated for development include:
 - Prorated Expenses; Utility Allowance; Application Intake and Eligibility; Income Calculation and Documentation; Draw Systems; Waiver Requests; Cross-Cutting Federal Regulations; other program-specific topics



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Compliance Monitoring as Technical Assistance

- We view compliance monitoring as a partnership between KHC HCA and our subrecipients.
- It's an opportunity for subrecipients to receive technical assistance and get an independent view of their program operations.
- Compliance monitoring benefits both KHC and the subrecipient because it reduces the likelihood of funds being recaptured at a later date.
- Monitoring provides KHC the opportunity to work with our subrecipients to "get things right" and rarely takes a punitive approach, unless waste, fraud, or abuse is identified.
- We work to ensure both accountability and the viability of each program.



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HOME Single-Family Development Management and Monitoring

- Single-Family Development Program team roles:
 - Evaluate project set ups for project viability, buyer eligibility and affordability, subsidy analysis, cost reasonableness, sales price at appraised value, proposed construction schedule prior to release of funds.
 - Verify completion of Environmental Reviews and receipt of AUGF if project cannot convert to Exempt.
 - Monitor CHDO Proceeds creation and expenditures
 - Process interim and final draws
 - Draw documentation audits (in consultation with Compliance and Training team)
 - Review final project closeout reports
 - CHDO application review and approval



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HOME Single-Family Development Management and Monitoring

- Design and Construction Review Team roles:
 - Develop and enforce [KHC Minimum Design Standards for New Construction-Single Family Dwelling Units \(MDS-SF\)](#)
 - Review and approve single-family new construction home plans for compliance with MDS-SF. Developers must use a KHC-approved design for a project set-up to be approved.
 - Establish cost reasonableness thresholds for new construction.
 - Detailed review of proposed scope of work for project that exceed the threshold
 - Review proposed scope of work for acquisition/rehabilitation/resale projects
 - Conduct inspections



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HOME Single-Family Development Management and Monitoring

- Design and Construction Review Team inspection protocols:
 - New Construction (minimum of 3 inspections)
 - Footing (after excavation of footings and before footing concrete is poured)
 - Interim (any time between completion of wall insulation and hanging of drywall)
 - Completion (100% complete including landscaping and site work and before move-in)
 - Acquisition/Rehabilitation/Resale (minimum of 1 inspection, but more likely required depending on scope of work)
 - Under-roof/weatherization
 - Interim (any time between completion of wall insulation and hanging of drywall)
 - Completion (100% complete, including removal of waste materials)



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HOME Single-Family Development Monitoring

- Compliance and Training Team roles
 - Conduct on-site and desk monitoring reviews
 - Provide technical assistance as part of developer monitorings, but also on demand and via trainings
 - Monitoring subjects include:
 - homebuyer eligibility, including verification of income and assets
 - homebuyer affordability (front-end and back end ratios)
 - homebuyer counseling
 - notes, mortgages, deed restrictions
 - property insurance adequate and lists KHC as mortgagee
 - annual verification of occupancy
 - financial management and cost eligibility
 - conflict of interest review
 - Fair housing
 - Lead-based paint compliance for acquisition/rehab/resale projects (if applicable)
 - developer policies and procedures
 - developer internal controls
 - CHDO eligibility
 - Use detailed monitoring workbook to guide monitoring questions and documentation requests



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HOME TBRA Management and Monitoring

- Homeless Programs Team roles:
 - expenditure/budget monitoring
 - monthly report review
 - HMIS compliance
 - draw processing
 - draw supporting documentation monitoring



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HOME TBRA Monitoring

- Compliance and Training team monitoring subjects include:
 - subrecipient's HOME TBRA Administrative Plan
 - subrecipient's tenant selection policies
 - subrecipient's policies and procedures
 - Fair Housing
 - VAWA compliance
 - client eligibility and recertification, including verification of income and assets
 - client denial/termination procedures and documentation
 - Housing Quality Standards/NSPIRE inspections (incl. lead-based paint compliance, if applicable)
 - Fair Market Rent and rent reasonableness
 - Subsidy calculations and payment standard
 - utility allowance
 - lease terms
 - Financial management/internal controls, cost eligibility, and expenditure documentation, including personnel activity reports
 - 1099s issued to landlords
 - conflict of interest review
- Use detailed monitoring workbook to guide monitoring questions and documentation requests



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KHC HOME Multi-Family Compliance

- HOME is typically used as gap funding for LIHTC and 4% Bond Multi-family projects.
- KHC has a Multi-Family Asset Management and Compliance Team
- Properties must report through our Tenant Data Certification System
- Using NSPIRE for inspections as of 10/1/24.
- Client file monitoring occurs alongside inspections.



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