

99.U19

HOUSING STABILITY COUNSELING PROGRAM

State Project/Program: HOUSING STABILITY COUNSELING PROGRAM (HSCP)

Neighborhood Reinvestment Corporation (dba) NeighborWorks® America

Federal Authorization: American Rescue Plan Act of 2021 (Public Law 117-2)

North Carolina Housing Finance Agency

Agency Contact Person – Program

Mary Holder
Manager, FC Prevention Program
(919) 981-2511
mmholder@nchfa.com

Address Confirmation Letters To:

Heather Lawrence
Accounting Specialist
(919) 981-2541
hnlawrence@nchfa.com

Agency Contact Person – Financial

Taylor Davies
Assistant Controller
(919) 875-3761
tkdavies@nchfa.com

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

I. PROGRAM OBJECTIVES

HSCP is intended to support the delivery of housing counseling services by HUD-Approved Housing Counseling Intermediaries, State Housing Finance Agencies, NeighborWorks Organizations, and the housing counseling agencies with whom they subgrant or contract. Further, “These funds are for housing counseling services, defined as (i) housing counseling provided directly to households facing housing instability, such as eviction, default, foreclosure, loss of income, or homelessness; (ii) education, outreach, training, technology upgrades, and other program-related support; and (iii) operational oversight funding for grantees.” Reference: NW Funding Announcement, page 3.

II. PROGRAM PROCEDURES

1. General

The North Carolina Housing Finance Agency (“NCHFA”) invited HUD-approved housing counseling organizations that were active partners in the State Home Foreclosure Prevention Project to apply for the HSCP grant. Organizations applied through a grant application responding to a series of questions pertaining to (i) past performance, and compliance, (ii) program design and program management, (iii) proposed counseling services- demonstrated experience and projected HSCP goals, (iv) program related support projections, and (v) proposed services in targeted geographic areas.

Organizations are contracted through an HSCP Sub-grantee Agreement (“Agreement”), as amended, to operate in the North Carolina county service area. Per the Agreement, sub-grantees were required to submit the following documents with the signed Agreement: (i) No Overdue State Tax Certification, (ii) Privacy policy, (iii) Conflict of Interest & Anti-Fraud Policy Certification, and (iv) Certification and Assurances.

Sub-grantees were awarded funding to support the following eligible activities: (i) counseling services and (ii) program-related support activities or expenses. The funding award is based on the number of clients served with a maximum of three service levels valued at \$800.00. Also, the grant awards 30% of the counseling funding for program-related support expenses.

2. Monitoring

Sub-grantee progress in meeting contract goals is monitored throughout the grant performance period. The counseling goals are monitored through an electronic client-level reporting system developed by NCHFA’s IT business group. The grant managing team reviews the portal regularly to monitor progress. Program staff reaches out to sub-grantees to provide submission reminders, discuss delays, and strategize ways to overcome production challenges. Program-related expense utilization is monitored through sub-grantee submission of expenditure reports.

Compliance is also monitored via random client file reviews conducted remotely by NeighborWorks. Client file reviews are designed to confirm that sub-grantees met the program documentation requirements to bill the grant.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the State agency noted by “Y.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	N

A. Activities Allowed or Unallowed

HSCP eligible activities fall into three categories: (1) Counseling; (2) Program-Related Support; and (3) Operational Oversight for Intermediaries and SHFAs only. Each category is defined in greater detail below.

1. **Counseling-** Per the grant guidelines, “Counseling can include a range of activities depending on the client’s financial situation and the severity of their housing instability crisis. Clients in the early stages of housing instability may benefit from counseling sessions that result in an action plan they can follow to get back on track. Others will require assistance with complex workouts involving negotiations with landlords, financial institutions, lenders, servicers, or other housing-related resources that require experienced and trained counselors with additional expertise. Their cases may take longer to resolve and require follow-up to ensure they are still on track and/or have resolved their housing instability crisis. Recognizing this, NeighborWorks has developed a tiered structure for defining and estimating the cost of counseling activities, as described below. Counseling awards as calculated for the HSCP application are based on the value of Level 1 intake/initial counseling set at \$200, Level 2 counseling set at \$550, and Follow-up set at \$50. Counseling services are available to renters and homeowners facing housing instability.” Reference: NW Funding Announcement P. 10 and 11).
2. **Program-Related Support (PRS)-** Sub-grantees are awarded 30% of the counseling funding for PRS. The funds are intended to increase housing stability program efficiencies. These funds are not intended to cover administrative costs; rather, they are meant primarily to support direct costs associated, as much as possible, with increasing the ability of Grantees, Sub-grantees, and CCEs to effectively and efficiently provide

HOUSING STABILITY COUNSELING PROGRAM

quality housing stability counseling. Eligible uses of PRS funds include but are not limited to the categories listed below.

- a) Establishing a triage system that makes more effective and efficient use of counseling time, so counselors are not scheduling and reserving time for clients seeking help with situations unrelated to housing instability (staff time and CMS changes/enhancements).
 - b) HUD-certification training expenses for new counselors (tuition, travel, lodging, class time).
 - c) Outreach and marketing (time and materials) to provide service delivery to populations least likely to seek counseling services (includes language translation service expenses).
 - d) Outreach and communication efforts to prevent “rescue” rent and mortgage scams for renters and homeowners (time and materials).
 - e) Infrastructure development and communication (upgrades to the telephone system and electronic documents software expenses to better assist HSCP clients).
 - f) Improving capacity and infrastructure for tracking and reporting data (upgrades to Client Management Systems and other reporting systems).
 - g) Costs related to hiring, orienting, and training counseling staff (training tuition, travel, lodging, and class time).
 - h) Purchase or lease of equipment and software for counselors.
 - i) Collecting data and uploading client file data to meet program goals and preparing quarterly reports (staff time).
 - j) Quality control of the counseling function to ensure program compliance (credit reports, staff time for internal audit/ QC of files).
 - k) Technology improvements necessary to provide quality housing stability counseling (upgrades to computers, fax machines, scanners, and printers)
 - l) Other: COVID-19 safety protocol expenses for clients and counselors (masks, gloves, office cleaning/disinfecting supplies, and office cleaning vendor service).
3. **Operational Oversight (OO)**- Per the grant guidelines, “Intermediaries and SHFAs will receive Operational Oversight to cover quality control, day-to-day oversight and management of this grant award, and any required improvements to systems and infrastructure. Among other things, Intermediaries and SHFAs are responsible for communicating program requirements to all Sub-grantees, ensuring their compliance, and reporting on their behalf. HSCP Grantees submitting data to the ORS are responsible for verifying the integrity of the data and will be held accountable through HSCP compliance audits if findings are cited.

OO funds are determined as follows: 7% of the first \$2.5 million received under the Counseling category (or up to \$175,000), and 5% of any amount over \$2.5 million. If a Grantee does not wish to use the full amount on Operational Oversight, it can use these funds to provide additional HSCP counseling. Reference: NW Funding Announcement P. 17.

B. Allowable Costs/Cost Principles

The HSCP grant compensates Sub-grantees for providing three levels of housing stability counseling services to renters and homeowners. The first level is valued at \$200.00, the second level at \$550.00, and the follow-up service is valued at \$50.00.

Also, the program grants 30% of the counseling award for program-related support expenses as defined in the Agreement.

C. Cash Management

NeighborWorks disburses grant funds to NCHFA according to a pre-defined disbursement schedule. The initial disbursement is remitted after returning the signed Grant Agreement and required start-up documents. The subsequent disbursements are released when pre-defined counseling production goals are met. NCHFA is required to disburse the majority of the funding received from NW to sub-grantees within 30 calendar days of receipt.

D. Reserve

E. Eligibility

HSCP counseling services are available to homeowners and renters facing housing instability. Sub-grantees are required to complete a housing assessment and outline steps to stabilize housing in the counseling Action Plan. Clients can be in default or facing imminent default due to job loss or other financial hardship.

F. Equipment and Real Property Management

Sub-grantees can purchase standard housing counseling program equipment with Program-Related support (PRS) expense funding to support housing stability counseling services. The expense is documented and reported when submitting PRS expenditure reports. Purchase or management of the real property is not an allowable use of HSCP grant funding.

G. Matching, Level of Effort, Earmarking

There is no match requirement under the HSCP grant. The level of effort in meeting the grant goals is monitored through submitting counseling production in an online web-based portal. Failure to meet projected housing counseling goals may result in the reallocation of funds.

H. Period of Performance

The performance period for HSCP is from September 8, 2021, through February 28, 2023.

I. Procurement and Suspension and Debarment

HSCP grant funds are not released to sub-grantees who have been suspended due to non-compliance with the terms of the Agreement. Also, sub-grantees who fail to maintain an active status (no debarment) are prohibited from program participation. Sub-grantees cannot enter into contractual agreements with third parties; therefore, procurement is not applicable.

J. Program Income

Per the grant Agreement, interest earnings on grant funds may be retained by NCHFA as Grantee and must be used to further program objectives as additional Counseling Funds, Program-Related Support, or Operational Oversight, provided Grantee complies with all terms and conditions of this Grant Agreement.

K. Reserve

L. Reporting

Sub-grantees are required to submit several reports throughout the grant period: (i) Program activity reports, (ii) Program-related support expense reports, (iii) counseling sessions with client-level reporting data, (iv) grant expenditure reports within three months of the end of the organization's fiscal year-end, and (v) audited financial statements within nine months of the end of the organization's fiscal year-end.

M. Subrecipient Monitoring

NCHFA monitors sub-grantee progress in meeting projected housing counseling session goals by regularly reviewing data submitted to the Agency's HSCP online web-based portal. Sub-grantees are notified of shortages in meeting production goals and allowed to comply. NCHFA conducts file documentation compliance reviews when NeighborWorks randomly selects client files on an annual basis.

N. Special Tests and Provisions

Not Applicable.