

Streamlining Compliance Pilot Project Description

A Pilot Project to Test Preliminary Concepts for a Coordinated Compliance Program for Monitoring Affordable Housing Projects in Oregon

The Streamlining Compliance Pilot Project Overview:

The Funders' Work Group has agreed that a significant amount of work has been accomplished in designing the key features of a coordinated compliance program. To test the recommended approach, the participating lenders agreed to actively test and evaluate the agreed upon concepts. The Funders' Work Group is recommending a six-month **Pilot Project** to be launched in early 2010. The objectives of the Pilot Project are to:

1. Provide a chance for the participating agencies to modify their existing monitoring system with the new streamlined concepts and apply them to a limited number of housing projects, without affecting the current monitoring process of the separate agencies;
2. Demonstrate whether the planned changes result in time and cost savings for lenders and owners;
3. Allow the participating lenders to refine the streamlined concepts as they see results;
4. Determine the costs of full implementation of the streamlined monitoring approaches;
5. Test electronic reporting formats and data collection methods with limited upfront investment;
6. Design and test the governance structure for a joint monitoring program that may involve ten or more agencies; and
7. Provide early visibility of the new pilot system to management of the participating lenders as well as users (project owners and property management firms).

The Funders' Work Group suggested that approximately 25 jointly funded projects be selected for the Pilot Project. These 25 or so projects should represent:

- Most, if not all, of the lenders/funders participating in the Streamlining Compliance Project (OHCS, NOAH, HAP, Washington County, Clackamas County, and the cities of Beaverton, Corvallis, Eugene, Gresham, Portland and Salem);
- Project size of 25 or more units, so that they meet the threshold for annual inspections on HOME financed units;
- Projects utilizing different funding sources that incorporate requirements for financial and tenant reporting as well as physical inspections;
- A mix of project types: family housing and senior housing.

Through the Pilot Project each of the recommended reporting formats, definitions and protocols will be tested and refined. The Funders' Work Group will recommend a final design based on feedback from all participants. Through cost data collected during the Pilot Project, the Funders' Work Group will be able to evaluate the savings that can be achieved, as well as the costs of moving to full implementation. The Funders' Work Group recommended that the Technology Subcommittee continue to meet on a regular basis (probably every other month) to ensure that the temporary platform used for data collection is functioning, to review feedback from participants, and to evaluate the best options and costs for a permanent data collection application.

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The Pilot Project will be managed similar to the first phase of the Streamlining Project, with the Funders' Work Group continuing in its policy direction role. In addition, representatives will be drawn from the members of the existing Streamlining Compliance Project subcommittees to form a Pilot Project Advisory Committee to facilitate the implementation of the Pilot Project. The Technology Subcommittee will continue to provide guidance in the use of the SharePoint software and in developing recommendations for longer term electronic reporting options. The Funders' Work Group will review and synthesize Pilot Project results and make recommendations to the management of each participating lender on how to move to full implementation of Oregon's Coordinated Compliance Program.

Pilot Project Tasks:

The work elements to be undertaken during the Pilot Project will include the following:

1. Financial Management Reporting

- a. Refine the test reporting format and instructions for completing reports,
- b. evaluate financial reports submitted during the Pilot Project test period,
- c. develop common performance measures and common procedures for identifying and addressing troubled projects.

2. Physical Inspection:

- a. Carry out training for representatives from each participating agency on the UPCS and the test reporting format;
- b. review inspection results; determine best methods for sharing inspection results among participating agencies;
- c. review data on physical inspections costs and the savings achieved through reduction in the number of lenders conducting their own inspections;
- d. seek input from owners on reduced resident intrusion; and recommend refinements for full implementation.

3. Tenant Data and File Review

- a. Refine the reporting format for collecting tenant data;
- b. develop protocols for carrying out file reviews;
- c. determine range of methods for transmitting tenant data to reviewing agency;
- d. determine how physical monitoring & desk monitoring can be used to complete the required compliance checks;

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- e. evaluate results and collect cost data; recommend refinements for full implementation.

4. Technology Implementation

- a. Recommend interim electronic means of collecting required data during the Pilot Project;
- b. monitor use of SharePoint or other interim data collection software used during the Pilot Project and respond to user needs and suggestions;
- c. evaluate existing electronic data systems to recommend the most effective, least costly method for collecting data for full implementation of the Coordinated Compliance Program.

5. Project Evaluation

- a. Develop an overall evaluation protocol for the Pilot Project that may include:
 - i. Tools for collecting data from lenders and project owners and managers to monitor costs of compliance activities under the Pilot Project;
 - ii. Comparison projects for which lenders and project owners agree to provide data to demonstrate costs of regular compliance activities;
 - iii. Opportunities for lenders, owners and managers to provide feedback during the Pilot Project on their experiences in using the coordinated reporting formats and to collect suggestions for further improvements;
- b. Prepare a report of findings from the Pilot Project, describing the results of the Pilot, costs of the coordinated compliance activities in comparison to regular compliance approaches, and recommendations for how to proceed with full implementation of a Coordinated Compliance Program.

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Estimated Cost and Timeline for Phase II – The Pilot Project and Planning for Full Implementation:

HDC has developed, and the Funders Work Group has endorsed the following project budget and implementation timeline for Phase II of this Project:

Streamlining Compliance Pilot Project Budget

Contingent on funding, a contracted Project Management Team will work under the direction of the Funders’ Work Group to assist in the further design of the Pilot Project, provide staff support to the Funders’ Work Group and each of the subcommittees, synthesize project level profile data that span across the subcommittees, reconcile the list of jointly funded projects on a periodic basis, compile information and evaluate the results of the Pilot Project.

Role	Tasks	Hours	Hourly Rate	Estimated Budget
Project Management	Develop work plan	5	95	\$475
	Select projects	10	95	\$950
	Develop monitoring schedule	10	95	\$950
	Refine data collection methods	20	95	\$1,900
	Set project outcomes and design project evaluation tool	25	95	\$2,375
	Monitor budget, staffing, contracts and work plan	24	95	\$2,280
Subtotal:				\$8,930
Staffing of Committees: Funders’ Work Group; PP Advisory Committee, Tech Subcommittee	Set agenda, work plans, facilitate meetings, prepare minutes, follow up research in between meetings	250	95	\$23,750
Implementation of Pilot Project:				
Financial management implementation:		75	95	\$7,125
Physical inspections implementation:		75	95	\$7,125
Tenant data and file review implementation:		75	95	\$7,125
Technology implementation:		100	110	\$11,000
Subtotal:				\$32,375
Testing and Evaluation	Monitoring visits completed	40	95	\$3,800
	Feedback sought from participants in Pilot Project	25	95	\$2,375
	Scheduled monthly reports to the Funders’ Work Group	36	95	\$3,420
	Identify improvements/adjustments needed for Coordinated Compliance Project in order to “go live”	50	95	\$4,750
Subtotal:				\$14,345
TOTAL BUDGET:				\$79,400

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Phase II Schedule:											
<i>Streamlining Compliance Project Phase II - Schedule Overview</i>											
<i>Key Milestones</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug to Oct</i>	<i>Nov to Dec</i>	<i>Jan 2011</i>
Funders' Work Group adopts report											
Funders' Work Group adopts budget											
Pilot Project Begins											
Monitoring continues on projects in Pilot											
Pilot Project Ends											
Results of Pilot Project evaluated											
Final Design Adopted and MOUs updated											
Full implementation begins											

Pilot Project Evaluation and Transition to Implementation:

In the fall of 2010 the Funders' Work Group will review the results of the Pilot Project, and provide guidance on the final design of the Coordinated Compliance Program. The Technology Subcommittee will continue to provide valuable feedback and recommendations on coordinated technology improvements needed to support implementation. The Funders' Work Group will develop proposals for financing the implementation and maintenance of the Coordinated Compliance Program. Participating lenders will review and approve a final design and implementation plan for launch in January 2011.