



City of Pompano Beach, Florida

City Commission Workshop Minutes

Agenda No. 2011-08

Date: January 21, 2011

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CITY OF POMPANO BEACH, FLORIDA

CITY COMMISSION WORKSHOP MINUTES

Agenda No. 2011-08

Date: January 21, 2011

Commission Meeting Room

The Mayor called the meeting to order at 10:00 a.m. and presided as the chairman.

ROLL CALL:

Mayor
Vice Mayor
Commissioner
Commissioner
Commissioner
Commissioner

Present:

Lamar Fisher
George Brummer
Charlotte Burrie
Barry Dockswell
Rex Hardin
Woodrow Poitier

and

City Manager
City Attorney
City Clerk

Dennis W. Beach
Gordon B. Linn
Mary L. Chambers

INVOCATION BY:

Mayor Lamar Fisher

PLEDGE OF ALLEGIANCE LED BY: *Mary L. Chambers, City Clerk*

Names of Commrs.	M	S	V Y	V N
CITY COMMISSION WORKSHOP MINUTES				
JANUARY 21, 2011				
PAGE 1				
<u>APPROVAL OF THE AGENDA</u>				
MOTION: To approve the January 21, 2011, City Commission Workshop Agenda as submitted..				
<u>VOICE VOTE</u>				
Burrie		X	X	
Dockswell			X	
Hardin	X		X	
Poitier			X	
Brummer			X	
Fisher			X	
Presentation on US Department of Housing and Urban Development (HUD)				
Willie Hopkins, Assistant City Manager indicated that this workshop is to enlighten the Commission on Community Development Block Grant (CDBG) dollars and what the City can or cannot do. Two presentations will be made, which perhaps will introduce new opportunities and things that can be done within the City, which will allow maximum benefit from the CDBG dollars.				
Armando Fana, Field Office Director of the HUD Miami Field Office, indicated that his office covers the southern ten (10) counties of Florida including Broward County. He stated that although the focus will be on the programs for CDBG and the Neighborhood Stabilization Program (NSP), their office covers all of HUD's major program areas.				
Mr. Fana added that included under their Community Planning Development and Division there is the homeless assistance program, of which some are administered by the City of Pompano Beach. As well as there are other programs such as HOME and other smaller programs. In addition, he stated that they have the FHA multi-family and single-family insured programs that are managed out of their office as well. There are subsidized programs for multi-family projects, which are owned by individual management companies or individually privately run/owned.				
Furthermore, their public housing programs and the Section 8 programs are administered by the City through the Pompano Beach Housing Authority and vouchers are in the area, which are administered through the Broward County Housing Authority. Finally, he indicated that they have a fair housing and				

Names of Commrs.	M	S	V Y	V N

CITY COMMISSION WORKSHOP MINUTES JANUARY 21, 2011

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equal opportunity program. They enforce the fair housing laws, fair housing act, and educate the public on the fair housing act and equal opportunity programs that exists through HUD.

Mr. Fana mentioned that their Miami office includes much more than what will be discussed today. However, as the Field Office Director, he is the primary point of contact for elected officials and City Managers as it relates to HUD programs. In the future, any issues to be addressed with HUD, he should be contacted directly.

Additionally, Mr. Fana indicated that one of the reasons they conduct this type of workshop is to update City officials on the various areas so that they may understand the program requirements on what can or cannot be done, as well as to provide information on the programs that are run effectively, efficiently and serve the communities.

Mr. Fana concluded that he would encourage questions relating to particular projects that are ongoing within the City. However, he asked that hypothetical questions relating to something that is particular to the City, be deferred and addressed through staff members of the City. Therefore, this Workshop was designed to provide an overview of the programs that they have which the City is administering at the City level.

Edwin Bonano, Assistant Special Agent in charge of the Miami Field Office of **Inspector General (OIG)**, Brickell Plaza Federal Building, 909 SE 1st Avenue, Room 491, Miami, FL, indicated that he will provide an overview on the function of the **OIG**, as well as what they investigate. Attached is the overhead presentation provided by Mr. Bonano, which outlined the following:

- HUD's Office of Inspector General for Investigations Office
- HUD OIG Investigations Investigative Priorities
 - HUD OIG Management Plan
- HUD OIG Investigations Miami
 - Types of Investigations
- HUD OIG Case Examples
- Questions – These will be taken from the Commission only

Comr. Hardin asked how is an investigation initiated

[illegible]

CITY COMMISSION WORKSHOP MINUTES JANUARY 21, 2011

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Mr. Bonano responded that they sometimes investigate and initiate on their own. Routinely, they will run reports to find any "red flags," which is a proactive action. In addition, they would initiate an investigation based on a citizen's complaint, which does not relate to the audit aspect of things. Some stuff they would get from their Hot Line and sometimes they get referrals from the audit division.

Comr. Burrie inquired about the Section 8 Housing and provided some specific information that currently exists in her district as it relates to Section 8 Housing and Half Way Houses. She mentioned that she receives many complaints regarding the Section 8 housing; therefore, she asked if the law is broken who enforces it. The City, OIG or some other division that deals with OIG?

Mr. Bonano indicated that if someone receives housing under the Section 8 rules but they violate it by bringing multiple residents to the property this situation would be handled either from the OIG or sometimes through the Housing Authority's Office. The Housing Authority will terminate violators of leases.

Comr. Burrie asked if the OIG regulate the rules and regulations for the Half Way Houses (Sober Homes).

Mr. Bonano responded that he is unsure who is responsible for those rules.

Mr. Fana responded that if HUD is subsidizing the program and there are issues, then the first step is to contact the Housing Authority who is responsible for the administration of the program. Failing that, the Commission could contact him and he will ensure the director for that department gets going on it and speak to the Housing Authority or whatever agency administering the program.

Vice Mayor Brummer understands that HUD functions as reactive, and asked if on an annual basis they go out or otherwise to do any type of review of records or behavior on the part of the administrators or is that the function of the audit division.

Mr. Bonano responded that basically, they are reactive, but recently they were proactive, which did not come from the investigation side and explained what



Names of Commrs.	M	S	V Y	V N

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it was. Notwithstanding, they went to three (3) different Neighborhood Stabilization Program (NSP) grantees to see how the counties were executing the programs.

Mr. Fano indicated that all their programs do annual monitoring and some are based on how long since the agency/county has been monitored, some are based on risk factors, and sometimes it is based on the type of program. In sum, there is an ongoing review, nevertheless, they depend on the local agencies that are entrusted with federal funds and are actively administering those funds and will have their own oversight of the funds.

Maria R. Ortiz, Director, HUD Miami Community Planning and Development, is the direct contact for the City as it relates to managing the CDBG funding. Ms. Ortiz indicated that they were able to “draw a line” that allowed them to participate with the Commission and still comply with the Sunshine laws. She mentioned that their CDBG staff that works directly with city staff are: Rafael Portuondo, senior representative from the Community Development program and Mr. John Gordon, Neighborhood Stabilization Program specialist.

Ms. Ortiz indicated that their main purpose for this meeting is to provide an outline of the CDBG program, which is one of the most flexible programs in the federal government. She said many of its items are open to interpretation. However, the importance is to understand the mission of the program, what are the basic concepts and in the Commission's decision-making and understand what questions are important to receive a response. She then presented the attached overhead presentation of the Statutory/Regulatory Context, National Objectives, and provided a detailed outline of each component involved in the program.

Comr. Burrie indicated that Ms. Ortiz presented very well detailed information for the Commission to learn about their programs. However, Comr. Burrie referred to the City's 2000 census map and she indicated that apparently in various districts there are LMI's that could utilize assistance from the CDBG funds. Therefore, the entire City is eligible for these funds as long as they fit into the categories provided by Ms. Ortiz. The one drawback is that each area requires a representative on the Board to apply for the funds. However, historically, the City has always had members on the board from only one district. She then provided an example of two subdivisions that are



Names of Commrs.	M	S	V Y	V N

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in need of lighting, which would come under the CDBG funds, but due to a lack of representation of a member from that district on the board, they are not eligible.

Ms. Ortiz responded that the situation cited; need to be a local judgment call. Their organization only requires that a national objective be met. If an area has been determined for benefit, 51% of the individuals have to be low/mod. Therefore, she cautioned about impeding participation of low/mod individuals that could have been served.

Mr. Fana responded that they have an office of fair housing that the City can contact through him and they can provide a presentation on the implications for fair housing. He added that the structure set up is the local way of providing citizens participation. In fact, other jurisdictions do not have anything similar to what the City is currently doing.

Ms. Ortiz suggested that wherever there is a neighborhood that is a mean, especially those needier, the City ensures that they are heard and taken into consideration. She suggested that the City gets the City Attorney to review the Westchester Case and do an analysis of a conversation that may need to occur in-house to determine if there are any similarities that may impact that.

Comr. Poitier asked if the City is allowed to use CDBG funds, to help reduce crime within the City.

Ms. Ortiz replied yes, as a public service.

Comr. Poitier mentioned that foreclosure housing has been on the rise, and asked if there are any programs coming to assist homeowners prior to foreclosure.

Mr. Fana responded that one of the programs they have in place is housing counseling services for those people who are facing foreclosures. He stated that if individuals have FHA insured loans there is a direct connection, which he elaborated on the process.

Comr. Poitier indicated that there are NSP programs 1 & 2 and asked if there will be a 3.



Names of Commrs.	M	S	V Y	V N

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Ms. Ortiz responded that there is a 3, and Miriam Carrillo, Office of Housing and Urban Development Director, City of Pompano Beach has one ready.

Ms. Carrillo reported that the City received 1.5, which will be posted on the City's website next Tuesday.

Ms. Ortiz explained the 1.5 rule to Vice Mayor Brummer. She indicated that the City would receive \$1 million per year and within the third year. Thereafter, they would conduct a test and there should not be more than one and one half (1.5) of the yearly allocation left.

Mayor Fisher thanked the representatives for coming to the City to enlighten everyone. It has been a true insight for the Commission, and look forward to having more workshops similar to this one.

NO ACTION WAS TAKEN. The item was for information purposes only.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:48 a.m.

LAMAR FISHER, MAYOR

ASCELETA HAMMOND, CITY CLERK

U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT OFFICE OF INSPECTOR GENERAL



OFFICE OF INVESTIGATIONS



TODAY's Objectives



Give an overview of:

- HUD's Office of Inspector General for Investigations Office
- HUD OIG Investigations Investigative Priorities
 - HUD OIG Management Plan
- HUD OIG Investigations Miami
 - Types of Investigations
- HUD OIG Case Examples
- QUESTIONS?

Who is the OIG?

Inspector General Act of 1978 (Public Law 95-452), as amended

Overall Mission: Prevent and detect fraud, waste, abuse, and mismanagement in HUD funded programs and operations.





HUD/OIG: Investigations



- **Over 230 Special Agents around the Country**
- **HUD OIG Special Agents have the authority to:**
 - Investigate crimes related to HUD and its programs
 - Carry Firearm
 - Power to execute arrest and search warrants
 - Full access to books, records, reports, audits, documents, papers, recommendations, and other material available to HUD
 - Execute subpoenas
 - Take oaths, affirmations and affidavits



HUD/OIG: Investigative Remedies



- **Federal or State Criminal Prosecution**
- **Civil Litigation**
- **Administrative Action**
- **Systemic Recommendations**



HUD/OIG: Investigative Priorities



1. Single Family loan origination fraud:
 1. Federal Housing Administration (FHA)
 2. Reverse Mortgage (HECM's)
2. Public Corruption in Community Planning and Development Programs:
 1. Neighborhood Stabilization Program (NSP Funds)
 2. Homeless Grants
3. Public Corruption in Public Housing Programs:
 1. PHAs (Executive Directors, Boards, PHA employees, related Non-Profit Orgs, and Contractors)
4. Housing assistance fraud:
 1. Section 8 Housing Choice Voucher
 2. Public Housing and Multifamily Section 8



HUD OIG INVESTIGATIONS



What is OIG Investigations doing in Miami?

- FHA Fraud Investigations
- Housing Assistance Fraud Investigations
- Public Corruption within HUD Assisted Programs:
 - Monitoring NSP Spending (62.2 million dollars to Miami-Dade County)
 - Homeless Programs
 - Public Housing



HUD OIG INVESTIGATIONS



What else is OIG Investigations doing in Miami, FL?

- Responding to complaints from:
 - PHAs
 - Law enforcement
 - Public
- Outreach to HUD Recipients



HUD OIG INVESTIGATIONS



HUD OIG Case Examples

Feds indict leaders in scheme

Two Housing Authority officials are accused of stealing funds intended to refurbish apartments.

BY DAN DEWITT
Times Staff Writer

BROOKSVILLE — Two long-time Brooksville Housing Authority employees face federal indictments charging them with stealing money intended to refurbish apartments for low-income residents.

Betty Trent, the authority's executive director, and Joe Anne

Bennett, the recently retired project manager, have each been accused of crimes including conspiracy, mail fraud and theft of public money. Bennett also has been charged with falsifying investigative records.

According to the indictment, they each owe the U.S. Department of Housing and Urban Development \$40,650 in funds

they are accused of stealing. They appeared in U.S. District Court on Monday and are both free on \$25,000 bond. If convicted, Bennett and Trent each could be sentenced to more than 40 years in prison.

Trent was on vacation this week, and the Housing Authority's board of directors has not decided whether to suspend her or take

any other disciplinary action, said board member Carl Pilcher.

"An indictment is not guilt. It's an accusation," Pilcher said.

The indictment states that Trent and Bennett used "an intermediary to make it appear that the intermediary was paid for services rendered," though no work was performed.

The indictment does not name any of the individuals or companies that were contracted but does say the payments were made between December 2001

» **INDICT** continues on 12



DANIEL WALLACE | Times

Betty L. Trent was indicted on mail fraud and theft charges.



HUD OIG INVESTIGATIONS



HUD OIG Case Examples

Ex-Housing Authority Official Sentenced

HE ORGANIZED RENT SUBSIDY SCHEME

By ELAINE SILVESTRI
The Tampa Tribune

TAMPA — A former Tampa Housing Authority official was sentenced Friday morning to four years and two months in federal prison and three years' probation for his role in a scheme to steal more than \$486,000 in federal rent subsidies.

Calvin Coleman, 44, is the third former housing official sentenced in the scheme, which involved recruiting bogus landlords to collect federal hous-

ing money. He pleaded guilty April 22 to charges of conspiracy, public corruption and theft.

Carlton Miles pleaded guilty and was sentenced in June to two years in federal prison for his role in the scam. Mario Lovett also pleaded guilty and was sentenced to 18 months.

The men and more than a dozen phony landlords are said to be responsible for more than \$500,000 in losses.

At least 16 people have entered guilty pleas.

Phony landlords who have been sentenced have

See RENTAL CONSPIRACY, Page 8 ►

Fake landlords collected fraudulent subsidy checks.



HUD OIG INVESTIGATIONS



HUD OIG Case Examples

- **JUNE 1, 2006 – SAN JUAN, PR:** Livia Alicea-Rios, former Director of the Municipality of San Juan's Housing Authority Section 8 Program, and Jeffrey Font-Ruiz, a former landlord, were indicted in U.S. District Court, District of Puerto Rico, on two counts of conspiracy to corruptly solicit monies concerning programs receiving Federal funds (18 USC 371), two counts of program fraud (18 USC 666), and one count of theft of government funds (18 USC 641). From March 2004 through March 2005, Alicea-Rios, Font-Ruiz and Ortiz-Aquino allegedly orchestrated a fraud scheme using Yeampierre-Adorno, Rosario-Santel and Fernandez-Maldonado as "runners" to receive payments from SJDHCD Section 8 applicants. The SJDHCD Section 8 applicants provided \$800 to \$1500 to obtain SJDHCD Section 8 vouchers or move up on the SJDHCD Section 8 waiting list. HUD-OIG and FBI are conducting this investigation.



HUD OIG INVESTIGATIONS



HUD OIG Case Examples

Raymond Asselin gets 10 years



Staff photos by CHRISTOPHER EVANS

Above, Janet K. Asselin, 70, leaves the federal building in Springfield yesterday after being sentenced to one year of probation for her role in the Springfield Housing Authority corruption case. At right, Raymond B. Asselin, 69, former director of the authority, leaves after being sentenced to 10 years in prison.



Wife gets probation in corruption saga

By JACK FLYNN
jflynn@regub.com

SPRINGFIELD - Raymond B. Asselin, the disgraced former director of the Springfield Housing Authority, was given a 10-year prison sentence yesterday, ending a public corruption saga that shattered his career and scattered his family members in prisons across the country.

Asselin, 69, of Springfield, was also ordered to pay \$87,500 in restitution on top of surrendering a BMW sports car, a 23-foot speedboat and a \$2.5 million vacation home on Cape Cod.

His wife, Janet, 70, received one year of probation, including nine months home detention, during a 2 1/4-hour hearing marked by apolo-

gies and wrenching emotional appeals.

After U.S. District Judge Michael A. Ponsor handed down the 10-year sentence to Raymond Asselin, his wife stood up and expressed regrets to "anyone harmed" in the decade-long, \$6.4 million swindle at the housing authority.

Recalling the Sunday family dinners attended by her five children, all of whom pleaded guilty in the case, Janet K. Asselin said, "They're good children. I love them so much."

"I hope and I pray that one day our family dining room will be filled with members of my family again," she added.

As his wife spoke, Raymond Asselin

Please see SHS, Page A8



HUD/OIG: Miami Office of Investigations



Office: (305) 536-3087

ASAC Edwin Bonano Extension 2289

Fax: (305) 536-3085

Mail: Brickell Plaza Federal Building
909 SE 1st Avenue
Room 491
Miami, FL 33131



HUD/OIG: Fraud Hotline



Toll-free: (800) 347-3735

Fax: (202) 708-4829

Email: hotline@hudoig.gov

Mail: HUD OIG Hotline (GFI)
451 7th Street, SW
Washington, DC 20410

QUESTIONS?



Statutory/Regulatory Context, National Objectives

CDBG PRIMARY OBJECTIVE



Development of viable urban communities,
principally for low/mod persons, through:

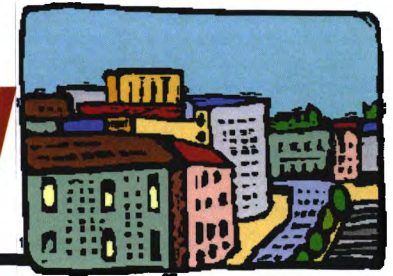
- Decent housing
- Suitable living environment
- Expanded economic opportunity

CDBG ROLES

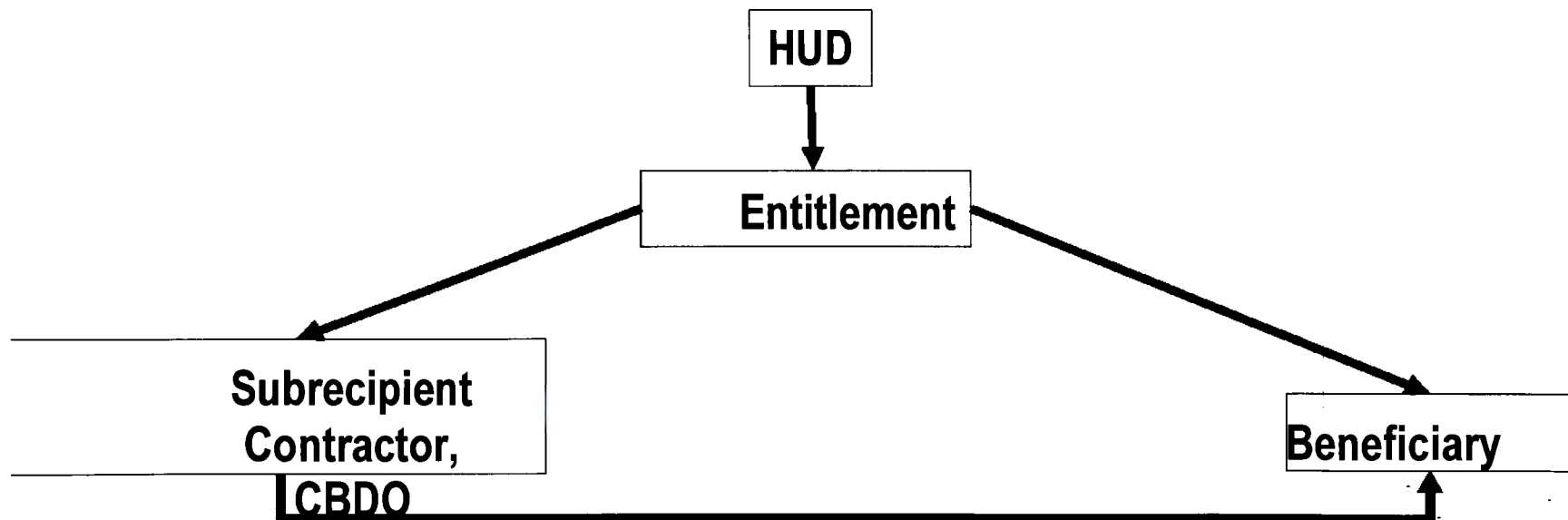


- Key partners in CDBG programs include:
- HUD
 - Entitlements (cities and urban counties)
 - States
 - Units of General Local Government (UGLGs)
 - Subrecipients
 - Community Based Development Organizations (CBDOs)
 - Contractors
 - Beneficiaries

CDBG MONEY FLOW



Entitlement grantees have options in funding projects



WHO WILL MANAGE & IMPLEMENT ACTIVITIES?



Grantees have options:

- Grantee staff
- Units of General Local Government
- Subrecipients
- Community Based Development Organizations (CBDOs)
- Community Development Finance Institutions (CDFIs)
- Contractors

SUBRECIPIENT DEFINED



- . Public or private nonprofit organization/ agency receiving CDBG funds from grantee for eligible activities
 - A for-profit agency assisting microenterprises may be a subrecipient
 - Institutions of higher learning may be subrecipients
- . Who is not a subrecipient?
 - CBDOs not automatically subrecipients
 - Procured contractors are not subrecipients
 - Beneficiaries of assistance
 - Owners of rental housing seeking rehab assistance

SUBRECIPIENT AGREEMENTS



A written agreement **MUST** be executed before funds disbursed

Minimal required elements:

- Statement of work
- Records and reports
- Program income
 - Uniform administrative & other federal requirements
 - Suspension/termination & reversion of assets
 - Conditions for religious organizations

COMMUNITY BASED DEVELOPMENT ORGANIZATIONS (CBDOS)



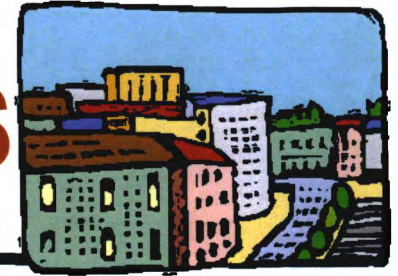
Reg cite §570.204 (not applicable for states)

CBDOS carry out certain projects:

- Neighborhood revitalization
- Community economic development
- Energy conservation

All activities they undertake *must* fall into one of these three areas

CBDO REQUIREMENTS



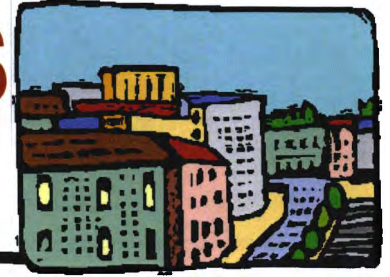
State programs follow statute and have more flexible definition

- Known as “organizations meeting the development needs in non-entitlement areas under 105(a)(15) of statute”

Under entitlement program, CBDO organization must:

- Be organized under state/local law for specific community development activities
- Operate in specific geographic area within grantee’s jurisdiction
- Have as its primary focus the improvement of economic/physical/social aspect of service area, particularly for low/mod persons
- Have a governing body of at least 51% low/mod reps

CONTRACTORS



- . Different than CBDO or subrecipient
- . Must be competitively procured under Part 85
 - Some states use part 85 & some states use own procurement rules
- . Use when activity:
 - Is discrete
 - Has a defined beginning and end date
 - Is for a specific project

THE CONSOLIDATED PLAN



Helps determine activities and organizations to fund

Components:

- Lead agency description
- Housing and homeless needs assessment
- Housing market analysis
- Strategic plan
- One-year action plan

THE CONSOLIDATED PLAN



Helps determine activities and organizations to fund

- All CDBG activities must be included in Con Plan

Includes narrative, tables, certifications

- No specific format required
- HUD provides sample tables

Components:

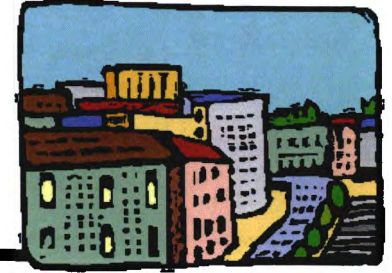
- 3 to 5 year strategic plan
- One-year action plan

THE CONSOLIDATED PLAN (cont)



- . Citizen participation required
- . Con Plan reviewed and approved by HUD
 - . Submitted to field office at least 45 days prior to start of program year
- . Amendments allowed
- . Annual performance reporting measured against Con Plan goals and activities

ELIGIBLE ACTIVITIES



- . Wide variety possible
 - Housing & other real property activities
 - Economic development
 - Public facilities
 - Public services
 - CBDO activities
 - Planning and administration
 - Others
- . Regulation cites §570.201 - §570.206, §570.482
- . Statutory cites at Section 105
- . See other web modules for more details on eligible activities

INELIGIBLE ACTIVITIES



Regulations expressly prohibit:

- Buildings for conduct of government & general government expenses
- Political activities
- New housing construction (some exceptions)
- Income payments
- Purchase of equipment
- Operating and maintenance expenses

NATIONAL OBJECTIVES



- Reg cite §570.208, 570.480
- All CDBG activities must:
 - Benefit low/mod income persons
 - Prevent or eliminate slums and blight OR
 - Meet an urgent need

How?

LOW/MOD BENEFIT AREA BENEFIT



- Activities that benefit all residents of area

- 51% LMI persons

- Area must be primarily residential

Must determine service area of activity

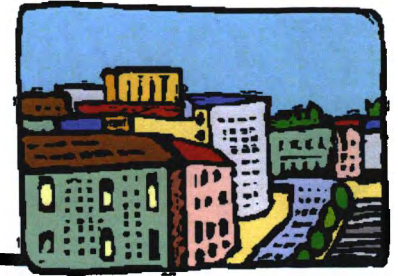
Typical activities: water/sewer, parks,
community centers

LOW/MOD BENEFIT LIMITED CLIENTELE



- . Activities that benefit specific populations
 - Presumed clientele
 - 51% of participants are LMI persons
 - Participation limited to LMI persons only
 - Nature and location indicate low/mod benefit
- . Some activities may qualify
 - Removal of architectural barriers (some activities); or
 - Microenterprise activities with LMI owners; or
 - Certain types of job training efforts.
- . Typical activities: job training, senior services, facilities for persons with special needs

LOW/MOD BENEFIT HOUSING



. To meet the housing national objective, structures must be occupied by low/mod households

- One unit structures occupied by LMI
- One unit of duplex occupied by LMI
- 51% of 3+ units LMI occupied by LMI

. Note: This is the only L/M national objective for housing activities

. Typical activities: homeowner unit rehab, rental acquisition and rehab, homebuyer assistance

LOW/MOD BENEFIT JOB CREATION/RETENTION



. In order to meet this criteria, activities must ***create***
or retain permanent jobs

AND

- . 51% of the jobs created/retained must be ***available to or held by*** LMI persons
- . Jobs counted on full time equivalent (FTE) basis
- . Typical activities: business loans, commercial rehabilitation, infrastructure to a business

LOW/MOD BENEFIT JOBS AVAILABLE TO LMI



For jobs to be considered *available to* LMI persons,

- No special skills/education required
- LMI persons must receive first consideration
- Must have a written agreement with business

SLUM AND BLIGHT AREA BASIS



. Area must meet definition of slum/blighted area under state/local law AND

. Meet either A) or B) below:

A) At least 25% of properties throughout the area experience 1 or more of the following conditions:

- Physical deterioration of buildings or improvements
- Abandonment of properties;
- Chronic high occupancy turnover rates or chronic high vacancy rates in commercial/industrial buildings;
- Significant declines in property values or abnormally low property values relative to other areas in community; or
- Known or suspected environmental contamination.

B) The public improvements in the area are in a general state of deterioration

. Typical activities: code enforcement, infrastructure, commercial rehabilitation

SLUM AND BLIGHT SPOT BASIS



Activities that address specific conditions of blight, physical decay or environmental contamination not in slum/blight area

Activities limited: acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, or building rehab

- Acquisition & relocation must be precursor to another eligible activity that addresses slum/blighted conditions
- Rehab limited to elimination of conditions detrimental to public health & safety

URGENT NEED NATIONAL OBJECTIVE



To meet the urgent need test:

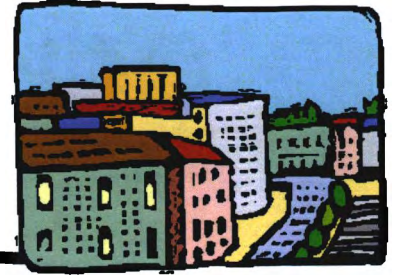
- Existing conditions pose serious & immediate threat to health/welfare of community
- Existing conditions are recent or recently became urgent

Generally 18 months

- Recipient cannot finance on its own
- Other funding sources not available

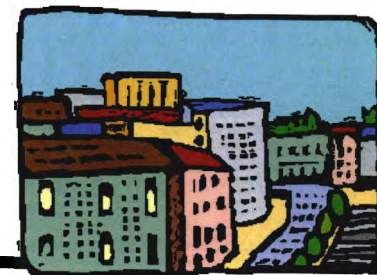
Typical activities: infrastructure, interim assistance, rehab of community facilities

LOW/MOD BENEFIT REQUIREMENT



- . Ties to primary objective of CDBG Program
- . Requires that 70% of all CDBG expenditures benefit low/mod persons (i.e., meet LMI national objective)
 - Cumulative expenditures, not budgeted
 - Certification period of 1-3 years—grantee's choice
 - Section 108 is a CDBG expenditure
 - Planning/admin not included
- . Reported in CAPER (or PER)

OTHER FEDERAL REGULATIONS



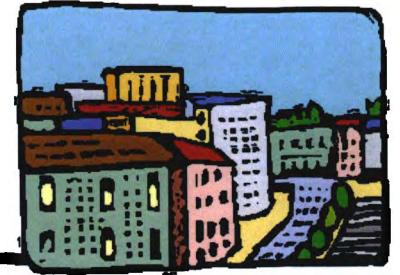
Myriad of other Federal regulations may apply to CDBG-funded activities

List includes regulations about:

- Fair housing and equal opportunity
- Handicapped accessibility
- Financial management
- Environmental review
- Lead paint hazard reduction
- Relocation/acquisition and one-for-one replacement
- Davis Bacon labor standards and related acts
- Excluded parties (debarred/suspended)
- Others, as applicable

Refer to other regulations for applicability

UNIFORM ADMINISTRATIVE REQUIREMENTS



CDBG recipients must comply with federal admin guidelines & financial management requirements:

- Governmental entities/public agencies
 - 24 CFR Part 85 (except states, which may adopt their own standard)
 - OMB Circular A-87
- Nonprofit subrecipients
 - 24 CFR Part 84 (not applicable in state programs if part 85 is not used)
 - OMB Circular A-122
- Educational institutions

AUDIT REQUIREMENTS



- . OMB Circular A-133
- . Applies to non-Federal entities
- . Expenditures threshold for single audit
 - \$500,000
- . Program specific audits
- . Responsibilities of pass-through entities



***Administration/Planning,
Financial Management,
Including Program Income***

CDBG TIMELINESS RULES - ENTITLEMENTS



Cannot have more than 1.5 times current program year grant in line of credit (24 CFR 570.902(a))

. Calculated 60 days prior to end of current program year

GENERAL ADMIN VS. ACTIVITY DELIVERY



. Cost of carrying out activity = activity delivery cost

Otherwise = general administration

. General administration is capped 20%

ADMINISTRATIVE CAP



. Obligations for planning and administration may not exceed:

- 20% of annual entitlement grant PLUS
- Current year program income

. Cap is imposed through annual appropriations legislation

GENERAL ADMIN AND PLANNING COSTS



General management, oversight and coordination

Two options for charging salaries:

- entire amount
- pro rata

. Direct v. indirect

. Must maintain supporting documentation by timesheets or indirect cost allocation plan

ADMINISTRATIVE AND PLANNING COSTS (cont)



Other eligible admin/planning functions include:

- Public information
- Fair Housing
- Preparation of Consolidated Plan
- Submission of applications for Federal programs
- Admin expenses to facilitate housing
- Overall program management of:
 - EZ/EC
 - HOME program
 - Planning, policy, studies

PROGRAM INCOME



Amounts received by a grantee or subgrantee that are directly generated by use of CDBG

Examples

- Proceeds from sale or lease of property purchased/improved with CDBG
- Proceeds from lease of equipment purchased with CDBG
- Gross income from use/rental of real or personal property acquired, constructed, improved (less costs incidental to generation of income)

USE OF PROGRAM INCOME



CDBG program income subject to
CDBG rules

Program income:

- Must be used for immediate cash needs prior to drawing down additional funds from CDBG line of credit
- Cannot be held for specific projects



Housing and Other Real Property Activities

APPROACHES TO HOMEOWNER REHABILITATION



Many options for types of rehab programs

Assistance can be in form of grants, loans, loan guarantees, interest subsidies

Minor/moderate/substantial rehab possible:

- May or may not involve bringing all items up to code
- May also include other improvements to enhance livability of unit
- No required property standards but grantees may adopt

APPROACHES TO HOMEOWNER REHABILITATION (cont)



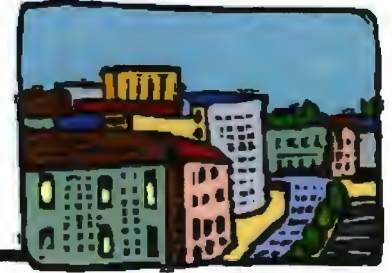
Special purpose programs OK

- Energy efficiency and weatherization
- Emergency repair
- Handicapped accessibility

Reconstruction:

- CDBG now allows as rehab
- Same lot but not necessarily standing at time of project commitment
- Manufactured housing is allowed if part of the community's permanent housing stock

HOMEOWNER REHAB ELIGIBLE COSTS



Costs of labor and materials eligible

Related eligible costs:

- Initial homeowner warranty premium
- Hazard insurance premium (except with grant)
- Flood insurance premium
- Lead-based paint testing & abatement

Purchase of construction equipment not eligible

Be sure to follow CDBG rules on eligible rehab
Costs PLUS A-87 cost reasonableness

HOME PURCHASE ELIGIBLE HOMEOWNERSHIP-ACTIVITIES



Direct homeownership assistance means:

- Up to 50% of required downpayment
- Reasonable closing costs
- Principal write-down
- Acquisition financing
- Acquisition of mortgages guarantees

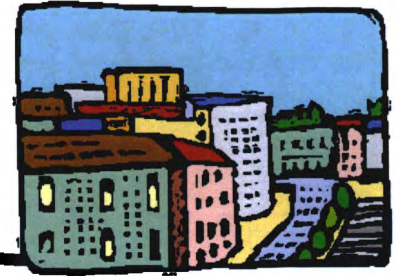
HOME PURCHASE ELIGIBLE HOMEOWNERSHIP-ACTIVITIES



Development assistance for homeownership

- Acquisition with rehabilitation
- Activities supporting creation of new homeowner units by developers
- Acquisition (if nonprofit/public developer)
- Infrastructure (if public ownership)
- Clearance and demolition

APPROACHES TO RENTAL HOUSING



Acquisition:

- Grantees subsidize the purchase
- In return units are rented to LMI persons at affordable rent
- Must be public or nonprofit purchaser

APPROACHES TO RENTAL HOUSING (cont)



Rehabilitation

- Can be combined with acquisition
- CDBG mandates no standard
- Can do historic preservation
- Conversion = changing something into affordable housing
- Reconstruction = re-building same size structure on same site

INELIGIBLE HOUSING ACTIVITIES



New construction, unless by CBDO

Direct mortgage guarantees

Purchase of construction equipment

Mortgage or utility payments, except when:

- Provided for less than 3 months in an emergency & payments made to provider
- When provided as a loan
- When provided by CBDO as part of CBDO project

NATIONAL OBJECTIVES FOR HOUSING



Most common national objective is LMI housing

- Only L/M national objective that can be used

To meet the housing national objective,
structures must be occupied by low/mod
households

- One unit structures occupied by LMI
- One unit of duplex occupied by LMI
- 51% of 3+ units LMI occupied by LMI



Public Facilities, Interim Assistance, Public Services and Other Activities

ELIGIBLE PUBLIC FACILITIES ACTIVITIES



Infrastructure

- Streets, sidewalks
- Water, sewer

Neighborhood facilities

- Parks, playgrounds
- Recreational facilities

Facilities for special needs populations

- Homeless shelters
- Group homes

INELIGIBLE PUBLIC FACILITIES ACTIVITIES



- . Maintenance and repair of public facilities

- Exception for handicapped accessibility

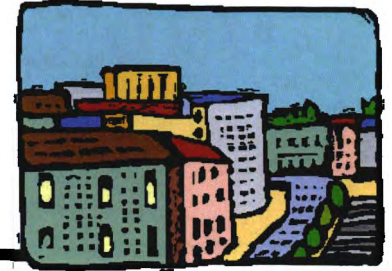
- . Operating costs

- Exception for costs related to operating a CDBG public service activity

Buildings for general conduct of government
(e.g., city hall)

- Some exceptions

PUBLIC FACILITIES NATIONAL OBJECTIVES



Infrastructure improvements will typically qualify under:

- Low/Mod Area Benefit
- Low/Mod Limited Clientele (facilities for persons with special needs)

ELIGIBLE PUBLIC SERVICE ACTIVITIES



• Wide range of public services possible

Includes services related to:

- Employment
- Job training
- Crime prevention/public safety
- Child care
- Health
- Health services
- Substance abuse services

ELIGIBLE PUBLIC SERVICE ACTIVITIES (cont)



Also includes services related to:

- Housing
- Housing counseling
- Fair Housing counseling
- Energy conservation
- Homebuyer downpayment assistance
- Services for homeless persons
- Education
- Welfare services
- Services for seniors
- Recreational services

PUBLIC SERVICES COST



- . CDBG funds may pay for labor, supplies and materials
- . CDBG funds may pay for operations and maintenance of facility where service occurs
- . Payments must be directly related to the provision of eligible services
 - Cannot just provide operational support to nonprofits
 - Must document costs

PUBLIC SERVICES RESTRICTIONS



The service must be:

- A new service, or
- A quantifiable increase in the level of an existing service that has been provided by the grantee or another entity on its behalf with local gov't funding (or funding from the state to the local gov't) in the 12 months preceding submission of the Action Plan

INELIGIBLE PUBLIC SERVICE ACTIVITIES



. Income payments ineligible

- Except emergency grant payments
- Not to exceed three months
- Payments made directly to provider

. No on-going operations as a stand alone public service

- For example: operating rental housing
- Different than paying to offer a service within the housing development, such as counseling

. Political activities ineligible

PUBLIC SERVICES & RELIGIOUS ENTITIES



Generally, funds may not be used for religious activities

- No religious events or requirements to pray before public service is provided

However, eligible public services may be provided through a religious entity if formal agreement in place stipulating:

- No discrimination (employment or participants)
- No religious instruction or counseling

PUBLIC SERVICES & RELIGIOUS ENTITIES (cont)



CDBG funds can be provided for minor repairs of facility owned by religious entity that is used for public services if:

- Repairs are directly related to public service activity
AND
- Cost is only an incidental portion of total CDBG \$ for public service activity

PUBLIC SERVICES CAP



- Obligations for public service activities may not exceed:
 - 15% of annual entitlement grant PLUS
 - 15% of last year's program income

PUBLIC SERVICES NATIONAL OBJECTIVES



Low/Mod benefit determined by whether service offered to all OR to a particular group of low/mod residents

- Area Benefit
- Limited Clientele



Economic Development

ELIGIBLE ECONOMIC DEVELOPMENT ACTIVITIES



- . Special economic development activities
- . Technical assistance to businesses
- . Microenterprise activities
- . Commercial rehabilitation
- . Community-based development organizations
- . Infrastructure to assist businesses
- . Job training

ECONOMIC DEVELOPMENT NATIONAL OBJECTIVES



• Economic development projects typically fall under Low/Mod Job Creation/Retention

• Be sure to document:

- How jobs will be created or jobs will be lost without CDBG (retained jobs)
- How jobs made available to or held by LMI

• Track jobs for reasonable period of time (not defined in regulations) as long as jobs are still being created

EVALUATING ECONOMIC DEVELOPMENT PROJECTS



Evaluation and selection of economic development projects has two parts:

- Voluntary underwriting guidelines
- Mandatory public benefit standards

Determinations must be in writing
§570.200(e)

VOLUNTARY UNDERWRITING GUIDELINES



Grantees should ensure that:

- Project costs reasonable
- All sources of financing are committed
- CDBG not substituted for non-federal
- Project is financially feasible
- Return on investment reasonable
- CDBG funds distributed pro-rata

CALCULATING PUBLIC BENEFIT



Two options for determining benefit:

- Jobs created or retained
- Goods or services provided to LMI persons

Projects must meet individual test

Entire program must meet aggregate test

Applied at time of CDBG obligation, and

Assessed upon completion, based on
actual achievements

INDIVIDUAL STANDARDS



. May not exceed \$50,000 per FTE permanent job created or retained

OR

. May not exceed \$1,000 in expenditure per LMI person to which goods or services are provided

AGGREGATE STANDARDS



Create or retain at least one full-time (FTE) permanent job per \$35,000 of CDBG funds

OR

Provide goods and/or services to at least one LMI person per \$350 of CDBG expenditure



Performance Measurement, Reporting

GRANTEE REPORTS ON THE HUD WEB SITE



- . Available for each grantee by program year:
 - Performance Profiles
 - Expenditure Reports
 - Selected Accomplishments
- . Grantees can use reports to assess local/state CDBG program performance
- . HUD reports IDIS data to entities that evaluate CDBG program: Congress, GAO, OMB, IG
- . Data is aggregated to demonstrate progress toward HUD goals and strategies

REPORTING REQUIREMENTS



Annual report called Consolidated Annual Performance and Evaluation Report (CAPER)

SUBMISSION & REVIEW OF THE CAPER/PER



Grantee must submit annual report to HUD within 90 days of close of program year

- . Prior to submission, grantee must make report available to public for at least 15 days

- . Grantee must summarize comments and make final report available to public

RECORDKEEPING REQUIREMENTS



• Appropriate activity documentation maintained to ensure compliance

Major categories of records to be kept:

- General administrative
- Financial
- Project/activity
- National objectives
- Income documentation
- Subrecipients

RECORD RETENTION



Record retention

- Entitlements maintain records for **five years** following end of program year activity funded
- Consistent with Consolidated Plan requirements

Public access to records

- Citizens must have reasonable access
- Citizens must be provided timely information
- HUD, Comptroller General have access

MONITORING



Grantees are responsible for compliance with CDBG and other Federal rules & requirements

- Monitoring of projects and programs helps to ensure compliance and evaluate performance

MORE INFORMATION



. For more information on CDBG, go to:

- HUD Field Offices
- <http://www.hud.gov/local/>
- HUD CDBG website
- <http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm>
- CDBG laws and regulations
- <http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm>

MORE INFORMATION (cont)



- For more information on CDBG, go to:
 - Guide to Eligible Activities and National Objectives for Entitlements
 - <http://www.hud.gov/offices/cpd/communitydevelopment/library/deskguid.cfm>
 - Guide to Eligible Activities and National Objectives for States
 - <http://www.hud.gov/offices/cpd/communitydevelopment/library/stateguide/>