

RESOURCES FOR BASIC GRANT ADMIN WORKSHOP

Statutes & Executive Orders:

Freedom of Information Act 5 USC 552: generally provides any person with the statutory right, enforceable in court, to obtain access to Government information in executive branch agency records. This right to access is limited when such information is protected from disclosure by one of FOIA's nine statutory exemptions.

<http://www.archives.gov/foia/>

The Privacy Act Of 1974 5 USC 552a As Amended: No agency shall disclose any record which is contained in a system of records by any means of communication to any person, or to another agency, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains (unless disclosure meets certain criteria as set forth.) <http://www.usdoj.gov/oip/privstat.htm>

Davis-Bacon Act: <http://www.dol.gov/esa/regs/statutes/whd/dbra.htm>

Davis-Bacon Applicability: http://www.hud.gov/offices/olr/olr_foa.cfm

Americans with Disabilities Act 42 U.S.C. 12101:

<http://www.usdoj.gov/crt/ada/adahom1.htm>

Civil Rights Act of 1964: <http://usinfo.state.gov/usa/infousa/laws/majorlaw/civilr19.htm>

Fair Housing: <http://www.hud.gov/offices/fheo/library/index.cfm>

Section 3: <http://www.hud.gov/offices/fheo/section3/section3.cfm>

Fair Labor Standards Act 29 USC 8: <http://www.dol.gov/elaws/flsa.htm>

Equal Employment Opportunity (Executive Order 11375)

<http://www.presidency.ucsb.edu/ws/index.php?pid=60553>

Improving access to services for persons with limited English proficiency (Executive Order 13166): <http://www.hud.gov/offices/fheo/FHLaws/EXO13166.cfm>

Copeland Anti-Kickback Act 18 USC 874 <http://frwebgate4.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=77008132081+0+0+0&WAIAction=retrieve>

Contract Work Hours and Safety Standards Act:

<http://www.dol.gov/compliance/laws/comp-cwhssa.htm>

Rights to Inventions 37 CFR 401:

http://www.access.gpo.gov/nara/cfr/waisidx_07/37cfr401_07.html

Debarment & Suspension, Executive Order 12549: <http://www.archives.gov/federal-register/codification/executive-order/12549.html>

Debarment & Suspension, Executive Order 12689:

<http://www.dot.gov/ost/m60/grant/eo12689.htm>

Drug Free Workplace Act 41 USC 701: <http://frwebgate2.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=771008120946+9+0+0&WAISaction=retrieve>

Byrd Anti-Lobbying Act 32 USC 1352: <http://frwebgate3.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=77130322475+0+0+0&WAISaction=retrieve>

Worker and Community Right to Know Act – State laws, not in every State, citizens and workers have a “right to know” about chemical hazards present where they live and work. The laws help to protect the health and safety of everyone by increasing public awareness about exposure to chemicals; hazards associated with such exposure; and safe and proper handling procedures. (Pennsylvania, New Jersey, Washington, South Carolina) Based on Worker Rights under OSHA of 1970, 29 CFR 1910.1020
<http://www.osha.gov/as/opa/worker/rights.html>

Title IX of the Education Amendments of 1972, 20 USC 1681 "No person in the United States shall, on the basis of gender, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance." Although the most prominent "public face" of Title IX is its impact on high school and collegiate athletics, the original statute made no reference to athletics. The legislation covers all educational activities, and complaints under Title IX alleging discrimination in fields such as science or math education, or in other aspects of academic life such as access to health care and dormitory facilities, are not unheard of. It also applies to non-sport activities such as school bands and cheerleaders, as well as non-social fraternities/sororities, clubs and organizations.

Clean Air Act 42 USC 7401: <http://frwebgate1.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=770867358574+0+0+0&WAISaction=retrieve>

Federal Water Pollution Control Act 33 USC 1251:

<http://frwebgate6.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=769908440253+0+0+0&WAISaction=retrieve>

Safe Drinking Water Act 42 USC 12:

http://www4.law.cornell.edu/uscode/html/uscode42/usc_sup_01_42_10_6A_20_XII.html

Wild and Scenic Rivers Act 16 U.S.C. 1271-1287: <http://www.rivers.gov/>

Endangered Species Act 7 USC 136, 16 USC 1531:

<http://www.fws.gov/endangered/policy/index.html>

National Archeological and Historic Preservation Act 16 U.S.C. 469- 470:

<http://www.achp.gov/NHPA.pdf>

Lead Based Paint Hazard Reduction Act of 1992:

http://www.hud.gov/offices/lead/library/lead/Title_X.pdf

HUD Guidelines for Evaluation and Control of Lead Based Paint Hazards in Housing:

<http://www.hud.gov/offices/lead/lbp/hudguidelines/index.cfm>

HUD Priorities:

Energy Policy Act of 2005, 42 USC 15801 (National Energy Policy):

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_public_laws&docid=f:publ058.109

HUD Energy Action Plan: HUD's Energy Action Plan is aimed at supporting the President's National Energy Policy by upgrading the energy efficiency of existing housing using proven energy-efficient products and appliances, consumer education and outreach, interagency cooperation, market-based incentives, and public-private partnerships. <http://www.hud.gov/energy/energyactionplan.pdf>

America's Affordable Communities Initiative

<http://www.hud.gov/initiatives/affordablecom.cfm>

Healthy Homes and Lead Hazard Control:

<http://www.hud.gov/offices/lead/healthyhomes/lead.cfm>

HUD Healthy Homes Brochure:

http://www.hud.gov/offices/lead/library/hhi/HH_Brochure_Revised.pdf

EPA Lead in the Home Brochure:

http://www.hud.gov/offices/lead/library/lead/pyf_eng.pdf

HUD Monitoring:

CPD http://www.hudclips.org/sub_nonhud/cgi/hbks_run.cgi?hbks_run

CPD Monitoring Evaluation Questionnaire-

http://www.hudclips.org/sub_nonhud/cgi/pdfforms/65092x1.doc

FHA Approved Nonprofits- <http://www.fha.gov/sf/nonprofits/index.cfm>

FHA Approved Lenders -

http://www.hudclips.org/sub_nonhud/cgi/pdfforms/40601HB.doc

Public Housing-

http://www.hudclips.org/sub_nonhud/cgi/hudclips_run.cgi?hudclips_run

Fair Housing - http://www.hudclips.org/sub_nonhud/cgi/hudclips_run.cgi?hudclips_run

& http://www.hudclips.org/sub_nonhud/cgi/hudclips_run.cgi?hudclips_run

FHA Multifamily -

http://www.hudclips.org/sub_nonhud/cgi/hudclips_run.cgi?hudclips_run

FHA Multifamily Subsidy Contracts -

http://www.hudclips.org/sub_nonhud/cgi/hudclips_run.cgi?hudclips_run

FHA Multifamily Asset Managers -

http://www.hudclips.org/sub_nonhud/cgi/pdfforms/43105x41.pdf

OMB Circulars:

<http://www.whitehouse.gov/omb/circulars/index.html> (All Circulars)

<http://www.whitehouse.gov/omb/circulars/a133/a133.html> (A-133)

http://www.whitehouse.gov/omb/circulars/a122/a122_2004.html#ac (A-122)

http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html (A-87)

http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html (A-21)

Contracting & Procurement

Code of Federal Regulations Title 24 (governs HUD):

http://www.access.gpo.gov/nara/cfr/waisidx_07/24cfr84_07.html

http://www.access.gpo.gov/nara/cfr/waisidx_07/24cfr85_07.html

Debarments (Excluded Parties List System): <http://www.epls.gov/>

Prequalified contractors (FedBizOpps) <http://vsearch1.fbo.gov/servlet/SearchServlet>

Federal Acquisition Regulations (FAR): <http://www.acquisition.gov/far/index.html>

HUD Acquisition Regulations (HUDAR):
<http://www.hud.gov/offices/cpo/hudar/2442.cfm>

Organizational management resources, including sample forms and management guidance:

<http://www.mncn.org/index.htm> (Minnesota Council of Nonprofits)
<http://www.cfnpe.org/> (The Center for Nonprofit Excellence)
<http://www.boardsource.org/> (BoardSource)
<http://www.ncna.org/> (National Council of Nonprofit Associations)
<http://www.npgoodpractice.org/> (Nonprofit Good Practice Guide)
<http://www.whatworks.org/index.cfm> (The Center for What Works)

Other Helpful Websites:

HUDUser – HUD’s Policy Development & Research website, containing useful data sets such as **Fair Market Rents** and **Income Limits** (including information on **Area Median Income**), in addition to research papers and publications regarding housing and community development. <http://www.huduser.org/>

Glossary & Definitions:

AMI: Acronym for **area median income**

CDBG: Acronym for **Community Development Block Grant**, a flexible entitlement community / balance of state funding program of HUD

Cash v Accrual Accounting: For accounting purposes, the best method regardless of the type of business (except possibly a doctor) is the accrual-based method. Cash-based accounting can distort the true operations of your business and incorrectly reflect income. Cash-based accounting recognizes income when money is received. Accrual-based accounting recognizes income when goods are shipped or services are rendered. Under the cash method, an expense is recognized when it's paid. Under the accrual method, an expense is recognized when the business is obligated to pay it. So, for example, if in a given period you collect little or no receivables and you pay lots of bills, under the cash-accounting method you have expense without income; you've lost money. On the other hand, if you collect a lot of money and don't pay your bills, you have big income. That's a major distortion of what actually occurred. Accrual-based accounting doesn't care whether you've collected or paid your bills. Income (received or not) is matched to an expense (paid or not), resulting in a proper match of revenue with the expense generated to produce the revenue. This provides a truer picture of operations. It's possible to use one method for tax purposes and the other for accounting purposes. But as usual with tax issues, nothing is that simple. Consult with a professional tax advisor for the best tax method for you. But for accounting purposes, always use the accrual-based method. (From Wikipedia)

Cost Analysis: Cost analysis involves examining costs from many angles, including cost allocation, cost benefit analysis and cost effectiveness analysis. Organizations that perform cost analysis want to better understand the consumers of cost, what drives cost, and how cost can be reduced while increasing efficiency. (Acorn Systems)

Emergency: An unforeseen combination of circumstances, or the resulting state from such circumstances, that calls for immediate action.

Exigency: A state of affairs that makes urgent demands for action.

Financial Audit: Federal threshold \$300,000 revenue (OMB Circular A133). State requirements vary state-to-state. You can find out if your state requires your organization to undergo a financial audit, and what the audit budget threshold is, by going to www.multistatefiling.org. Scroll to the middle of the page and link to a summary of your state's requirements. You should confirm what you find with the appropriate state agency, to be sure this information is current. You can find contact information and Web site URLs in the summaries at multistatefiling.org or on the NASCOnet Web site at www.nasconet.org/agencies.

FMR: An acronym for **Fair Market Rent**, establishing the reasonable housing cost for a Metropolitan Statistical Area or other geographic area

GAAP (Generally Accepted Accounting Principles): The standard framework of guidelines for financial accounting, mainly used in the U.S.A.. It includes the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements. (From Wikipedia)
<http://www.fasab.gov/accepted.html> (Federal Accounting Standards Advisory Board)

<http://www.ravenwerks.com/finance/gaap.htm> (Primer on GAAP for non-accountants)

Identity of Interest: A conflict of interest that includes any contract relationship where the purchaser and seller are related (father and son, etc.) or affiliated through a business relationship (e.g., corporation selling to an employee, partners in other projects, etc.).

IDIS: Acronym for HUD's **I**ntegrated **D**isbursement & **I**nformation **S**ystem, an automated project reporting system. Contact HUD program representative for specific information and training related to IDIS.

Indirect Costs: Indirect costs (including Facilities and Administration costs) are those costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. (From HUD Form 424 cbwi) Because of the diverse characteristics and accounting practices of non-profit organizations, it is not possible to specify the types of cost which may be classified as indirect cost in all situations. However, typical examples of indirect cost for many non-profit organizations may include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting. (From OMB Circular A-122)

<http://hsc.utoledo.edu/research/idcprimr.pdf> (Indirect Costs, a Primer)

<http://www.ojp.usdoj.gov/oc/indirectcosts.htm> (DOJ guide to developing indirect cost proposals)

Indirect Cost Rate: Unless different arrangements are agreed to by the agencies concerned, the Federal agency with the largest dollar value of awards with an organization will be designated as the cognizant agency for the negotiation and approval of the indirect cost rates and, where necessary, other rates such as fringe benefit and computer charge-out rates. Once an agency is assigned cognizance for a particular non-profit organization, the assignment will not be changed unless there is a major long-term shift in the dollar volume of the Federal awards to the organization. All concerned Federal agencies shall be given the opportunity to participate in the negotiation process but, after a rate has been agreed upon, it will be accepted by all Federal agencies. A non-profit organization which has not previously established an indirect cost rate with a Federal agency shall submit its initial indirect cost proposal immediately after the organization is advised that an award will be made and, in no event, later than three months after the effective date of the award. (From OMB Circular A-122)

<http://www.ccas.com/ccasrate.html> (Indirect Cost Rate Worksheet – CCAS Software)

Lobbying: Conducting activities aimed at influencing public officials (especially members of a legislative body) regarding legislation (promoting or securing passage of legislation by means of such activities).

LOCCS: Acronym for **Line of Credit Control System**, HUD's automated funding draw-down system. Contact HUD program representative for specific information and training regarding LOCCS.

Lump-Sum Drawdown: Under CDBG, grantee may draw down funds in a lump sum for use in rehabilitation of privately-owned property. Specific signed agreements govern this process (24 CFR 570.513).
http://a257.g.akamaitech.net/7/257/2422/10apr20061500/edocket.access.gpo.gov/cfr_2006/aprqrtr/24cfr570.513.htm

Policy: A high-level overall plan embracing the general goals and acceptable procedures, especially of a governmental body.

Prohibited Contracts: these types of contracts reward contractors for incurring higher costs (from HUD Quick Guide to Price Analysis for HUD Grantees & Funding Recipients) - www.hud.gov/offices/cpo/grantees/cstprice.cfm)

Regulation: An authoritative rule dealing with details or procedure, or a rule or order issued by an executive authority or regulatory agency of a government and having the force of law.

Secondary Recipient: Nonprofit or for-profit entity (sub-grantee, sub-contractor, contractor working for grantee) that receives funding or payments from the original recipient of funding (grantee, contractor)

Simplified Acquisition Threshold: From Federal Acquisition Regulations (FAR) Part 2 "Simplified acquisition threshold" means \$100,000, except for acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack (41 U.S.C. 428a)

Statute: A law set up by the legislative branch of government. A United States federal statute may only be changed by an act of Congress. (In the case of corporations, a permanent rule established by the Board or governing body.)

Value Engineering (VE): An organized effort directed at analyzing the functions of systems, equipment, facilities, services, and supplies for the purpose of achieving the essential functions at the lowest life-cycle cost consistent with required performance, reliability, quality, and safety. These organized efforts can be performed by both in-house agency personnel and by contractor personnel. (From OMB Circular A-131). Value Engineering is specifically spelled out in Public Law 104-106, which states "Each executive agency shall establish and maintain cost-effective Value Engineering procedures and processes." Value Engineering uses intuitive logic (a unique "how" - "why" questioning technique) and the analysis of Function to identify relationships that increase Value. It is considered a quantitative method similar to the Scientific Method, which focuses on Hypothesis - Conclusion to test relationships, and Operations Research,

which uses model building to identify predictive relationships. Value Engineering is also referred to as "Value Methodology," and can be described as the ratio of function to cost, with no reduction in quality. (Wikipedia)



U. S. Department of Housing & Urban Development

[Redacted] Field Office
[Redacted]
[Redacted]

[Redacted]

City Manager
City of [Redacted]

P.O. Box [Redacted]

[Redacted]

Dear Mr. [Redacted]:

During the period of [Redacted] 12-25, 2007, [Redacted] HUD office staff conducted a review of the city's Community Development Block Grant (CDBG) Program and Home Investment Partnerships (HOME) Program. The results of our review were summarized at an exit conference held on June 25, 2007, with Mr. [Redacted], Deputy City Manager, Mr. [Redacted], Community Development Director, Ms. [Redacted], Director of Housing Development and Ms. [Redacted], Housing Development Coordinator.

Specific comments and conclusions are contained in the enclosed report. There were three (3) Findings and one (1) Concern. In addition, we have made recommendations that, we believe, will strengthen the city's program. Thank you and your staff for your hospitality and cooperation. I look forward to our continued close working relationship with you and the city of [Redacted] and to working with you to accomplish the goals you have set forth for the city in its consolidated planning process.

If you have any questions concerning this letter or other items related to community development programs, please contact Mr. [Redacted], CPD Director at [Redacted], extension [Redacted] or [Redacted], Senior Community and Economic Planning and Development Representative, extension [Redacted].

Sincerely,

[Redacted]
Director

Enclosures

CITY OF [REDACTED]

REVIEW OF THE

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
[REDACTED]

HOME INVESTMENT PARTNERSHIPS PROGRAM
[REDACTED]

CONDUCTED BY

[REDACTED]
SENIOR COMMUNITY PLANNING AND DEVELOPMENT REPRESENTATIVE

[REDACTED] 9, 2007

COMMUNITY PLANNING AND DEVELOPMENT DIVISION

[REDACTED] HUD OFFICE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PARTICIPANTS

- Mr. [REDACTED], Community Development Director
- Ms. [REDACTED], Director of Housing Development
- Ms. [REDACTED], Housing Development Coordinator

CDBG PROGRAM

The programmatic monitoring effort included a selected activity file review of the CDBG program. This review focused primarily on national objective compliance, eligibility, record keeping, financial management and sub-recipient monitoring. The review was guided by a monitoring strategy that included a risk analysis based on the city’s 2005 and 2006 Action Plans and other related data maintained by the Integrated Disbursement and Information System (IDIS). The review sample for the programmatic monitoring consisted of the following activities:

- 2006-Activity [REDACTED] [REDACTED]
- 2005-Activity [REDACTED] Emergency Rehab Projects
[REDACTED]

[REDACTED]

National Objective Compliance

File documentation for the above activity was reviewed for compliance with the record-keeping requirements at 24 CFR 570.506(b) (2). Multiple public improvements will be made as a result of this activity. At the time of our visit, only one project (storm drainage) had been completed. Other improvements such as streets, sidewalks, curb and gutter and infill work will be implemented in the near future. The boundaries of the service area are the same as that proposed for the city’s Neighborhood Revitalization Strategy Area, to be submitted in the very near future. Such improvements meet the national objective criteria for area benefit activities at 24 CFR Part 570.208 (a) (1). No Findings or Concerns were noted.

Activity Eligibility

CDBG funds may be used to fund construction of public facilities and improvements. Site improvements of any kind that are made to property in public ownership are considered to be a “public improvement” eligible for assistance under this category. A review of the files indicated that documentation relative to this particular activity met the eligibility requirements of 24 CFR 570.201(c) – Public Facilities and Improvements. No findings or concerns were noted.

EMERGENCY REHABILITATION

National Objective Compliance

Homeowner rehabilitation activities that provide or improve permanent residential structures to be occupied by low/moderate income persons qualify under the housing criteria of the CDBG program at 24 CFR 580.208(a) (3). The city’s emergency rehabilitation program is a “special purpose” rehabilitation program that provides for repair of certain conditions existing in a house in emergency situations. While the whole house will not be rehabilitated, the work performed must meet local codes as applicable. The whole house does not have to be brought up to local codes.

We examined the following two project files related to emergency rehab assistance: [REDACTED] and [REDACTED]. Household size and income documentation for each of these properties were sufficient to establish compliance with the national objective for low mod housing. No Findings or Concerns were noted regarding national objectives.

Activity Eligibility

CDBG funds may be used to assist existing homeowners with the repair, rehabilitation or reconstruction of owner-occupied units. General rehabilitation programs typically bring designated properties up to local codes and standards. Special purpose

programs, including emergency repair programs, do not require that the whole house be rehabilitated but work performed must meet local codes and standards.

A review of the files relative to roof replacement at [REDACTED] indicated that documentation relative to emergency repair activities met the eligibility requirements of 24 CFR 570.202 (eligible rehabilitation and preservation activities). No findings or concerns were noted regarding eligibility.

A review of the files relative to installation of a sewer connection line from the residence at [REDACTED] indicated that, in addition to installation of connection lines, a portion (\$810) of the total cost (\$2,120) was for payment of a sewer tap fee. The city uses this fee for operating costs of the existing system. These activities meet the eligibility requirements of 24 CFR 570.201(c). For future reference, the city should be aware that the payment of tap fees, even for low- and moderate income households, is not always eligible. We suggest that the city initiate discussion with HUD prior to payment of such fees.

Lead-Based Housing Rule (LBHR)

The on-site review of the city's compliance with the LBHR regulations relied on information and documents contained in the files of the two housing units identified previously. Although there was no separate internal file checklist regarding requirements of the LBHR, a general checklist incorporated several related items. In addition, work write-ups and contract documents were also reviewed. The files did not document that either of the above projects were formally evaluated for compliance with the LBHR regulations. Discussion regarding both projects follows:

[REDACTED]

Work was for the installation of a sewer connection line from the house to the main collection system and a tap fee. While the nature of work might make it exempt under the LBHR regulations, the files did not document an LBHR evaluation or an exemption.

CONCERN

Condition: The nature of work performed at [REDACTED] may be exempt from LBHR regulations if the work performed did not disturb any painted surfaces. The nature of the work seems to indicate that an exemption might be warranted although it was not documented in accordance with 24 CFR 35.115.

Cause: An evaluation of LBHR applicability and an exemption should have occurred prior to project implementation. Staffing turnover since 2005 prevents any effort to interview personnel who would have completed the checklist. Regarding this project, the work would be exempt assuming that it did not disturb any painted surfaces. The file checklist does not present an opportunity to declare that a project is or is not exempt. The

requirements for file documentation regarding LBHR are not specifically outlined in the city's policy manual.

Effect: Although this project may be exempt, the file was not documented conclusively. We have attached a form (Attachment A) that should be used to evaluate all future projects for applicability of the Lead-Based Housing Rule. This form should be used for every property receiving Federal funds to document that an evaluation was conducted but also to document that a project was or was not exempt from applicability of the rule. Without this documentation, the file is incomplete and does not meet LBHR requirements.

Corrective Action: We have attached a form (Attachment A) that should be used to evaluate all future projects for applicability of the Lead-Based Housing Rule. This form should be used for every property receiving Federal funds to document that an evaluation was conducted but also to document that a project was or was not exempt from applicability of the rule. Without this documentation, the files are incomplete and do not meet LBHR requirements. This will be a subject for future monitorings.

██████████ –

The work at ██████████ was for a roof replacement. Although there was no separate internal file checklist regarding requirements of the LBHR, a general checklist incorporated several related lead items. In addition, work write-ups and contract documents were also reviewed.

The file did not document that this project was formally evaluated for compliance with the LBHR regulations although the checklist did indicate that lead paint information was given to the homeowner in the form of a Lead-Based Paint Hazard Notice (with receipt of the pamphlet "Protect Your Family From Lead In Your Home") and a Lead-Based Paint Inspection Report. The work write-up and a subsequent Inspection Report (XRF) clearly indicated the presence of lead. The work write-up also indicated that the amount of painted surface to be disturbed likely would be greater than the de minimus amount. There was no documentation in the file relative to a Risk Assessment or a Clearance Report. Although the rehab project was limited to the exterior of the house, 24 CFR Part 35.930 requires a Risk Assessment of the entire dwelling unit when work performed exceeds \$5,000.

FINDING 1

Condition: The city either did not complete a Risk Assessment or Clearance Report for this project or has not been able to document that either one were completed.

Criteria: In accordance with 24 CFR Part 35.930(c), the Risk Assessment must include the entire dwelling unit. A Clearance Report must be completed in accordance with the requirements of 24 Part 35.1340 unless the completion of this report can be found in the files. The regulation, 24 CFR Part 35, is applicable to all of those properties constructed prior to January 1, 1978 that were assisted after September 15, 2000, the effective date of the regulation.

Cause: The staff person responsible for completion of the Risk Assessment is no longer employed by the city. There is no way to determine if they realized that such an assessment was required for the entire unit. Based on the internal file checklist, the level of knowledge about Clearance Reports cannot be determined; that item on the checklist is marked "NA". Since personnel either did not know or misunderstood the requirement for a Clearance Report, it is likely that the requirement for a Risk Assessment was also not known or misunderstood.

Effect: A Risk Assessment and Clearance Report were not completed or documentation cannot be found.

Corrective Action: The city must conduct a Clearance Report within 60 days of the date of this letter. All staff members should review and become familiar with the requirements of the LBHR. Policies and procedures to ensure compliance with the corresponding requirements related to LBHR evaluation and hazard reduction, according to the level of Federal assistance, should be formalized. Each case file should be organized in accordance with the requirements outlined in the applicable monitoring checklists included in Chapter 24 of HUD's CPD Grantee Monitoring Handbook. The Handbook is available on-line at the following web address:
<http://www.hud.gov/offices/cpd/library/monitoring/handbook.cfm#7>

HOME PROGRAM

The intended review of the HOME program includes the use of HOME funds for both homeownership and rehabilitation assistance in addition to on-site visits. Due to time constraints relative to review of HOME requirements in addition to review of Lead-Based Housing Rule and on-site visits, a larger sample size was not possible.

HOUSING REHABILITATION

The review consisted of discussions with program staff and review of file documentation relative to requirements of the HOME program. The review sample for the programmatic monitoring consisted of a review of the following activity:

- 2006 – Activity [REDACTED] Housing Rehabilitation Assistance [REDACTED]

Activity and Cost Eligibility

Activity and costs associated with homeowner rehabilitation were reviewed for eligibility and found to be consistent with 24 CFR 92.205 and 206.

Beneficiary Eligibility

With regard to homeowner rehab programs, households assisted must have incomes below 80 percent of the area median income. Income must be based on one of the following three definitions: 1) annual income as defined under 24 CFR Part 5.609 of the Section 8 regulations; 2) annual income as reported under the Census long form for the most recent decennial census; and 3) adjusted gross income as defined on Internal Revenue Service Form 1040. The city's eligibility standards stated in the city's program design (Community Development Rehabilitation and Acquisition Programs) identifies that income eligibility is based on the Part 5 definition.

A chronology of events, based on project files, indicate that more than 6 months passed between the date of the initial income determination (11/01/2005) and loan closing (9/29/2006). Part 92.203(d) (2) requires that income be re-examined if more than 6 months has elapsed between the determination and when HOME assistance is provided. The files do not clearly document that the Income Determination Record was updated after the initial determination on 11/01/2005. However, the files reflect that some additional income data was collected around the time of the loan closing. City staff indicated that they had verified that there had been no changes that would have disqualified the [REDACTED] household from eligibility but did not make notations on the determination form.

MATTER OF ADVICE

The files do not clearly document that the Income Determination Record for Ms. [REDACTED] was updated after the initial determination on 11/01/2005. Although anecdotal information suggests that income was reviewed again prior to loan closing, that review was not documented. There should either be two determination records or a notation on the initial determination that there was no change in income that impacted eligibility. We believe that the absence of a revised income determination for this project is an oversight. Our discussions with staff indicate that they are aware of the need to update income determinations that are more than six (6) months old.

We were able to determine that this household initially qualified based on the information provided at the time the application was taken and noted that some additional income information was gathered and filed just prior to the time HOME assistance was provided.

ACTION REQUIRED

While we do not question income eligibility of this household, staff is reminded that they need to maintain files so that they are current and accurate. Staff is also reminded that the new third edition (dated January 2005) of the Technical Guide for Determining Income and Allowances for the HOME Program (sometimes referred to as the “Purple Book”) should be used as a resource. We also recommend the use of the various formats included in this guide.

Property Type and Standards

To be eligible for HOME assistance, a property must be occupied by an income-eligible homeowner, be the owner’s principal residence and be located within the geographic area of the participating jurisdiction. Property types included under the HOME program may be traditional single-family housing, a condominium unit, a cooperative unit or a unit in a mutual housing project and a manufactured home (including a mobile home). This property qualified as a single-family residence and was occupied as a principal residence within the city of [REDACTED]. The work appeared to meet the city’s written rehab standards.

Minimum and maximum subsidy

The minimum per unit HOME subsidy required is \$1,000, while the maximum per unit HOME subsidy is based on a participating jurisdiction’s Section 221(d) (3) limits, which are indexed for high cost areas and revised each year by HUD. The total per unit HOME investment (\$23,704) was below the maximum Section 221(d) (3) limit (\$101,829) established by HUD.

Maximum Property Value

The value of the HOME assisted property **after rehabilitation** must not exceed 95 percent of the median purchase price for the area as published by HUD for its 203(b) program (\$164,000) or as determined by local market analysis. This requirement is stated in 24 CFR Part 92.254(a) (2). To establish project eligibility, after-rehab value must be established **prior** to any work being performed. This value may be established by one or more of the following: (1) estimates of value by the PJ, (2) appraisals and/or (3) tax assessments for a comparable property in the same neighborhood.

Section 3.2 of the city’s program design (Community Development Rehabilitation and Acquisition Programs) states that “Current long form (FNMA 1004) appraisals of before value and projected after rehabilitation value shall be utilized except in situations

in which the Loan Committee would deem such an appraisal as unnecessary”. The city did not follow this procedure but used instead, information from a system called “Govermax”. This system generates property tax assessment data for the city.

HOME guidance for the use of tax assessments is that assessments *for a comparable property in the same neighborhood* may be used to establish after-rehab value if the assessment is current and accurately reflects market value **after** rehabilitation. The files contained tax assessment information for [REDACTED] but not for *a comparable property in the neighborhood* as required.

FINDING 2

Condition: The city did not follow its own procedures (Section 3.2 of the city’s program design, Community Development Rehabilitation and Acquisition Programs) to establish after-rehab value. The city did not use tax assessment data for a comparable property in the neighborhood to establish after-rehab value.

Criteria: The requirement for establishing after-rehab value is stated in 24 CFR Part 92.254(a) (2). Project records must demonstrate that the after rehab value would not exceed 95% of the median purchase price for the area. Record keeping requirements are identified at 24 CFR Part 92.508(a) (3) (x).

Cause: Staff did not completely understand how to use tax assessment data to establish after-rehab value.

Effect: After-rehab value was not established prior to work being done in accordance with the regulations previously cited.

Corrective Action: While it may be evident that the value of this HOME assisted property did not exceed 95 percent of the median purchase price for the area, project records must accurately document how the value was determined. The city is in the process of revising its policies and procedures manual. The methodology for establishing after-rehab value must be included in the manual and be made available to HUD prior to formal adoption or approval of the revised manual.

Lead-Based Housing Rule (LBHR)

The on-site review of the city’s compliance with the LBHR regulations relied on information and documents contained in the project files for work done at [REDACTED]. Although there was no separate internal file checklist regarding requirements of the LBHR, a general checklist incorporated several related items. In addition, work write-ups and contract documents were also reviewed.

The work at [REDACTED] was extensive. The files did not document that this project was formally evaluated for compliance with the LBHR regulations. An evaluation of LBHR applicability and an exemption should have occurred prior to project

implementation. We have earlier in the CDBG portion of this review expressed a CONCERN about the lack of documentation regarding a formal evaluation. Based on the review of files for the project at [REDACTED], the lack of documentation appears to be systemic. We have attached a form (Attachment A) that should be used to evaluate all future projects for applicability of the Lead-Based Housing Rule. This form should be used for every property assisted with Federal funds to document that an evaluation was conducted to determine applicability of the LBHR.

The work write-up included repairs to the following items: roofing & gutters, foundation, exterior, interior walls and ceilings, electrical, plumbing, insulation, and interior painting. Items related to lead were itemized. The file contained documentation that the owner received a Lead-Based Paint Hazard Notice (with receipt of the pamphlet “Protect Your Family From Lead In Your Home”) and a Lead-Based Paint Inspection Report (XRF). The work write-up and a subsequent Inspection Report (XRF) clearly indicated the presence of lead. The work write-up also indicated that the amount of painted surface to be disturbed likely would be greater than the *de minimus* amount. There was no documentation in the file relative to a Risk Assessment or a Clearance Report.

FINDING 3

Condition: The city either did not complete a Risk Assessment or Clearance Report for this project or has not been able to document that either one was completed.

Criteria: In accordance with 24 CFR Part 35.930(c), the Risk Assessment must include the entire dwelling unit. A Clearance Report must be done in accordance with the requirements of 24 Part 35.1340 unless the completion of this report can be found in the files. The regulation, 24 CFR Part 35, is applicable to all of those properties constructed prior to January 1, 1978 that were assisted after September 15, 2000, the effective date of the regulation.

Cause: The staff person responsible for completion of the Risk Assessment is no longer employed by the city. An assessment is required for the entire unit. Based on the internal file checklist, it is apparent that staff did not believe that a Clearance Report was necessary or did not understand the requirement since that item on the checklist was not marked. Since personnel either did not know or misunderstood the requirement for a Clearance Report, it is likely that the requirement for a Risk Assessment was also not known or misunderstood.

Effect: A Risk Assessment and Clearance Report were not completed or documentation cannot be found.

Corrective Action: All staff members should review and become familiar with the requirements of the LBHR. Policies and procedures to ensure compliance with the

corresponding requirements related to LBHR evaluation and hazard reduction, according to the level of Federal assistance, should be formalized. Each case file should be organized in accordance with the requirements outlined in the applicable monitoring checklists included in Chapter 24 of HUD's CPD Grantee Monitoring Handbook. The Handbook is available on-line at the following web address:
<http://www.hud.gov/offices/cpd/library/monitoring/handbook.cfm#7>

With respect to the property at [REDACTED], the city must insure that a Clearance Report is completed within 60 days of the date of this letter.

HOME ON-SITE VISITS

Because housing rehabilitation has been identified as a high risk activity, emphasis is placed on visual property inspections to determine if quality work has been performed at reasonable costs. On-site visits were made to the two (2) properties identified below:

- 2005 – HOME Activity [REDACTED] ([REDACTED])
- 2005 – HOME Activity [REDACTED] ([REDACTED])

The quality of work at [REDACTED] home was satisfactory and was consistent with the scope of work. Costs were consistent with low bids received by the city. A brief discussion with the homeowner indicated that she was very satisfied with the work performed by the contractor. She was very complimentary of the city's program.

The quality of some of the work for Activity [REDACTED] ([REDACTED]) was less than satisfactory. A discussion with the homeowner indicated that he felt that some work items (particularly the living room ceiling and plumbing in the rear of the house) needed to be revisited by the contractor. The homeowner had not brought these items to the attention of city staff.

Appendix A ("Homeowner Rehabilitation Guidelines and Procedures") of the city's program design (Community Development Rehabilitation and Acquisition Programs) requires that city staff conduct an 11 month inspection of projects receiving rehabilitation assistance. The purpose of this inspection is to resolve any problems prior to the expiration of the contractor's one-year warranty. City staff will insure that the 11 month inspection resolves any problems with workmanship at the [REDACTED] home.

PROGRAM MANAGEMENT

Program Design

- The city's Program Design (Community Development Rehabilitation and Acquisition Programs) is under review and revisions will be proposed. The program

design should provide specific guidance to clients and to staff regarding procedures and requirements for both CDBG and HOME programs. It is our view that all of the issues noted in this report may have been prevented by a carefully written program design. Specifically, the chapters or sections regarding the Lead-Based Housing Rule, CDBG and HOME should include guidance regarding file documentation. In some cases, staff could talk through various regulatory requirements but could not point specifically to coverage in the Program Design or other written documents.

Recommendation: We suggest that the staff review HUD’s CDBG and HOME monitoring exhibits and use them as a guide for development of procedures particularly in regulatory areas. Another review should be conducted of the record keeping requirements of both programs. HUD staff would be happy to assist in the review of the proposed program design.

Project File Checklists

- We noted that project checklists attached to the files were not fully completed for the files that were reviewed. These may reflect older projects. Documentation in the files was loosely arranged and did not seem to reflect the checklists.

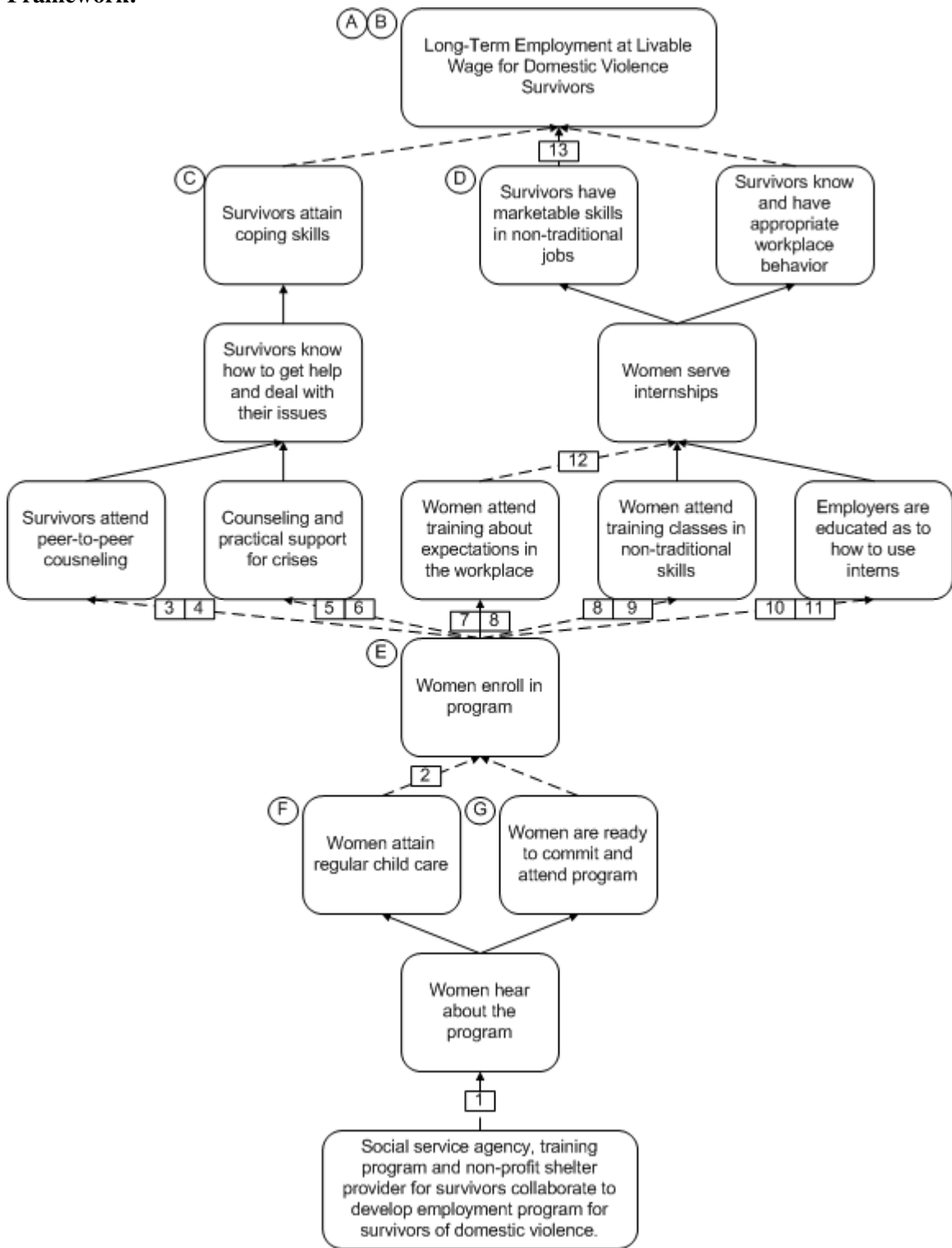
Recommendation: The existing checklists may no longer represent the procedures identified in the Program Design or the procedures of new management. They should be reviewed and revised to mirror the information in the updated Program Design. Consistent use of these checklists would not only facilitate file review but should insure that all of the necessary procedural steps in the CDBG and HOME programs are accurately identified, completed within required timeframes and that regulatory compliance is documented.

Lead-Based Housing Rule (LBHR)

- **Although all of the files that were reviewed contained documentation of homeowner receipt of the “Blue Pamphlet” (Protect Your Family From Lead In Your Home), none of the files nor the Program Design made sufficient use of HUD forms that can be used to document compliance with the LBHR.**

Recommendation: We have provided staff forms that should be used to document evaluation of projects for applicability with the LBHR. We encourage routine usage of these forms. We also encourage existing staff to take advantage of any LBHR training opportunity that is presented.

A Complete Theory of Change Framework:



Commentary

The framework is fleshed out all the way back to the initial condition—a coalition of organizations working to develop employment programs for domestic violence survivors. Again explaining preconditions remains important, hence for “Women enroll in program” the assumption:

E. The program cannot help all women and so entry into the program must include screening so that women who have sufficient literacy and math skills to take the training, and lives stable enough to attend classes are admitted. The program does not have the resources to handle providing basic skills or major social services.

Early on in the planning process, the group realized that they only had the resources to provide assistance to women who had already begun to stabilize their own lives. The program could take care of the temporary issues, such as emergency housing but not something more permanent or serious, such as substance abuse.

Because of the relative simplicity of this framework, it seems as if the connections are all givens. At this stage, you might think: “If it’s below another outcome, then it must be a precondition. Why all the arrowed lines?” While in this example, it is not difficult to organize preconditions, in more complex frameworks, boxes can be near each other without a direct relationship, connections can be made across the framework, etc. For the clarity of the framework, connections are irreplaceable.

Interventions

Boxed numbers represents the interventions 1-14. Clearly, this initiative plans many interventions to serve its potential clients and popularize the program.

1. Outreach campaign
2. Screening
3. Set up counseling sessions
4. Lead group sessions
5. Help provide for short-term crises, such as housing evictions or court appearances
6. Provide one-on-one counseling
7. Develop curricular in electrical, plumbing, carpentry and building maintenance
8. Conduct classes
9. Curricula and experiential learning situations developed
10. Identify potential employers
11. Create employer database
12. Match women to internships
13. Help women secure permanent jobs

Referring to the criteria we established earlier, we can see how they apply to Project Superwomen's first intervention:

Intervention 1: Outreach Campaign

- 1.** We believe the outcomes those arrows lead to *will not* occur at a sufficient level without an intervention.
Clearly, without an outreach campaign, Project Superwomen would have little chance of achieving the next outcome "Women hear about the program". No matter how great the program might be, if there were no outreach, utilization would probably be low.
- 2.** They represent actions by the initiative and thus something that the initiative is responsible for.
The outreach campaign is to be performed/led by the Project Superwomen staff so they are definitely responsible for how well it is designed and implemented.
- 3.** Since these outcomes are control variables, they need to be measured to evaluate the interventions' effectiveness.
To achieve its long-term goal for its clients, employment at a livable wage, the staff of the collaborating organizations will want to ensure that they are doing the job right. What clients, funders, and program staff want and need are results. If Project Superwomen is to work then information about the program has to reach these women in need.

From:

ActKnowledge, Center for Human Environments
365 Fifth Ave., 6th Floor
New York, NY 10016
Tel: 212.817.1906
Fax: 212.817.1564
<http://www.actknowledge.org>
info@actknowledge.org

The Aspen Institute Roundtable on Community Change
281 Park Avenue South
New York, NY 10010
Tel: 212.677.5510 x 27
Fax: 212.677.5650
<http://www.aspenroundtable.org>
andreaa@aspenroundtable.org