



HOUSING & COMMUNITY DEVELOPMENT GRANTS

UPDATE

NOVEMBER 2017

WHERE WE ARE TODAY

- ▶ The City is in FULL compliance with HUD CDBG regulations
 - ▶ Substantial amendment earlier this year allocated \$830,000 to Parks projects that are underway and will be completed within 12 months
 - ▶ Current CDBG Action Plan includes \$457,000 allocation for acquisition and pre-development activities for construction of a new fire station in Northeast Palm Bay
 - ▶ \$105,500 allocated this year to non-profits serving the City's low- and moderate-income households

WHERE WE ARE TODAY

- ▶ The City is in compliance with its HOME Investment Partnerships (HOME) Program
 - ▶ Allocation of \$190,000 to Habitat for Humanity for 3 homes
 - ▶ 2nd Habitat for Humanity project of 3 more homes
 - ▶ \$65,000 for Down Payment Assistance

WHERE WE ARE TODAY

- ▶ NSP (Neighborhood Stabilization Program - NSP1 and NSP3)
 - ▶ Remaining balances in NSP1 and NSP3 available for allocation to NSP-eligible activities (\$961,000)
- ▶ SHIP
 - ▶ Submission and approval of SHIP Workout Plan
 - ▶ Use of some remaining NSP1/NSP3 funds to “repay” SHIP to “move” three moderate-income Homes for Warriors files

WHERE WE WERE...

The SHIP Program

Florida Housing Finance Corporation conducted review and monitoring of City's 2013-2014 SHIP Annual Report

Monitoring report contained eleven (11) Observations

Observation #1

(a) Maximum assistance limit for Homes for Warriors Strategy had been exceeded

(b) Finance report appeared to show that \$364,482.06 was expended on one single Homes for Warriors home

WHERE WE WERE...

Explanation:

(a) City SHIP Plan originally established maximum award of \$52,425 for Homes for Warriors Strategy

(b) Prior practice from Finance permitted only one Project Number per Activity. This led to ALL Homes for Warriors expenses to be placed under the same Project Number, appearing to show exorbitant expenses for only one home.

WHERE WE WERE...

Resolution:

(a) City submitted a technical amendment that revised the maximum award limit

The State approved the technical amendment

(b) Staff worked with Finance to create individual Project Numbers for each Homes for Warriors home that correctly allocated expenses

State acknowledges that internal tracking and Finance report of expenditures balance to the penny

WHERE WE WERE...

Observation #2:

Lien documents had not been executed

Explanation:

The Homes for Warriors Strategy prescribed a 15-year, zero percent interest, deferred payment mortgage.

Resolution:

Although not produced during the on-site monitoring, evidence that lien documents existed was found on Brevard Clerk of Courts website

WHERE WE WERE...

Observation #3:

State review of internal tracking versus Finance records versus submitted SHIP Annual Reports reflected inconsistency

Explanation:

Staff had maintained detailed internal tracking that didn't reconcile with Finance.

This was because Finance had not been provided with original grant budgets.

WHERE WE WERE...

Resolution:

Current staff has re-established a direct linkage between grants staff and Finance staff

Grants are now reconciled monthly

This action resulted in determination that both NSP1 and NSP3 grants have remaining balances

WHERE WE WERE...

Observation #4:

State determined that internal tracking for reporting purposes was not adequate, AND required SHIP income set-asides were not met

Explanation:

The State recommends use of a tracking spreadsheet it has produced. Although not required, this tracking spreadsheet allows for collection of all data needed to assess compliance with SHIP rules and greatly assists in SHIP reporting

City contracted with Florida Housing Coalition to assist in correction of tracking

WHERE WE WERE...

In order to achieve optimum compliance with SHIP rules, Florida Housing Coalition reached back to 2009-2010 SHIP assistance clients

Not monitored for compliance as these client records had already been reported, these files were used to achieve greater compliance in more recent program years

Resolution:

Coordination between staff and Florida Housing Coalition resulted in the most effective distribution of client records in order to achieve maximum opportunity for SHIP compliance

WHERE WE WERE...

Further compliance will be achieved with transfer of some moderate-income Homes for Warriors households from SHIP to NSP (where the Homes for Warriors program initiated and where these assisted households are more suitable to NSP compliance)

Staff will draw funding in the amount of approximately \$235,000 from NSP1/NSP3 and use these funds to repay the SHIP program

Result will be removal of non-compliant households from SHIP

WHERE WE WERE...

Observation #5:

State indicated that City failed to calculate affordability for all assistance provided to Homes for Warriors households

Explanation:

SHIP rules require documentation that if SHIP assistance is provided, the assistance creates affordability of housing to the household

Resolution:

Staff and Florida Housing Coalition calculated affordability based upon assisted household's income versus cost of housing provided

WHERE WE WERE...

Observation #6:

State indicated that City had not satisfied all criteria contained in Homes for Warriors Strategy description for determining eligibility of applicants requesting/receiving this assistance

Explanation:

Within the City's description of the Homes for Warriors Strategy, it outlined minimum criteria necessary for applicants

Resolution:

It was discovered that client files, once organized, contained significant evidence of all criteria outlined in the Homes for Warriors Strategy to confirm eligibility of all applicants

WHERE WE WERE...

Observation #7: Staff noted that client files did not contain required social security acknowledgment form

Resolution:

Staff secured signed acknowledgment forms from all Homes for Warriors households

Observation #8:

City had, through response to questionnaire provided by the State, indicated it used IRS Form 1040 as method of determining household income but client files did not reflect use of this method

WHERE WE WERE...

Explanation:

The IRS Form 1040 method of determining a household's income is rarely used due to complicated nature of this method

City and Florida Housing Coalition concluded that the response in the State questionnaire had been answered randomly without knowledge of which method the City used

Resolution:

Review of all client files indicates that all households are income eligible

Staff has now officially adopted the less complicated HUD Part 5 method of determining income

WHERE WE WERE...

Observation #9 and #10:

Specific to individual client files, pertaining to missing documentation

Resolution:

Staff secured all required documentation for all client files

Observation #11:

SHIP-required Income Certifications were not completed for Homes for Warriors applicants

Resolution:

Staff has completed all Income Certifications for Homes for Warriors applicants to the satisfaction of the State

RECAP

- ▶ Full compliance with HUD regarding CDBG
- ▶ Full compliance with Brevard County regarding HOME
- ▶ Use of NSP1/NSP3 funds to repay SHIP to move 3 non-compliant Homes for Warriors clients from SHIP to NSP
- ▶ Forthcoming recommendations for allocation and expenditure of remaining NSP1 and NSP3 funds
- ▶ Confident anticipation of return to compliance with SHIP program and return of unencumbered funds and return to regular disbursement of current SHIP allocations
 - ▶ Total anticipated SHIP funds upon confirmation of compliance: \$2.3 million