

Common Monitoring Findings Related to CDBG Housing Rehabilitation Activities

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Overview

Why are we doing this training?

- Nationally, over 20% of CDBG expenditures were for housing rehabilitation activities.
- Many communities have been running housing rehab programs for years without many changes.
- Many grantees have newer staff who may need/want to learn more about using CDBG funds for housing rehab.
- Housing rehab is difficult to administer and monitoring findings are frequent.



Rehab Components

- Program Design
- Outreach and Advertisement
- Application Intake and Eligibility
- Initial Inspection, Work Write-up and Cost Estimate
- Agreement with the Homeowner
- Procurement
- Progress and Final Inspections
- Overall Program Administration
- Wrap-up/Questions and Answers

Program Design

Common monitoring findings:

- No program guidelines or incomplete program guidelines (e.g., no policy for dispute resolution, no loan terms, etc.)
- Not adhering to program guidelines

Safe harbor:

- Clear, consistent and complete program guidelines, including the application, that are written in a way that is easily understood by both staff and potential clients

Outreach and Advertisement

Common monitoring findings or concerns:

- Contractor list is not updated.
- There is not evidence of conducting and documenting contractor debarment checks.
- There is limited interest in the program because it is not advertised.

Safe harbor:

- List of contractors is refreshed at least annually and outreach to solicit new interest is documented.
- Policies and procedures are in place and are followed to document contractors have not been debarred.
- Program is widely advertised using a variety of methods.

Application Intake and Eligibility

Common monitoring findings:

- Used a self-certification form to document income eligibility.
- Income calculations were incorrect (math errors).
- Income determinations lacked supporting documentation.
- Income of all adult household members was not included.

Safe harbor:

- Clear and consistent policies and procedures are in place for the application process.
- Income determinations are well-documented and calculations are clear and easy to back-into by a third-party reviewer.



BEST PRACTICE:



Use the CPD Income Calculator at:



www.hudexchange.info/incomecalculator/

Print the determination in and include it in project file.

Initial Inspection, Work Write-up and Cost Estimate

Common monitoring findings:

- No policy or procedure for initial inspections.
- Lack of work write-ups and cost estimates.

Safe harbor:

- Policies and procedures describe the process used to conduct inspections, prepare work write-ups (e.g. written rehab standards) and estimate costs.
- Initial inspections, work write-ups and cost estimates are clearly documented.

Agreement with the Homeowner

Common monitoring findings:

- No agreement with the homeowner.
- Inaccurate information in the agreement – incorrect grant/loan amount.
- Scope of work not included in the agreement.

Safe harbor:

- Agreements clearly spell out the amount and form of assistance, the scope of work and the timeframe for completion.

Procurement

Common monitoring findings:

- Procurement process not documented.
- No contract executed with contractor.

Safe harbor:

- Procurement policies and procedures clearly describe the process.
- Policies and procedures are consistently followed and are documented in rehab file.

Progress and Final Inspections

Common monitoring findings:

- No policy/procedure for progress & final inspections.
- Lack of policy/procedure for approval of change orders - verbal agreement is not okay.
- Inspection results not documented.
- No link between inspections and contractor payments.

Safe harbor:

- Policies and procedures for progress and final inspections and approval of change orders are clearly written and consistently followed and documented.
- Payment to contractor is linked to inspection results.
- Final payment requires homeowner sign-off (warranties provided).

BEST PRACTICE



Take before, during and after photos when conducting inspections and print them for the rehab file.

Use them at public meetings and in the CAPER to show program accomplishments.

Overall Program Administration: Environmental Review

Common monitoring findings:

- Environmental review did not include a complete project description.
- Review did not include consultation with the State Historic Preservation Office (when applicable).
- Review was not signed and dated by the preparer and the Certifying Officer.

Safe harbor:

- Policies and procedures for the completion of environmental reviews have been established in accordance with 24 CFR 58 and are consistently followed.

Overall Program Administration: Lead-Based Paint

Common monitoring findings:

- No documentation of lead-based paint requirements for rehab activities.
- Incorrectly categorized activities as emergencies (exempt).
- Inadequate or no procedures for documenting safe work practices.
- Applied state requirements instead of HUD requirements.

Safe harbor:

- Policies and procedures for compliance with lead-based paint requirements have been established and are consistently followed.

BEST PRACTICE



Use the Lead Requirements Worksheet to document requirements for each property:

<https://www.hudexchange.info/resources/documents/LeadRequirementsWorksheet.pdf>

Overall Program Administration: Anti-Displacement and Relocation

Common monitoring findings:

- Tenants who had to temporarily move off-site for rehab work to be completed were not reimbursed for relocation costs.
- No Residential Anti-Displacement and Relocation Assistance Plan.

Safe harbor:

- Residential Anti-Displacement and Relocation Assistance Plan complies with Uniform Relocation Act (URA) 49 CFR Part 24, Subpart D and Section 104 (d) of the Housing and Community Development Act.

Overall Program Administration: Program Performance

Common monitoring findings:

- Salaries were charged to 14H without any documentation.
- Activity delivery costs were excessive based on rehab work completed.
- Revolving loan funds were not revolving.

Safe harbor:

- Program performance is reviewed annually and changes are made to program design as needed.
- Activity delivery costs are supported and are reasonable for the amount of rehab work conducted.

Thank you!

■ Q&A