



City of Greensboro

Date: May 29, 2008
To: Andy Scott, Director of Housing & Community Development
From: Internal Audit Division
Subject: Burlington/Alamance County Consortium – Federal HOME Funds FY 2002-2007

The Internal Audit Division has performed our compliance review of the years ended June 30, 2002 through June 30, 2007 on the HOME Funds Program by the City of Burlington/Alamance County Planning & Community Development Department. Under the Joint Cooperative Agreement, Greensboro / Guilford County / High Point / Burlington / Alamance County Housing Consortium; the City of Greensboro is the lead entity and is held accountable by the Department of Housing and Urban Development for Federal HOME Funds received by the Consortium.

We tested samples of program income and expenditures incurred with the use of HOME Funds for the fiscal years ended 2002-2007. These funds are appropriated to help promote affordable housing and community development for qualified individuals and families. Also, any income generated with the use of these funds is to be used by the respective entities for qualified projects before any new funds are drawn. Based on our review, it appears that the funds have been spent according to the terms of the agreement with no exceptions noted.

We would like to thank Ms. Susan Taylor, Assistant Director of Planning & Community Development Department; Ms. Edna Garrison, Community Development Technician and the staff of the Department of Planning & Community Development for the City of Burlington. If there are any questions or comments concerning the details of this visit, we can be reached at 373-2821.

Mickey Kerans
Internal Auditor

Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager
Robert R. Harkrader, Director of Planning & Community Development



Date: May 29, 2008

To: Susan Taylor, Asst. Planning and Community Development Director, Burlington

From: Michael Blair, City of Greensboro, HCD

RE: FY07/08 HOME Program Monitoring

The City of Greensboro Department of Housing and CD (HCD), the Participating Jurisdiction of the Greensboro HOME Program Consortium, conducted an on-site program review of the City of Burlington HOME Program on December 6th of 2007.

In addition to a review of HOME Program compliance a financial review was conducted by the City of Greensboro, Internal Audit Department.

We would like to express our gratitude for the assistance provided to Greensboro staff by Burlington staff that assisted both the HCD and Internal Audit reviews.

HOME Program Compliance:

The HOME Program review did not generate any "Findings" or "Concerns" and only three "Observations" with recommendations. A *finding* is defined by HCD as a project element that does not comply with a federal rule or regulation whereas a *concern* is either a potential finding or program weakness that should be improved to avoid future problems.

Homebuyer Assistance:

Two Homebuyer Assistance files were inspected and found to be generally in order and easy to review. The files were for 1307 Stonewall Street and 316 Tryon Street.

All required file documentation appeared to be in both files.

Homeowner Rehabilitation:

Four Homeowner Rehabilitation files were inspected and found to be generally in order. The files were for 2470 Anderson Road; 1022 Grace Avenue; 121 School Street; and 733 Chandler Street.

Observation 1: HCD staff could not locate the Program Application for 1022 Grace Avenue within the project file.

Recommendation 1: Every homeowner rehabilitation file should contain a program application per HOME Monitoring Checklist 4-B #11. This was included in every other file reviewed.

Observation 2: HCD staff could not locate the written HOME agreement for 733 Chandler Avenue within the project file.

Recommendation 2: Every homeowner rehabilitation file should contain a written HOME agreement per HOME Monitoring Checklist 4-B #17. This was included in every other file reviewed.

Observation 2: Debarred contractor information, verification and monitoring, was not found in rehab project files which would show compliance with §92.350.

Recommendation 2: Burlington should include in every file some record of debarred contractor monitoring. Per the HUD website "a handwritten note that is dated and initialed is sufficient".

In 2005 the Consortium requested a "HOME Wellness Review" from ICF International, Inc., a community development consulting firm in Washington D.C. The following rehabilitation program "risk" was identified during that review:

- Risk: Property Standards. (24 CFR 92.251). The City needs to develop and adopt written property standards for new construction and rehabilitation for housing unit assistance under the HOME Program. Specifically, the program needs to identify which requirements it chooses to establish in addition to those set forth in State and local building codes. Items to consider include types of materials, appliances, out buildings, and driveways.
- Recommended Action: While the City stated that it relies on the City's building code for its rehabilitation work, there are two shortcomings of this policy. First of all, the City needs to be clear about the work it does rehabilitating units in Alamance County, but not within Burlington City limits. Second, the City often provides rehabilitated units with amenities that are not part of the building code, such as an asphalt driveway or a storage shed. The written property standards need to be clear about who or what qualifies for these extra rehabilitation components.

HCD staff has reviewed the City of Burlington Contractors Handbook and believes it to almost satisfy the HOME rehabilitation standards requirement found at 24 CFR 92.251 except in regard to the ICF recommendation. Staff did not see documentation that explained how particular amenities were to be made available. Certain items, amenities, like sheds are in the General Conditions §70.02 but it was not obvious how a person/project qualified for a shed. HCD staff believes that was the point (along with the Alamance query) of the ICF "risk".

The HOME Program Rehabilitation Tune-up Kit contains the following about rehabilitation standards:

6. Rehabilitation Standards

A. What standards? Rehabilitation standards (also known as "design standards") are a listing of the requirements for the minimum acceptable final product that the rehabilitation program completes. Rehabilitation standards vary by locale, and incorporate local code requirements. The standards define the level of amenity and materials beyond that defined in the local code that will be provided in the rehabilitation product. For instance, they specify whether or not the program provides central air conditioning, dishwashers, and garbage disposals; how many linear feet of kitchen cabinet is the minimally required in a 3-bedroom home; and whether the program replaces roofs and water heaters only, or if it will also repaint rooms. In addition, rehabilitation standards outline various goals for purchasing materials locally and minimum standards for accessibility.

Environmental Review:

Environmental reviews were present in all files examined. It is HCD staff understanding that noise consideration should be applied to rehabilitation as well as new construction. The 1,000ft of roadways and 3,000ft of railroads notation should be completed.

Administrative Review:

HCD is pleased to report that there are absolutely no concerns regarding HOME Program administration.

Reporting and Disbursement of Program Income:


HCD does not have any concerns with Burlington/Alamance reporting and disbursement of program income.

The observations in this review, in our view, do not reflect negatively on consortium member staff and their work ensuring the continued success of the HOME Program. The three observations expressed are file maintenance issues only. The ICF "risk" is only intended for administrative awareness.

HCD staff appreciates the assistance provided during the monitoring visit by Burlington staff.



Michael Blair
Specialist Grant Compliance



Andy Scott
Director HCD