



# City of Greensboro

Date: October 30, 2008  
To: Andy Scott, Director of Housing & Community Development  
From: Internal Audit Division  
Subject: City of Greensboro/Guilford County Consortium – Federal HOME Funds 2002-2006

The Internal Audit Division has performed our compliance review of the year ended June 30, 2002 through 2006 on the HOME Funds Program by the County of Guilford Community Development and Housing 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. The County of Guilford is administered programmatically and financially through the City of Greensboro.

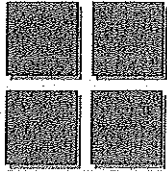
We tested samples of program income and expenditures incurred with the use of HOME Funds for the fiscal years ended 2002, 2003, 2004, 2005 and 2006. These funds are appropriated to help promote affordable housing and community development for qualified individuals and families. Also, any income generated 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 Mr. Michael Blair, Specialist Grants Compliance & Home Program Administrator; Ms. Linda Jones, Coordinator Community Development Financial and the staff of the Department of Housing and Community Development for the City of Greensboro. If there are any questions or comments concerning the details of this review, we can be reached at 373-2821.

Mickey Kerans  
Internal Auditor

Len Lucas  
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager  
Jim Westmoreland, Acting Assistant City Manager for Economic Development  
Betty Garrett, Deputy Director of Community Services for Guilford County



# HCD

Department of Housing & Community Development

**Date:** October 30, 2008  
**To:** Betty Garrett, Director, Guilford County, Deputy, Community Services  
**From:** Michael Blair, City of Greensboro, HCD  
**Cc:** Bob Morgan, Deputy City Manager; Len Lucas, Director Internal Audit  
**RE:** *FY08/09 HOME Program Monitoring*

The City of Greensboro Department of Housing and CD (HCD), the Participating Jurisdiction of the Greensboro HOME Program Consortium, has conducted a desk audit/program review of the Guilford County participating member of the Greensboro HOME Program Consortium.

In addition to a review of HOME Program compliance a review of past program financials was conducted by the City of Greensboro, Internal Audit Department. No findings were reported.

#### **HOME Program Compliance:**

This HCD HOME Program review did not generate any "Findings" and only one "Concern". 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.

#### **Concern - Commitment and Expenditure**

As the lead entity for the Greensboro Consortium, the City of Greensboro - Department of Housing and Community Development, recommended an allocation and reallocation plan for Guilford County's HOME Program in the spring of 2008.

The proposed allocations and reallocations were necessary to meet HUD Commitment, CHDO Reservations and Expenditures, requirements.

In an effort that will help the Consortium to meet HUD 2-year commitment and the 5-year expenditure requirement the County proposed allocating two years of HOME allocations for uncommitted FY05/06 (\$129,872.00) and FY06/07 (\$128,896.00) HOME funding to the county-wide new scattered site rehabilitation program. HCD agreed that this combined \$258,768.00 in HOME funding should be committed to support the state funded scattered site program. The City agreed to administer this program on the County's behalf.

## Memorandum

To: Owners and Managers of City of Greensboro Funded Rental Properties  
From: HCD  
Subject: Changes to Re-certification  
Date: September 30, 2008

The Housing and Economic Recovery Act (H.R. 3221) changed several aspects of the federal Low Income Housing Tax Credit (LIHTC) program. This memo addresses the provision in H.R. 3221 that eliminated the annual re-certification for 100% low income LIHTC developments and its impact on City of Greensboro funded developments.

Effective 7/30/2008, owners of tax credit properties awarded credits based on 100% low income occupancy were no longer required to obtain annual re-certifications beyond the re-certification at the first anniversary date of move-in. This included properties with current Re-certification Waivers (HCD is aware of only one property in its portfolio that had a waiver) and properties in the Extended Use Period.

However properties that are funded by the City of Greensboro must comply with not only LIHTC requirements but also with HOME Program regulations and local funding requirements (development agreements and notes and deeds of trust) as long as a loan remains in place.

In order to guarantee the enforcement of these additional restrictions HCD will require that each household be re-certified annually following the move-in certification. In properties that are not comprised of 100% HOME units (or local fund source units) HCD recommends that re-certifications be for all units to avoid inadvertently falling out of compliance. If the units are floating HOME units, and management wishes to waive re-certifications on the non-city funded units, they must be identified by management and provided to HCD staff annually.

To be consistent across our project portfolio HCD will require that properties perform annual re-certifications using the same process required for tax credits. The city will not allow property managers to utilize the other options available under the HOME program. This memo supersedes and negates all previous HCD recertification rulings.

This memo is intended to address questions and concerns created by H.R. 3221. We will continue to provide guidance regarding the additional provisions of the H.R. 3221 and as other federal or state agencies alter their regulations to accommodate H.R.3221.

Please contact HCD staff with any questions you may have regarding these new provisions.