



Date: September 27, 2002
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: HOPE VI / WILLOW OAKS

The Internal Audit Division has performed a program and compliance audit of the administration of funds for the HOPE VI Project as performed by the City of Greensboro's Housing & Community Development Department.

HOPE VI is part of a nationwide plan sponsored by the Department of Housing and Urban Development (HUD), to revitalize the nation's most distressed public housing developments by providing grants and unprecedented regulatory flexibility to address the housing and social service needs of their poorest residents. Greensboro's HOPE VI program will focus on the Morningside Homes / Lincoln Grove area. This approximately 180-acre site is generally bounded by Lee Street on the south, English Street on the east, East Market Street on the north, and U.S. 29 on the west.

The Greensboro Housing Authority (GHA) is the agency charged with the responsibility to administer the HOPE VI grant funds from HUD. However from the beginning, Greensboro's proposal has been a collaborative effort involving GHA, the City of Greensboro, and neighborhood residents. Implementation of the total plan will cost \$75.7 million from the following sources:

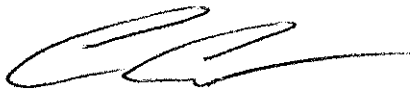
• HOPE VI Grant	\$23,000,000
• GHA Funds	\$ 3,700,000
• City Funds	\$12,400,000
• Private Financing	\$35,500,000
• Philanthropic	<u>\$ 1,100,000</u>
Total	\$75,700,000

Funds will be used for a wide range of activities, including the capital costs of demolition; construction of new single family homes, townhouses and apartments; and other physical improvements, such as a new community center and retail shops; reconstruction of streets; utilities; sidewalks; planning and implementation of self-sufficiency programs; planning; administration; and technical assistance. The breakdown of expenditures is estimated as follows:

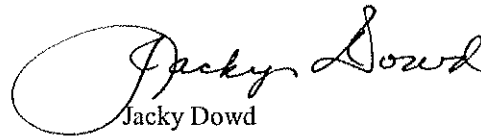
• Construction	\$53,500,000
• Acquisition/Relocation/Demolition	\$16,200,000
• Self-Sufficiency Programs	\$ 1,900,000
• Planning/Administration	<u>\$ 4,100,000</u>
Total	\$75,700,000

To date the City of Greensboro has incurred approximately \$7,000,000 of expenditures. We have reviewed a sampling of approximately \$3,100,000 of these expenditures maintained by Housing & Community Development; Hope VI Neighborhood Coalition and Holy Trinity Episcopal Church. These expenditures are comprised of costs for acquisition; asbestos abatement; demolition; legal services; moving expenses; neighborhood assistance and relocation services. Based on our review, it appears that the funds have been spent according to the terms of the contracts with no exceptions noted.

We would like to thank Ms. Linda Jones, Finance Manager and Ms. Dyan Arkin, Hope VI Planning & Development Coordinator of Housing & Community Development and Ms. Norma Funderburk, Bookkeeper of Holy Trinity Episcopal Church for their courtesy and cooperation shown us during this audit. If there are any questions or comments concerning the details of this audit, please contact us at 373-2821.



Len Lucas
Internal Auditor



Jacky Dowd
Internal Audit Director

Cc: Mitchell Johnson, Assistant City Manager
Andy Scott, Director of Housing & Community Development
Norma Funderburk, Bookkeeper of Holy Trinity Episcopal Church