



TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee Feldman, ICMA-CM, City Manager

DATE: May 7, 2013

TITLE: Motion Approving Repayment of HOME Funding to the Department of
Housing and Urban Development & Ratification of the Liability Account

Recommendation

It is recommended the City Commission adopt a Motion approving repayment of \$662,292.87 to the City's HOME Line-Of-Credit account with the Department of Housing and Urban Development (HUD), utilizing a previously identified liability account.

Background

The Department of Housing and Urban Development (HUD) has suspended the City's ability to commit funds to new and existing projects through our HOME program. According to HUD records, the City of Fort Lauderdale currently has 38 incomplete activities totaling \$662,292.87 in HOME dollars (Exhibit 1). HUD has labeled these projects incomplete because they are lacking the necessary data for project closeout. These projects consist of funding spent on lots that are either owned by the City, the Housing Authority of the City of Fort Lauderdale, Housing Enterprises of Fort Lauderdale, the Northwest Neighborhood Improvement District (NWNID), or Private Owners. Additionally, the repayment will also cover costs for projects that were ineligible or did not meet a HUD National / Programmatic Objective. As indicated by HUD, these issues were created during a span of 14 years (1995 – 2008) and it highlighted the systemic issues within HCD at that time; issues that have been appropriately addressed in recent years.

In an effort to clarify and resolve these issues, last fiscal year (*February 28 – March 1, 2012*), HUD authorized Training & Development Associates, Inc. (TDA) to assess the City's HOME open activities. On March 1, 2012, TDA met with staff from the City Manager's Office and Sustainable Development to discuss their findings. Their report separated the HOME open activities into 3 Categories:

Category A – Identified approximately \$1MM in open activities that could be closed out, if the City were to ascertain the appropriate information from the Fort Lauderdale Community Development Corporation and the Housing Enterprises (Housing Authority).

Category B – Identified approximately \$675k that would need to be repaid, based on how the funds were used.

Category C – Identified \$1.6M in current HOME activities that were active and up to date. No action required for this category.

Since March 2012, HCD has successfully cleared up \$1,029,245.95 in open HOME activities (*related to Category A*). That left a balance of \$662,292.87 (*from Category B*) in HOME activities that require repayment from a non-federal funding source. This repayment is necessary in order to regain the ability to commit and expend current and future HOME funds.

During the FY2011 Single Audit, the Finance Department recognized a liability in the General Fund for the possible repayment of HOME program expenditures that did not meet the eligibility requirements. The liability account has \$591,774.05 for this anticipated need, reducing the need to use current resources for the repayment. Because of this recent discovery, we have revised our previous plan and will maintain the properties in the General Fund and not sell them to the CRA, as was previously discussed. The funds that are already in place in the General Fund will be used for the repayment.

It is recommended that the City Commission approve the repayment to HUD and ratify the previous actions taken by the Finance Department that set up a liability account. The balance of the repayment amount of \$70,518.82 will come from a non-federal funding source, the General Fund. Ownership of the properties has been transferred to the General Fund, where they will be sold via surplus process and the income will be received in the General Fund to offset this expense.

Resource Impact

This repayment is contingent upon the Budget Amendment of \$70,518.82 on the May 7th Commission Agenda, CAM 13-0539.

FUND	SUB-FUND	FUND NAME	INDEX #	INDEX NAME	SUB-OBJECT	NAME	AMOUNT
001	01	GENERAL FUND	FD001	GENERAL FUND	208	LIABILITY ACCOUNT	\$591,774.05
001	01	GENERAL FUND	FD001	GENERAL FUND	9901	ANTICIPATED YEAR END BALANCE	\$70,518.82
TOTAL							<u>\$662,292.87</u>

Related CAM(s): #13-0404, #13-0431 and #13-0532

Attachments:

Exhibit 1 - Home Program (items to be repaid to HUD)

Exhibit 2 – Home Program Property Disposition List

Prepared by: Jonathan Brown, Housing & Community Development Manager

Department Director: Greg Brewton, Sustainable Development