



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#16-0736

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

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: June 21, 2016

TITLE: Motion to Approve Payment to Broward County in Response to
Housing and Urban Development Office of Inspector General Audit
Findings of the Chronic Homeless Housing Collaborative Program -
\$42,669.99.

Recommendation

It is recommended the City Commission authorize the City Manager to issue payment to Broward County resulting from the United States Department of Housing and Urban Development Office (HUD) of Inspector General (OIG) audit findings of the Chronic Homeless Housing Collaborative Grant in the amount of \$42,669.99.

Background

In December, 2014 the HUD Office of Inspector General initiated an audit of Broward County's Continuum of Care Homeless Initiative Partnership Section that administers the homeless programs that are funded by the County, the State of Florida and HUD. The Chronic Homeless Housing Collaborative Program (CHHC) is a collaborative effort between the County, community service providers, business leaders, and local governments for maintaining a countywide continuum of homeless services. The HUD OIG audited 17 projects that included the City of Fort Lauderdale Chronic Homeless Housing Collaborative Grant for Fiscal Year 2013/2014.

The audit objectives were to determine whether Broward County (1) spent grant funds for eligible program activities and ensured that expenditures were sufficiently supported and (2) maintained sufficient documentation to ensure that the funding sources used to match the grant funds were eligible. Among the findings from the audit (Exhibit 1), the Office of Inspector General found the County and the City expended grant funds that exceeded rent reasonable standards per HUD regulation 24 CFR (Code of Federal Regulation) 578.49(b) (2) – rents paid with grant funds must be reasonable and cannot exceed rents charged for comparable units, considering the location, size, type, quality amenities, facilities, and management services.

The City contracted with the Housing Authority of the City of Fort Lauderdale to lease 22 Housing Authority owned housing units, consisting of one-and two-bedroom units to house program participants. Upon the OIG review, the monthly rents charged by the Housing Authority ranged between \$450 and \$700 in 2014 for the one- and two-bedroom units. However, the CHHC grant-assisted monthly rent charges were based upon the HUD's Fair Market Rent Rates of \$988 for the one-bedroom units and \$1,187 for the two-bedroom units that were located in the same Housing Authority owned buildings.

The Housing Authority received excessive rental payments from the City and the County reimbursed the City for the rental expenses and administrative costs with HUD grant funds. The OIG found that neither the City nor the Housing Authority performed the rent reasonable review for the leased units in 2014 and the County lacked control processes to ensure the rents charged to the grant met rent reasonable requirements.

On November 17, 2015 Commission approved payment of \$61,836.29 to Broward County to satisfy the rent reasonableness and administrative cost that were determined ineligible in 2014. Staff issued payment to the County for the full amount authorized. In 2015, the Housing Authority received reimbursement for excessive rent costs of \$25,353.29 which now requires repayment.

Staff met with Tam English, Chief Executive Officer for the Housing Authority of the City of Fort Lauderdale, on June 14, 2016. Mr. English advised the Housing Authority is committed to repaying the City for \$59,932.11 as provided in the November 17, 2015 Commission Agenda Memo #15-1437 and will meet with the Board of Commissioners of the Housing Authority of the City of Fort Lauderdale to authorize the remaining repayment for rent reasonableness.

In addition to the OIG findings, the County identified additional ineligible expenditures in the amount of \$36,491.29 for maintenance worker salaries and furnishings that were not included in the payment request in November, 2015 as staff continued working with the Housing Authority to resolve the findings including a request for verifiable documentation regarding the finding for ineligible maintenance worker salaries. Since that period, the Housing Authority has advised of not having the requested documentation to close this finding. Mr. English advised the Housing Authority will not submit repayment for the maintenance worker salaries as work was performed in accordance with the program guidelines. The ineligible maintenance worker salaries identified by the County totaled \$15,873.73. The ineligible expenditure for furnishings is still under review by HUD and not included in this payment request.

Due to the OIG report and Broward County review, the County has suspended reimbursement for expenditures for approximately \$140,000 until they have received payment for the items discussed. Upon receipt of the payment in the amount of \$42,669.99 for the excessive rent charges, ineligible maintenance worker salaries, and administrative costs, the County will lift the reimbursement suspension.

Staff requests that the City Commission authorize payment of \$42,669.99 composed of \$25,353.29 for the excessive rent payments, \$15,873.73 for the maintenance worker salaries, and \$1,442.97 of administrative funds received in 2014 and 2015.

Resource Impact

There is a fiscal impact in the amount of \$42,669.99. These funds were appropriated by Commission approval of the Consolidated Budget Amendment June, 7 2016, City Commission Regular Agenda memorandum number 16-0649.

<i>Funds available as of May 26, 2016</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
129-GHOMEL14A-3216	Chronic Homelessness Housign HUD City	Services&Materials/ Costs Fees and Permits	\$523,562	\$208,875	\$42,669.99
			APPROPRIATION TOTAL ?		\$42,669.99

Strategic Connection

This item is a *Commission Annual Action Plan* priority, included within the Policy Agenda, advancing the Comprehensive Homeless Strategy.

This item is a Press Play Fort Lauderdale Strategic Plan 2018 initiative, included within the Public Places Cylinder of Excellence, specifically advancing:

- **Goal 3:** Be a community that finds opportunities and leverages partnerships to create unique, inviting and connected gathering places that highlight our beaches, waterways, urban areas, and parks.
- **Objective 5:** Work with partners to reduce homelessness by promoting independence and self-worth through advocacy, housing, and comprehensive services.
- **Initiative 2:** Implement a comprehensive short and long-term strategy with community partners to address Homelessness

This item also furthers the *Fast Forward Fort Lauderdale 2035 Vision Plan: We are Community*.

Attachment

Exhibit 1 – Office of Inspector General Report

Prepared by: Jeri Pryor, Homeless Interventions Administrator

Department Director: Lee R. Feldman, ICMA-CM, City Manager