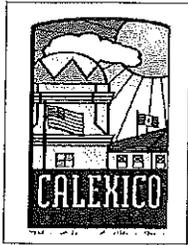


**AGENDA  
ITEM**

**14**



# AGENDA STAFF REPORT

**DATE:** September <sup>21</sup>7, 2016

**TO:** Mayor and City Council

**APPROVED BY:** Armando G. Villa, City Manager *Armando Villa*

**PREPARED BY:** Julia R. Osuna, Interim Housing Manager and Economic Development Manager *Julia Osuna*

**SUBJECT:** Summary of Housing Division Audit Status

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**Recommendation:**

Receive and File.

**Background:**

City Council Member M. Hurtado requested a status on the Housing Department present state.

**Discussion & Analysis:**

Staff has provided a summary of events, present state and expectations.

**Fiscal Impact:**

None.

**Coordinated With:**

City Manager's Office.

**Attachments:**

Summary Report.

AGENDA  
ITEM  
14

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MEMORANDUM

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TO: Honorable Mayor Luis Castro and City Council  
DATE: August 2, 2016  
SUBJECT: City of Calexico Housing Department Status  
FROM: Julia Osuna- Interim Housing Manager &  
Economic Development Manager

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**Background:**

In FY 2014-2015 the Department of Housing and Community Development(HCD) conducted 3 separate audits (programmatic and follow-up monitoring) of the City's CDBG and HOME Programs. The HCD found "the City to be deemed as non-complaint with documentation requirements". In December 2014, consequently, HCD requested funds and grants be placed on hold until all audit findings have been cleared and the restriction has been removed.

**Progress:**

Because the city, was found noncompliant HCD requested an audit be completed on the housing programs. The auditor, Ahern, Adcock, Devlin LLP, was hired in late September, 2015 and is auditing Villa Primavera, CDBG, HOME, and CALHOME Program Income funds and grants. The audit is approximately 60-65% complete. Any findings will be reported at the end of the audit. We estimate the audit will be completed early 2017. Staff has been proactive in implementing changes as we work to comply with HCD requests. Per the request of HCD, procedures have additionally been written and implemented to eliminate future findings and concerns. Additional procedures will be written upon the completion of the audit.

**Current Housing Activities:**

HCD allowed the Housing Department to continue the Tenant Based Rental Assistance program for active participants currently receiving assistance; we have 8 participants left, from a total of 34 families being assisted. The program provides rental assistance to low income households. No new applicants are allowed until the audit is complete.

In June 2015, under the direction of the City Manager, the Housing Department had a staff of 5 and 1 Economic Development staff. The City of Calexico Housing and Economic Development department currently has an average of 2.4 staff to handle the following: Weekly submittal of document to the auditors, annual verifications for loan funded under CDBG, HOME, SRRP, HELP and Cal HOME, routine items such as answering the phone, customers questions and concerns, inquiries on loans, payoffs, demands, reconveyances, refinancing of current loans, leases, periodic grant research and referrals, preparing and tracking revenues and expenditures for all funds and grants in housing, staffing to BID and EDC Commissions, attend standing meetings and other duties as assigned.

In late 2014 the Housing Department was awarded a CDBG Multi-use Grant for Rehabilitation, First Time Home Buyer and Economic Development in the amount of \$1,300,001. The Grant Contract has not been executed and was placed on hold. We were also awarded a HOME grant

for \$500,000 for First Time Home Buyer. HCD requested the contracts not be executed until the audit is complete.

**Expectation:**

The expectation with the collaboration of the Auditor, HCD and the Housing Department is that the audit will reveal a set of corrective actions. There will be procedures established, build capacity and place development tools to assist in successfully implementing programs and use of funds.

No outcome of the audit will be provided until it is completed.