

# INTEROFFICE MEMORANDUM



**TO:** Anthony Nicks, County Auditor  
**THROUGH:** Shauna Herbert, Audit Manager  
**FROM:** Stanley Wilson *Stanley Wilson*  
Director, Department of Community Development  
**DATE:** July 18, 2024  
**SUBJECT:** Response – HOME Program Monitoring Audit Report  
3<sup>rd</sup> and 4<sup>th</sup> Quarter of 2023 – July 13, 2024

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This memo is to provide a written response to the HOME Program Monitoring Audit Report 3<sup>rd</sup> and 4<sup>th</sup> Quarter of 2023 – July 13, 2024. I would like to thank the Office of the County Auditor for the work that they do to ensure compliance throughout Fulton County and for the opportunity to provide more detail and specificity to the HOME Program Monitoring Audit Report. This memorandum specifically addresses: Finding 1 – Untimely Drawdown of Funds, Finding 2 – Insufficient Staffing, Concern 1 – AMS and IDIS Systems Not in Alignment and Concern 2: Program Inactivity and Inefficiency.

## **A. Finding 1 – Untimely Drawdown of Funds**

The Department of Community Development acknowledges the finding regarding the monthly drawdowns of HOME funds in HUD’s Integrated Disbursement Information System (IDIS) system. The actual IDIS drawdowns are handled in the County’s Grant Administration Division (GAD).

### Moving Forward.

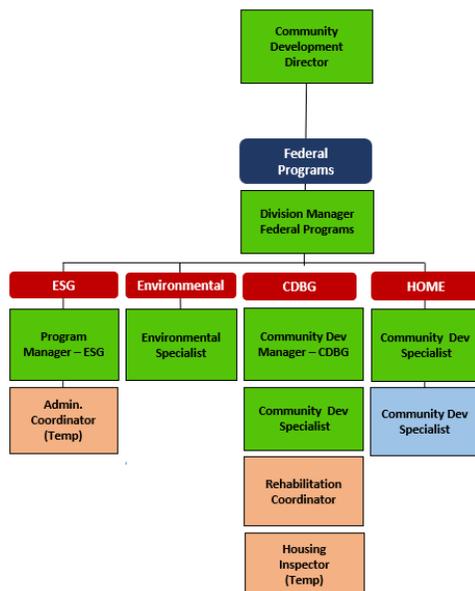
The Department of Community Development and Finance’s Grant Administration Division (GAD) meets monthly to review federal grant expenditures, the status of invoices and IDIS drawdowns. A drawdown submission tracking report is prepared by Community Development’s Finance Division Manager that outlines invoices submitted to GAD and the date that the IDIS drawdown was conducted by GAD. GAD has committed to processing the voucher (IDIS drawdowns) within two days of receipt from the Finance Grants Analyst. This process was implemented in May 2024. However, Community Development will review and revisit the existing Drawdown policy and make adjustments to reflect timeframes and detail the roles GAD plays and the Finance Division Manager plays in the process.

## **B. Finding 2 – Insufficient Staffing**

The Monitoring Audit Report focuses on the hiring of the Compliance Officer, however consideration was not given to the creation and hiring of the Division Manager – Federal Programs. This Division Manager position is critical and is responsible for the management of federal programs: HOME, Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG) programs. The objective in this hiring was to bring in an experienced leader to strengthen the administration and management of Community Development’s Federal Programs. In January 2023 Community Development hired its first Division Manager – Federal Programs and selected an individual with over 20 years of Community Development experience. Experience that included, public housing, and HUD program administration (HOME and CDBG). In addition, the selected candidate had experience working directly for HUD. Unfortunately the Division Manager resigned from the position on 10/31/23.

The Federal Programs Division was created through realignment as shown in Figure 1 to improve the management of Community Development’s federally funded programs (HOME, CDBG and ESG).

**Figure 1 – Federal Programs Division**



Community Development provided details regarding the hiring of the Compliance Officer, (timing, budget challenges, etc.). The information included the position being designated as “hard to fill” by the Department of Human Resources based on the quality of the candidate applications that were received. Community Development did make an offer to a candidate that had twenty years’ of Community Development experience including managing HUD program administration and regulatory compliance with the City of Atlanta, serving as a Compliance Auditor with the State of Georgia and a Director of Corporate Compliance. The candidate wanted a higher salary and did not accept the offer of employment.

This finding is extremely disappointing for two reasons: 1) There is no consideration given for the hiring of the Division Manager-Federal Programs and 2) it appears that a finding was determined based on the timing of the hiring of the Compliance Officer despite the extenuating circumstances that were outlined.

Moving Forward

Regarding inadequate staffing, the Department has implemented the following measures after recognizing the need for staffing and capacity building to efficiently administer federal programs.

- As stated earlier, the Department created a Division Manager for Federal Programs. The new Division Manager for Federal Programs has been hired. The new Division Manager has a Community Development background and experience administering HUD program funds (CDBG and HOME).
- The Department of Community Development has expended it’s HUD allocation of Emergency Solution Grant (ESG) funds and does not anticipate receiving additional ESG funds. The Program Manager for ESG is currently training to learn HUD’s HOME program guidelines and requirements. The primary focus for the Program Manager will be the implementation of the Tenant-Based Rental Assistance (TBRA) program. The Program Manager will also be assisted by a Community Development Specialist and an administrative coordinator to assist with program administration.

- The Department is currently recruiting to fill the Financial Systems Manager position. The responsibilities of this position include financial management of HUD funds, IDIS/AMS reconciliations and ensuring timely IDIS drawdowns and financial compliance.

**Concern 1 – AMS and IDIS Systems Not in Alignment**

The Department of Community acknowledges the concern regarding the alignment of AMS and IDIS systems and understands that the lack of alignment can result in inaccuracies in record keeping and reporting disbursement of funds issues.

Moving Forward

IDIS and AMS reconciliations will be tracked and completed on a monthly basis. The addition of the Financial Systems Manager will be critical as we improve the coordination between AMS and IDIS systems.

**Concern 2 – Program Inactivity and Inefficiency**

The Department of Community Development implemented measures to enhance the production and performance of the HOME program.

HOP: Down Payment Assistance

The HOP program has encountered difficulties due to rising home prices in the housing market. From September 2018 to September 2023, the median list price of homes in the area increased by 65%. HUD sets a maximum allowable sale price for homes eligible for down payment assistance. However, due to market conditions, home sale prices exceeded HUD's maximum limits, posing a challenge for the HOP program.

In 2023, HUD responded by raising the maximum sale price limits from \$272,000 to \$333,000 and increasing the down payment assistance subsidy to \$15,000. These adjustments removed a significant barrier. As a result, the Community Development department facilitated the purchase of 23 homes by new first-time homeowners during FY23. Figure 2 illustrates how the average sale prices in the market were higher than HUD’s maximum allowed sale price.

**Figure 2**

Year	Average Home Sale Prices	HUD Maximum Allowed Sale Price
2024	\$318,496	\$330,000*
2023	\$307,923	\$330,000
2022	\$280,000	\$272,000
2021	\$235,925	\$238,000

Source for Average Sale Prices – Redfin calculations of home data from MLS and/or public records.

\* The new 2024 maximum sale prices have not been received from HUD.

Tenant Based Rental Assistance (TBRA)

The industry best practice for administering TBRA funds is to partner with a local public housing authority. The constituents on the housing authority’s Housing Choice Voucher (*formerly Section 8*) waitlist receive TBRA rental assistance for up to two years. During the two-year period, the public housing authority works to give the constituent a Housing Choice Voucher. The Housing Choice Voucher is a long-term rent and utility subsidy program. Implementing the program in this manner creates a more sustainable opportunity for the program participant. In 2021 Community Development used this model to administer TBRA.

The HOME Program Monitoring Audit Report notes that the program has not be active since 2021. In 2021, the program was administered by the Housing Authority. During the first half of 2022, the Community Development team worked to close out the contract with the Housing Authority. Because of the Housing Authority's difficulties with administration, program management, and leadership, a new contract was not awarded to them. The Community Development team revised the program design and procedures to allow the

program to be administered by a nonprofit organization as opposed to the Housing Authority. The Department of Community Development will issue a Request for Proposal (RFP) for an administrator of the TBRA program in 2024.

### Housing Rehabilitation

Recognizing staffing needs to administer federal programs, the Department explored options to change its service delivery model. An effective and efficient way to administer programs is to outsource program administration to a nonprofit organization. In May 2023, the Department of Community Development contracted with Meals on Wheels (MOW) to administer its housing rehabilitation program. MOW has significant housing rehabilitation experience and works with a network of approximately fourteen contractors. A Program Coordinator was hired to work with MOW. The housing rehabilitation program contract is funded with CDBG, general fund and HOME dollars. In the first year of the MOW contract twenty-five homes were repaired. MOW and Community Development are working together to examine the feasibility of using HOME funds based on challenges resulting from HUD HOME requirements. The Department will adjust its Annual Action plans and CAPER to reflect any changes in the use of HOME funds for housing rehabilitation.

Thank you again for your work in reviewing the HOME program and the development of the HOME Program Monitoring Audit Report. Please feel free to contact me at (470) 526-9655 should you have any questions or require additional information.

Cc: Dr. Pamela Roshell, COO, Health, Human Services and Public Works  
Mia Redd, Deputy Director – Department of Community Development  
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