



Hillsborough County, FL

Community Development Block Grant Program



Issue Date: July 9, 2014

Audit Report Number: 2014-AT-1006

TO: Gary Causey, Director of Community Planning and Development, Jacksonville Field Office, 4HD

//signed//

FROM: Nikita N. Irons, Regional Inspector General for Audit, Atlanta Region, 4AGA

SUBJECT: Hillsborough County Did Not Always Properly Administer Its CDBG Program

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of Hillsborough County's administration of its Community Development Block Grant program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 404-331-3369.



Date of Issuance: July 9, 2014

Hillsborough County Did Not Always Properly Administer Its CDBG Program

Highlights

Audit Report 2014-AT-1006

What We Audited and Why

We audited the Community Development Block Grant (CDBG) program administered by Hillsborough County, FL, as part of the activities in our 2013 fiscal year annual audit plan. We selected the County for review based on a complaint referral from the Office of Inspector General's Office of Investigation on a public complaint alleging the County's misuse of CDBG funds for the County's cleanup events. Our audit objective was to determine whether the County administered its CDBG program in accordance with applicable U.S. Department of Housing and Urban Development (HUD) requirements. Specifically, we wanted to determine whether the County's CDBG program (1) met national objectives and (2) incurred expenditures that were eligible and reasonable.

What We Recommend

We recommend that HUD require the County to (1) support that national objectives and eligibility requirements were met or repay HUD \$784,469 from non-Federal funds; (2) repay HUD \$231,623 from non-Federal funds for ineligible costs; (3) develop, implement, and enforce controls and sufficient levels of monitoring to ensure that CDBG requirements are met; and (4) train its staff on CDBG requirements.

What We Found

The County failed to properly administer its CDBG program in accordance with HUD requirements. Specifically, it did not ensure that its code enforcement and interim assistance activities met national objectives and charged allowable expenditures. These conditions occurred because the County (1) staff was not familiar with CDBG requirements, (2) did not verify the eligibility of target areas, (3) had an interest in ensuring that certain areas were federally funded or labeled as Federal low-income areas, (4) had weak management and accounting controls, (5) lacked sufficient levels of monitoring reviews, and (6) did not exercise due care to ensure that expenditures were eligible. We found some of the allegations in the complaint to be valid and cited the issues and costs as a finding in the report. As a result of our findings, HUD had no assurance that approximately \$1 million charged was properly expended.

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BACKGROUND AND OBJECTIVE

The U.S. Department of Housing and Urban Development (HUD) awards annual Community Development Block Grants (CDBG) to entitlement counties and cities to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for low- and moderate-income persons. A CDBG-funded activity must meet at least one of three national objectives:

- Benefit low- and moderate-income persons,
- Aid in the prevention or elimination of slums or blight, or
- Meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available.

Hillsborough County, FL, receives annual CDBG program funds from HUD. The County's board of commissioners (comprised of seven elected members) is responsible for approving the County's operating and capital budgets, which include Federal and State funding sources. The board of commissioners also develops management policies and provides direction to the county administrator on programs, including CDBG-funded activities, to improve the County and the welfare of its residents. The county administrator's duties include overseeing all County administrative departments (including the Affordable Housing Services and Code Enforcement departments).

The County's Affordable Housing Services department administers the CDBG program. The CDBG funds are allocated to external entities and internal County departments to carry out the CDBG activities. The County expended more than \$13.7 million in CDBG funds for activities created in program years 2010 through 2012.

We received a complaint referral alleging that CDBG funds were misused for ineligible expenses during the County's cleanup events involving code officers from the County's Code Enforcement department.

Our audit objective was to determine whether Hillsborough County administered its CDBG program in accordance with applicable HUD requirements. Specifically, we wanted to determine whether the County's CDBG program (1) met national objectives and (2) incurred expenditures that were eligible and reasonable.

RESULTS OF AUDIT

Finding 1: The County Did Not Properly Administer Its Code Enforcement Activities

The County did not properly administer its code enforcement activities. Specifically, it mismanaged its CDBG code enforcement activities by (1) failing to support that the CDBG target areas were in a deteriorated condition, (2) failing to meet the low- and moderate-income area national objective, (3) misclassifying cleanup event expenditures, and (4) charging disallowed expenditures. These conditions occurred because the County (1) staff was not familiar with CDBG requirements, (2) did not verify the eligibility of target areas, (3) had an interest in ensuring that certain areas were federally funded or labeled as Federal low-income areas, (4) had weak management and accounting controls, and (5) lacked sufficient levels of monitoring reviews. As a result, HUD had no assurance that more than \$865,000 in CDBG program costs was appropriately expended.

The County Did Not Support That Target Areas Were in a Deteriorated Condition

The County created three code enforcement activities and charged \$858,738 for code enforcement efforts in nine designated CDBG low- and moderate-income target areas (see appendix C). To be eligible for CDBG funding under the code enforcement activity, code enforcement efforts must be used in deteriorating or deteriorated areas only to pay for salaries and overhead costs directly related to the enforcement of State and local codes. Eligible code enforcement efforts included the inspection of properties for code violations and enforcement of the codes.

The County did not support that \$645,517¹ was expended in deteriorated areas, and \$213,221 was prohibited by HUD regulations.

No.	Activity number	Activity name	Draw amount	Unsupported	Ineligible
1	3508	Code enforcement	\$249,872	\$645,517	\$213,221
2	3317	Code enforcement	\$315,763		
3	3029	Code enforcement	\$293,103		
Total			<u>\$858,738</u>	<u>\$645,517</u>	<u>\$213,221</u>

¹ As shown in the table for this finding, we deducted the ineligible expenditures of \$213,221 to arrive at the unsupported amount of \$645,517.

The County did not have documentation to show that the CDBG target areas inspected by the code enforcement officers were in a deteriorated or deteriorating condition because it never performed and documented such reviews as required by 24 CFR (Code of Federal Regulations) 570.202(c). These regulations require that CDBG-funded code enforcement activities be used only in deteriorating or deteriorated areas, together with public or private improvements, rehabilitation, or services to be provided, which may be expected to arrest the decline in the area. If such conditions are met, CDBG funds may be used to pay for the salaries and overhead costs directly related to the enforcement of State or local codes.

The condition described above occurred because both the County's Affordable Housing Services and Code Enforcement departments believed that deteriorated or deteriorating areas were synonymous with low- and moderate-income areas and did not realize that they also needed to determine that the areas were deteriorated or deteriorating to qualify for CDBG funds and have documentation to support that determination. Also, the County Affordable Housing Services department did not have written policies and procedures in place to ensure activities met activity eligibility requirements before funding activities with CDBG funds.

As a result, HUD had no assurance that \$645,517 in CDBG funds was used for eligible code enforcement activities.

The County Did Not Meet the Low- and Moderate-Income Area Benefit National Objective

The national objective for code enforcement activities is to benefit low- and moderate-income areas. The County did not meet the national objective because six of the nine CDBG target areas contained sections that were not in low- and moderate-income areas. Regulations at 24 CFR 570.208(a)(1) state that to qualify under the low- and moderate-income area benefit national objective, the activity must provide benefits available to all of the residents in an area in which at least 51 percent, or the upper quartile for exception grantees, of the residents in the area are low- and moderate-income persons. The County is an exception grantee, and its low- and moderate-income area thresholds were 48.21 percent for 2011 and 48.24 percent for 2012. An activity that serves an area that is not primarily residential in character does not qualify under this criterion.

We reviewed the 2000 census data the County used to identify its nine CDBG low- and moderate-income target areas and conducted site visits. Six of the nine CDBG target areas included census block groups that did not meet the low- and moderate-income percentages. In addition, these target areas had large sections consisting of mainly government facilities, industrial sites, commercial properties,

large farm land, vacant land, and moderate to large residential properties.² Regulations at 24 CFR 570.208(a)(1)(vi) state that when census boundaries do not coincide sufficiently well with the service area of an activity, recipients may conduct a current survey of the residents of the area to determine the percentage of such persons that is low and moderate income. County staff stated that it did not have documentation to show that it had performed a survey for the areas that deviated from the block group boundaries. County staff also stated that the County's board of commissioners made the final decision on which areas would be designated as CDBG low-and moderate-income areas.

We reviewed the County's board minutes to determine how the target areas were established. According to the board minutes, there was an interest in ensuring that certain areas were federally funded or designated as federally labeled low-income areas for other County financial relief benefits by "averaging in" areas that would not have qualified. Specifically, there was an interest in (1) including designated areas to qualify as "no-impact fee zones" so that developers did not have to pay County impact fees, (2) ensuring that rural areas received Federal funding, and (3) providing additional code enforcement for areas that were not low- and moderate-income areas as a result of citizen complaints.

To qualify these areas, many of the CDBG target areas were expanded as much as possible to include sections that would not have otherwise qualified on their own by "averaging in" low- and moderate-income areas with those that were not. According to 24CFR570.208(a)(1)(vi), HUD will generally allow the grantee to determine the service area to be qualified; however, the area can be questioned if the nature of the activity or its location raises serious doubts about the area claimed by the grantee. In this case, the locations were questioned because they were not in low- and moderate-income areas and some were not primarily residential in nature.

In January 2013, the County discovered that one target area (Town 'n Country) was not low-and moderate-income when it was in the process of funding a water and sewer project. This project had been approved in the County's annual action plan. The County's written controls did not cite responsibility or accountability for the department to ensure that the activities met national objective requirements before establishing and funding activities with CDBG funds. HUD had also cited the County for a similar issue in 2010 for three other CDBG-funded activities.

The condition described above occurred because the current County department administration did not verify whether the target areas were eligible and assumed that the previous administration had correctly identified the low- and moderate-income areas. There was also an interest in ensuring certain areas were federally funded or designated as federally labeled low-income areas when the areas were established during the previous administration. In addition, County staff were not

² See appendixes C, D, and E for (1) a map of the nine CDBG target areas, (2) a list of census block groups that were not low-and moderate-income areas, and (3) pictures taken during the site visits to the areas questioned.

familiar with CDBG requirements and did not consider whether the area was primarily residential in character.

As a result, approximately \$213,221³ in CDBG funds was not used for its intended purpose of assisting low- and moderate-income areas with additional code enforcement efforts.

The County Did Not Properly Classify Cleanup Expenditures

The County charged an additional \$6,315 in CDBG expenditures for two cleanup events that were reclassified from the code enforcement to the clearance and demolition activity. The costs were unrelated to work for the code enforcement or the clearance and demolition activities. This condition occurred due to weak management and accounting controls. According to the County, it inadvertently charged \$3,915 to CDBG funds when it should have been charged to the County's ad valorem funds. In addition, it charged the remaining \$2,400 to the wrong CDBG activity.

The County Did Not Charge Allowable Salary Expenditures

Within the code enforcement expenditures questioned above, there were salary costs incurred that were disallowed by HUD regulations. Regulations at 24 CFR 570.202(c) state that CDBG funds may be used for salaries and related expenses of code enforcement officers, not including the cost of correcting the violations. We found instances in which CDBG-funded code enforcement officers corrected violations or performed work outside the CDBG target areas without adjusting their timesheets accordingly. We also noted inconsistencies in charging CDBG code enforcement time between code enforcement activities and interim assistance activities. This condition occurred because the County did not adequately supervise its code enforcement officers to ensure they did not work outside of the designated low- and moderate-income areas, and staff was not familiar with CDBG requirements. In addition, due to limited resources, the County performed onsite monitoring of external subrecipients and limited its compliance review of inter-County-administered CDBG activities to desk reviews and approval of payment processing.

³ The calculated total of \$213,221 in ineligible costs expended on the code enforcement activity was based on the number of ineligible block groups within the total number of block group for each CDBG target area reviewed. Refer to appendix D and the Scope and Methodology section for more details.

Conclusion

The County mismanaged its code enforcement activities. Specifically, it did not properly administer its CDBG code enforcement activities by (1) failing to support that the CDBG target areas were in a deteriorated condition, (2) failing to meet the low- and moderate-income area national objective, (3) misclassifying cleanup event expenditures, and (4) charging disallowed expenditures. These conditions occurred because the County (1) staff was not familiar with CDBG requirements, (2) did not verify the eligibility of target areas, (3) had an interest in ensuring that certain areas were federally funded or labeled as Federal low-income areas, (4) had weak management and accounting controls, and (5) lacked sufficient levels of monitoring reviews. As a result, HUD had no assurance that more than \$865,000 in CDBG program costs was appropriately expended.

Recommendations

We recommend that the Director of the HUD Jacksonville Office of Community Planning and Development require the County to

- 1A. Provide documentation to support that the target areas were primarily residential in character and in deteriorated conditions, or repay HUD \$645,517 from non-Federal funds.
- 1B. Conduct and document the physical determination of the deteriorated areas (defined by State or local laws), taking into account national objective requirements the County plans to use to support its future CDBG funding of the code enforcement activity.
- 1C. Provide training to County staff involved with the CDBG program on CDBG requirements.
- 1D. Perform a cost analysis to ensure that the funding amount for the code enforcement activity is reasonable, given the actual deteriorated areas determined to be eligible for the activity and the number of code enforcement officers needed to service the deteriorated areas.
- 1E. Repay HUD from non-Federal funds the estimated \$213,221 used during our scope period to fund the code enforcement activity to service areas that did not qualify as low- and moderate-income areas.
- 1F. Develop, implement, and enforce written policies and procedures to ensure that CDBG national objectives and activity eligibility requirements are met and funding amounts are reasonable before funding the activity.

- 1G. Submit to HUD for review and approval the next set of CDBG target areas designated and any changes made by the County, along with the supporting documentation to ensure eligibility under the low- and moderate-income area national objective requirement.
- 1H. Repay HUD \$3,915 from non-Federal funds for the cleanup event charged to the demolition and clearance activity.
- 1I. Provide support showing that the \$2,400 charged for the cleanup event met national objective requirements and reclassify the funds to the correct CDBG activity, or repay HUD from non-Federal funds.
- 1J. Develop, implement, and enforce management and accounting controls to ensure that CDBG-funded activity costs charged to the CDBG program are allowable, reasonable, and allocable to the CDBG activity.
- 1K. Develop and perform sufficient levels of monitoring reviews and enforce compliance on inter-County departments that receive CDBG funding and carry out CDBG activities.

Finding 2: The County Did Not Properly Administer Its Interim Assistance Activities

The County did not properly administer five interim assistance activities. Specifically, it did not provide documents to show that \$136,552 expended for its interim assistance activities met the slum or blight area national objective and activity eligibility requirements. In addition, it charged \$14,487 in disallowed expenses to the CDBG program. This condition occurred because the County was not familiar with the CDBG program requirements and did not exercise due care to ensure that expenditures were eligible. As a result, HUD had no assurance that interim assistance costs were appropriately expended.

The County Did Not Support That Activities Met the Slum or Blight Area National Objective

The County created five interim assistance activities for five neighborhood cleanup events with total draws of \$151,039. Regulations at 24 CFR 570.201(f) state that CDBG funds may be used to provide interim assistance when (1) an area is exhibiting objectively determinable signs of physical deterioration where the recipient has determined that immediate action is necessary to arrest the deterioration and that a permanent improvement will be carried out as soon as practicable, or (2) there is a need to alleviate emergency conditions threatening the public health and safety in areas where the chief executive officer of the recipient determines that such a condition exists and requires immediate resolution. If either of these specific detailed criteria is met, the interim assistance activity may be used to fund special debris removal activities, such as neighborhood cleanup campaigns.

We reviewed the draws for these five cleanup events and determined that the County did not support that \$136,552 in expenditures met the slum or blight area national objective and interim assistance requirements, and \$14,487 was prohibited by HUD regulations.

No.	Activity number	Activity name	Draw amount	Unsupported	Ineligible
1	3385	Orient Park	\$49,235	\$45,012	\$ 4,223
2	3433	Ruskin	\$4,458	\$4,458	\$ -
3	3434	USF Tropical Storm Debby	\$10,264	\$-	\$10,264
4	3501	Palm River	\$ 84,723	\$84,723	\$ -
5	3521	USF – Paint the Town	\$ 2,359	\$2,359	\$ -
Total			\$151,039	\$136,552	\$14,487

The County indicated that the national objective of the interim assistance activities was to address the prevention or elimination of slums or blight in an area. However, it did not have the documents to support that four of the interim assistance activities (3385, 3433, 3501, and 3521) met the national objective in accordance with regulations at 24 CFR 570.208(b)(1). Specifically, the County did not provide documents to show that areas met the definition of a slum, blighted, deteriorated, or deteriorating area under State or local law and other delineated area requirements. In addition, it could not support that the activities met the interim assistance activity requirements. The County believed that the low- and moderate-income area was synonymous with the slum or blight area and that any work occurring within the CDBG target area would be allowable. This condition occurred because the County was not familiar with CDBG program requirements⁴. As a result, HUD had no assurance that the activities met the slum or blight area national objective and activity eligibility requirements.

The County Did Not Charge Allowable Salary Expenditures

The County used CDBG funds to pay for code enforcement officers and management staff that participated in the cleanup events. We interviewed code enforcement management staff members, who disclosed that for one of the five cleanup events (activity 3434), they evaluated damages after a tropical storm hit the County. They stated that they did not spend the entire time evaluating damages or working in the CDBG target area. Regulations at 24 CFR 570.207(a)(2) state that regular responsibilities of local government are not eligible. The County's management indicated that damage assessment was part of the Code Enforcement department's regular job responsibilities. Therefore, the salaries and associated costs of \$10,264 are local government expenditures that are prohibited by HUD regulations.

The County charged salaries for management staff for participating in a cleanup event (activity 3385). We interviewed the management staff members, who stated that they did not participate in or spend time at the entire event. Regulations at 2 CFR Part 225, appendix A(C)(3), state that a cost is allocable if the goods or services involved are assignable to the cost objective. Since salary costs of \$4,223 for staff were not allocable to the event, we considered the costs to be questionable.

⁴ We recommend that the County train its staff in recommendation 1C and implement written controls to ensure national objective and activity eligibility requirements are met prior to funding an activity in recommendation 1F.

The conditions described above occurred because the County did not exercise due care in ensuring that expenditures were allowable⁵. As a result, it charged unallowable expenditures of \$14,487 to the CDBG program.

Recommendations

We recommend that the Director of the HUD Jacksonville Office of Community Planning and Development require the County to

- 2A. Provide documents to show that activities 3385, 3434, 3501, and 3521 met the slum or blight area national objective and activity requirements, reclassify these activities to the correct national objective and activity type if it can be supported, or reimburse HUD \$136,552 from non-Federal funds.
- 2B. Reimburse HUD \$14,487 from non-Federal funds for the ineligible costs.

⁵ We recommend that the County develop, implement, and enforce management and accounting controls to ensure allowable costs are charged to the CDBG program in recommendation 1J.

SCOPE AND METHODOLOGY

We performed our review from July 2013 through November 2013 at the County's Affordable Housing Services office, located at 1208 Tech Boulevard, Suite 300, Tampa, FL, and other sites as necessary. Our review covered the period October 1, 2010, through May 31, 2013, and was expanded as needed to achieve our objective.

To accomplish our objective, we

- Reviewed applicable laws and regulations;
- Reviewed applicable County policies and procedures;
- Reviewed HUD monitoring reports and independent public accountant audit reports;
- Reviewed the County's and subrecipients' financial records, program activity files, and other supporting documentation;
- Interviewed HUD officials, County staff, subrecipients, and beneficiaries; and
- Performed onsite visits to the program target areas, demolition sites, street improvements, and a multifamily building.

We determined that as of May 30, 2013, the County had drawn down more than \$13.7 million in program funds for activities created in program years 2010 through 2012. These draws were classified under 31 categories of eligibility. Due to time and resource constraints, we did not perform a 100 percent selection or a representative selection using statistical or nonstatistical sampling. Instead, we selected 5 of the 31 categories to review based on high dollar amount or potential relationship to the complaint. These five categories were

- (1) Clearance and demolition,
- (2) Interim assistance,
- (3) Code enforcement,
- (4) Street improvements, and
- (5) Rehabilitation of multifamily units.

We did not review all activities within each of these five categories. We reviewed 13 of the 15 activities with expenditures of more than \$2.7 million for meeting a national objective and cost allowability. This selection represented 20 percent of the total draws for meeting a national objective and 20 percent of the total draws for cost allowability. We selected these activities based on high dollar amount or potential relationship to the complaint or through random selection. In addition, for the interim assistance category, we extended our scope to capture all

cleanup events that were related to the complaint. This expansion resulted in the review of an additional activity and additional costs totaling \$25,244.

The results of this audit apply only to the items reviewed and cannot be projected to the universe of activities.

For the code enforcement category, the County relied on its nine CDBG target areas to meet the CDBG low- and moderate-income area national objective requirement. The County used the 2000 census data to develop its nine CDBG target areas. The 2000 census data provide the low- and moderate-income percentage by block group level. Block groups are statistical divisions within a census tract, and each block group generally represents between 600 to 3,000 people. Based on the County's review of the 2000 census data and final decision and approval from its board of commissioners in December 2003, the County created the CDBG target area map with the nine CDBG target areas. The County uses the CDBG target map as a primary tool to qualify its CDBG-funded activities in meeting the CDBG low- and moderate-income area national objective requirement. The County has a low- and moderate-income area threshold of 48.21 percent to meet or exceed to qualify an area as a low- and moderate-income area. In addition, the area must be primarily residential in character.

We identified 90 full block groups and 4 partial block groups within the 9 CDBG target areas based on the CDBG target map. We found that 26 of the block groups located within 8 CDBG target areas did not meet the minimum required low- and moderate-income percentage based on the 2000 census data. We performed site visits to confirm the types of properties in the 26 block group areas. We questioned 21 block groups located within 6 of the CDBG target areas because they were not primarily residential in character or the areas consisted mainly of moderate to large high-end residential properties. To calculate the cost expended for the ineligible areas, we divided the number of ineligible block groups by the total number of block groups within each CDBG target area. The percentage of each ineligible target area was multiplied by 1/9, representing its portion from the total of the nine CDBG target areas. Finally, the total percentage was multiplied by the total CDBG funds expended for the code enforcement activity for our scope period under review (\$858,738). This resulted in estimated questioned costs of \$213,221 for the code enforcement activity.

We assessed the reliability of the data reflected in the County's program target area maps. We performed limited testing of zip codes and census tracts and block groups reflected in the maps and found the maps to be complete, accurate, and reliable. Therefore, we relied on the County's maps to materially support our audit findings, conclusions, and recommendations.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

INTERNAL CONTROLS

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- Controls over program operations.
- Controls over relevance and reliability of information.
- Controls over compliance with laws and regulations.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiencies

Based on our review, we believe that the following items are significant deficiencies:

- The County failed to ensure national objective requirements were met and expenditures were eligible as cited in its failure to properly administer its CDBG-funded code enforcement activities in accordance with HUD requirements (finding 1).

- The County failed to ensure national objective requirements were met and expenditures were eligible as cited in its failure properly administer its CDBG-funded interim assistance activities in accordance with HUD requirements (finding 2).

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS

Recommendation number	Ineligible 1/	Unsupported 2/
1A		\$645,517
1E	\$213,221	
1H	3,915	
1I		2,400
2A		136,552
2B	<u>14,487</u>	<u> </u>
Total	<u>\$ 231,623</u>	<u>\$ 784,469</u>


- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.
- 2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

<p>BOARD OF COUNTY COMMISSIONERS Kevin Beckner Victor D. Crist Ken Hagan Al Higginbotham Lesley "Les" Miller, Jr. Sandra L. Murman Mark Sharpe</p>	 <p>Hillsborough County Florida</p> <p>Office of the County Administrator Michael S. Merrill</p>	<p>CHIEF ADMINISTRATIVE OFFICER Helene Marks</p> <p>CHIEF FINANCIAL ADMINISTRATOR Bonnie M. Wise</p> <p>DEPUTY COUNTY ADMINISTRATORS Lucia E. Garsys Sharon D. Subadan</p>
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April 8, 2014

VIA EMAIL – nirons@hudoig.gov & FEDERAL EXPRESS

Nikita N. Irons
Regional Inspector General for Audit
U. S. Department of Housing and Urban Development
Office of Inspector General
Office of Audit (Region 4)
75 Spring Street S.W., Box 42, Room 330
Atlanta, GA 30303

RE: Audit Report, Hillsborough County, FL, CDBG

Dear Ms. Irons:

We appreciate the opportunity to review the Draft Audit Report with your staff during our exit conference meeting on March 24, 2014. We acknowledge that the Office of Inspector General (OIG) has reviewed a number of matters since the initial arrival of the inspectors on July 9, 2013. However, we believe that the OIG has reached conclusions that are not supported by the factual information available in our County files. Further, there has been no recognition given to the successful administration of the Community Development Block Grant (CDBG) program during the reporting period of the audit that has been documented by official monitoring reports from the Jacksonville Field Office and the independent public accountant audit reports, all of which found no major deficiencies or Findings in regards to the administration of the CDBG program by Hillsborough County.

Although the OIG expressed its purpose of the audit was to follow up on a complaint regarding alleged misuse of CDBG dollars to pay for code inspectors salaries during specified cleanup activities, the investigation reached into the designation of the County's target areas established in 2003 based on 2000 census data. The County's CDBG program has been implemented based on the analysis conducted at that time, documented in the HUD required Consolidated Plans and Annual Action Plans submitted by the County, and approved by HUD with no mention or expression of concerns about their validity, until the subject audit began ten years later.

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Comment 1

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Comment 2

We also want to point out that the methodology used by OIG for calculation of ineligible CDBG dollars for code enforcement activity is an “estimate” involving the number of target areas in the County, the number of questioned block groups in the OIG investigation of the 10-year established target areas, and total funds for code enforcement activity during the 3-year review period. The resulting OIG findings are expressed as specific amounts of dollars that the OIG has determined need to be repaid. Any monies that could be found to be owed by the County would have to be determined on a financial accounting of exact funds expended for the activities at issue. Without such a specific determination by the OIG of the exact amount based on accounting of activity expenditures rather than estimates, it is the County’s position that no funds should be repaid without substantive evidence of the actual funds expended. Further response to the financial issues of the OIG investigation is explained in our responses below.

Finally, it is Hillsborough County’s position, and all evidence supports our position, that the administration of the CDBG program in Hillsborough County during the period of October 1, 2010 through May 31, 2013 has been proper. The CDBG program met national objectives, expenditures were eligible and reasonable, and the low- and moderate-income citizens of Hillsborough County were the beneficiaries of the CDBG dollars that were expended.

Our comments to the OIG Findings and Sub-Findings area as follows:

Response to Finding One: “The County Did Not Properly Administer Its Code Enforcement Activities”

The County’s Code Enforcement activities were intended to remediate actual conditions of deterioration as defined by County Code, and were performed in HUD-approved CDBG Target Areas which were expressly established for the purpose of providing low-moderate income area-benefit activities.

The OIG Report finds that the County did not properly administer its code enforcement activities. This finding appears to be largely based on the OIG’s lack of understanding of County ordinances and its failure to review the County’s detailed records of the code enforcement activities performed, as well as the OIG’s improper disregard of the County’s long established Target/Service Areas, which were delineated more than 10 years ago with the full knowledge and approval of HUD.

A. Response to Sub-Finding: “The County Did Not Support that Target Areas were in a Deteriorated Condition”

Pursuant to 24 CFR §570.202(c), code enforcement is an eligible CDBG funded activity in “deteriorating or deteriorated areas,” where such code enforcement together with public or private improvements, rehabilitation or services may be expected to arrest the area’s decline. The OIG contends that the County did not have documentation to show that the Target Areas inspected by Code Enforcement were in deteriorated or deteriorating condition.

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Comment 3

“Deteriorating or deteriorated areas” is undefined in the HUD regulations. HUD guidance documents provide little to no direction as to the type of evidence that a grantee is required to have in its files to substantiate deterioration. Likewise, the OIG Report cites to no specific evidentiary requirements for establishing “deteriorating or deteriorated areas.” Despite the lack of standards for establishing deteriorating conditions, the OIG claims that the County did not show that such conditions existed.

In Hillsborough County, arresting signs of deterioration is a standard responsibility of Code Enforcement. The Hillsborough County Property Maintenance Code, County Code Sec. 8-106, which is enforced by the Code Enforcement Department, defines “deterioration” as “a lowering in quality in the condition or appearance of a building or parts thereof, characterized by holes, breaks, rot, crumbling, cracking, peeling, rusting, or any other evidence of physical decay or neglect or excessive use or lack of maintenance”. While “deterioration” in of itself is not a code violation, citations can be issued for the characteristics of deterioration, such as having a dwelling structure with holes or loose or rotting materials in its roof or exterior walls, or broken window panes. See Hillsborough County Code sec. 8-115(f)(structural standards for dwellings).

The records of the County’s code enforcement activities performed in the Target Areas over the three year period at issue (activities 3508, 3317, 3029) demonstrate that the inspections were performed to remediate conditions that evidenced actual deterioration, as defined in the County’s Code, and as enforced by the County’s code enforcement inspectors.

Comment 3

For instance, during the three year period under review, Code Enforcement performed 31,010 inspections on 20,927 cases within the designated Target Areas. These cases include health and safety violations, structural code violations, over growth and accumulation citations. The entirety of the County’s records regarding the exact nature of the code enforcement violations found in the Target Areas over the relevant time frame, which are voluminous, were previously made available to the OIG, and will be made available again upon request.

“Deterioration” is also a factor used by the County to determine whether a property is eligible for condemnation. Under the “Unsafe Buildings” provisions of the County Code (adopted by Special Legislative Act, Ch. 81-388, Laws of Florida), a structure that by reason of “deterioration” is dangerous, unsafe, or a threat to public health, and so “deteriorated” that costs of repair would exceed 50% of the value of the structure upon repair, may be condemned and demolished. See Sec. 8-59, Hillsborough County Code. The County’s records establish that over the relevant time frame, there were thirty-seven (37) condemnation orders issued for deteriorated structures in the Target Areas. The detailed records relating to these condemnations are available upon request.

Comment 3

In summary, neither HUD nor the OIG defines “deterioration” or provides guidance as to what the County must document in order to establish the existence of deteriorated areas. Nevertheless, the County’s Code Enforcement Ordinances do define deterioration, and do set forth the process by which code enforcement inspections are utilized to attempt to arrest actual conditions of

Comment 3

deterioration. That the County used code enforcement inspections to address deterioration in Target Areas is amply documented by the records kept of the code enforcement inspections, which provide a detailed, property-by-property, area-by-area description of deteriorated conditions, and the County's attempt to remediate those conditions.

As a final note, the amount of \$213,221 identified in the chart shown on page 4 of the OIG report as Ineligible Expenditures is wrongly classified. This number apparently was based on a determination by OIG that block groups were not low- moderate-income and should not be included in the Target Area. Since, as discussed in more detail in the following section, this is an invalid determination by the OIG, the County respectfully requests that Finding 1.A. be revised accordingly.

B. Response to Sub-Finding: "The County Did Not Meet the Low- and Moderate-Income Area Benefit National Objective"

Comment 4

The County met the low-and-moderate income objective by pre-qualifying Target Areas for low-and-moderate income area benefit activities using criteria consistent with HUD regulations and with HUD's approval. The national objective for the County's code enforcement activities (activities 3508, 3317, 3029) was to benefit low-and-moderate income areas. The OIG claims that the County failed to meet this objective because eight¹ of the County's nine Target Areas, which also served as the County's service areas for the code enforcement activities, contained sections that were not in low-and-moderate income (LMI) areas. Essentially, the OIG contends that the County's Target Areas, which were delineated over ten years ago and which were regularly reported in the County's Annual Action and Consolidated Plans, were improper. The OIG's contention conflicts with HUD's long standing approval of the Target/Service Areas, and is inconsistent with the OIG's acknowledgement, at the exit conference, that non-LMI block groups may be "averaged" with LMI-block groups in determining an activity service area.

i. The County Created its Target Areas for the Purpose of Establishing Service Areas for Area Benefit Activities with the Knowledge and Approval of HUD

Comment 5

A CDBG grantee is not required to establish target areas. Two primary publications that the CPD Office has provided to all grantees are "Basically CDBG" and "Guide to National Objectives and Eligible Activities for Entitlement Communities." In "Basically CDBG" (July 2012), HUD acknowledges many grantees do decide to "take a locally targeted approach to the investment of their CDBG funds to focus on neighborhood revitalization and set up specific target areas in their community." Hillsborough County has had target areas since before 1990.

¹ Page 5 of the draft OIG Report states that six of the nine target groups included block groups that did not meet LMI percentages, while page 14 of the Report states that eight of the target areas included block groups that did not meet LMI percentages.

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Because target areas are an optional planning tool, CDBG regulations contain no requirements relating to target areas. CDBG grantees are allowed to establish target areas to meet the needs of their specific communities. The County's most recently designated Target Areas were established in 2003 following the release of the 2000 Census data, after multiple public hearings and adoption by the Board of County Commissioners. Records from the public hearings show that initially, the Target Areas were proposed to follow census tracts, but at the recommendation of the professional planners at the Hillsborough County City-County Planning Commission, an independent local planning agency for all jurisdictions in Hillsborough County, the Target Areas were redefined around census block groups, a smaller and more sensitive measure of actual community needs (see Testimony of [REDACTED] at October 15, 2003 Public Hearing).

Comment 6

In addition to relying on the smaller block groups, and also at the recommendation of the Planning Commission, the Target Areas were drawn to exclude Developments of Regional Impact (DRIs), which are areas pre-approved by application of an owner/developer for large-scale development under Chapter 380.06 of the Florida Statutes, and thus intrinsically less likely to be a proper beneficiary of CDBG LMI funds. Some of the Target Areas were also drawn to follow the urban service area lines, which are the areas in which County services like public water and sewer are available, and the areas in which the County intends to focus its development. See captioning from the October 15, 2003, December 3, 2003 and December 17, 2003 Board of County Commissioners public hearings (previously provided to the OIG and which will be produced again upon request). The OIG itself acknowledges in the draft audit report that the data in the County's target area maps is "complete, accurate and reliable." See Draft Audit Report at p. 14.

According to the County's Amended Annual Action Plan for 2003-2004, the County's Target Areas – actually referred to in the Plan as "Service Areas" - were expressly established for the purpose of satisfying the Low-and-Moderate Income objective for providing area benefit activities. The Amended Action Plan states:

Funding allocations for "Area-Benefit" activities are determined according to Service Areas. Area-Benefit includes infrastructure projects and community facilities, and these projects are geographically specific regarding funding eligibility. The Service Areas are pre-determined, geographically circumscribed areas for which Federal funding can be earmarked specifically for Area-Benefit activities. . . .

Comment 4

Thus, the County clearly stated in its Amended Action Plan that it was adopting the Target/Service Areas for the purpose of establishing service areas for area benefit activities. This has not changed in the more than ten years since these Target Areas were established. This information has been reported to HUD annually beginning in 2003 in the County's Annual Action Plans and related amendments, and every five years in the County's Consolidated Plans. These plans were made available to the public for comment ahead of the required public hearings. No comments have ever been received by the County from the public during the past

Comment 7

10-year period that questioned or objected to expenditure of funds in the designated Target Areas. It is unfair and unreasonable for the OIG now to claim that these delineations were improper.

- ii. *The OIG Report Improperly Deems Certain Code Enforcement Activities “Ineligible” Because the County Used “Averaging” in Determining its Target/Service Areas, Which OIG Has Since Acknowledged is Permissible*

Comment 8

The OIG Report objects to the fact that some of the County’s Target/Service Areas were created by “averaging in” LMI block groups with those that were not LMI. This objection was completely undermined by the OIG staff at the exit conference, however, who conceded that the process of averaging in block groups is an existing component of the program. Indeed, HUD guidance provides that “grantees can compute the percentage of LMI persons in multiple census tracts and block groups because the data includes both the total number of persons as well as the number of LMI persons within a tract and block group.” See Basically CDBG (July 2012) at pages 3-5. Averaging together the LMI percentages in several block groups is no more gerrymandering than using the LMI percentage of an entire census tract – which may itself be the average of multiple block groups. By definition, HUD’s own funding mechanism, (IDIS) would not allow funds to be drawn if the block groups did not qualify as Low-Moderate Income block groups.

Comment 9

Comment 8

Since averaging is permissible, there is no reason for the OIG to automatically label as “ineligible” \$213,221 in code enforcement activities because those activities were ostensibly performed in block groups that did not meet the LMI percentage. Moreover, the mathematical methodology established by the OIG for establishing these “ineligible” activities (dividing allegedly “ineligible” block groups by total block groups in a target area, and then multiplying this figure by 1/9) fails to identify any code enforcement activities which were actually performed in non-LMI block groups. Because the OIG’s method of excluding certain code enforcement activities is discredited by its acknowledgment that averaging is an acceptable methodology, and because the OIG’s finding is not backed up by actual evidence that code enforcement inspections were being performed in non-LMI areas, the County respectfully requests that Finding #1 be revised accordingly.

- iii. *The County’s Target/Service Areas Met the LMI Income Thresholds and the OIG Has Failed to Provide Substantial Evidence that the Activities Did Not Benefit LMI Persons*

Pursuant to HUD’s regulations, activities benefiting all of the residents in a particular area where, as applicable to Hillsborough County, at least 48.21 percent² of the residents are low-and-

² The County is an exception grantee, and the required percentage of LMI persons in the service area established by the County is based on a HUD approved calculation of census data. See 24 CFR 570.208(a)(1)(ii). The percentage for 2010 was 48.2 percent, for 2011 was 48.21 percent, and the percentage for 2012 was 48.24 percent.

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moderate income, “will be considered to benefit low and moderate income persons unless there is substantial evidence to the contrary.” See 24 CFR 570.208(a). The regulation further provides that a service area of an activity “need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity.” See 24 CFR 570.208(a)(1)(i).

OIG acknowledges that HUD generally allows the grantee to determine the service area to be qualified and that the area can be questioned only if the activity or its location raises “serious doubts” (see draft OIG Report at p. 6). Therefore, the burden is on the OIG to provide “substantial evidence” or “serious doubts” to show that the County’s code enforcement activities did not benefit low and moderate income persons, a burden that the OIG has failed to meet.

HUD regulations provide that in determining whether there are a sufficiently large percentage of low-moderate income persons residing in the service area, “the most recently available decennial census information *must* be used to the fullest extent feasible” along with Section 8 income limits. See 24 CFR 570.208(a)(1)(vi) (emphasis added). Furthermore, if the recipient believes that the census data is not reflective of current income levels or where census boundaries “do not coincide sufficiently well with the service area of an activity”, the recipient “*may* conduct (or have conducted) a current survey of the residents of the area. . . .” *Id.* (emphasis added). The regulation does not require the use of a survey. Indeed, HUD guidance acknowledges that “[S]urveys can be quite costly and their use should be limited whenever possible.” See Guide to National Objectives and Eligible Activities for Entitlement Communities, Appendix D pg. 3. In recognizing this preference for relying on available census data rather than costly surveys, HUD acknowledges that the census divisions chosen to delineate a service area “may exclude some limited number of persons that are in the actual service area or include some who are not, but the practicality of using the census data will override unless the proportion of persons excluded or included is too great.” *Id.*

As noted above, at the time that the County established its Target Areas, which also serve as the County’s LMI service areas, the County relied upon the available census data (the 2000 census data, which is still the only census data available). The County did not rely upon surveys, nor was it required to do so.

When the County established its Target Areas using census data, the County excluded certain pre-approved developments (DRIs) from the Target Area boundaries, even if those developments were within a census block group. The OIG objects to this exclusion of less than an entire block group, as if this equates to improper gerrymandering. In fact, even the HUD guidance (see Basically CDBG (July 2012) at page 3-5), provides that census data may be used to justify the income characteristics of the area served “if the proposed activity’s service is *generally* the same as a census tract or block group” (emphasis added). (Also recall 24 CFR 570.208(a)(1)(i), cited above, which provides that a service area need not be coterminous with census tracts or other officially recognized boundaries). Thus, HUD does not require that the service area be *exactly* the same as a block group. In addition, the reasons for excluding large tracts of land pre-

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approved by an owner/developer for large-scale development from the Target Areas are obvious: so as not to direct scarce CDBG funds at areas already in the process of private redevelopment. That the OIG would object to this sensible exclusion from Target/Service Area lines ignores sound planning and common sense.

Since the County's Target/Service Areas were based on census data and planning advice from the local independent planning agency, the burden falls to the OIG to raise the "substantial evidence" that the service areas were improper. In an attempt to demonstrate "substantial evidence," the OIG Report vaguely intimates that the Target Areas were established for improper purposes, suggesting, without saying, that an interest in making CDBG Target Areas no-impact fee zones, in ensuring that poor rural communities were as eligible for CDBG funding, and in responding to citizen requests for additional code enforcement support³ in distressed neighborhoods were incorrectly considered in drawing target area boundaries. Putting aside the fact that the County has full discretion over the drawing of its target area boundaries, and that these boundaries were established more than 10 years ago, these are all legitimate reasons upon which a community could rely to define its target/service areas.

For instance, by making no-impact fee zones co-extensive with CDBG target areas, the County could avoid overly-politicizing the creation of the no-impact fee zones, which are intended to spur economic growth. See testimony of Commissioner ██████████ at 12/17/03 public hearing⁴. Including a particular rural area to ensure that low income farmworkers benefit from targeted CDBG funding, and responding to the Sheriff's Department interests in having a Weed & Seed program in a low income area are the very purposes for which a community establishes a target area. The captioning from the 2003 hearings indicate that while these and other factors were considered by several Board members, the Board was careful to ensure that the Target/Service Areas met the required minimum LMI percentages.⁵ There is nothing suspect

Comment 11

³ The source of the OIG's comment that the County was responding to citizen requests for additional code enforcement support is unclear. We assume that the OIG is referring to a request made during the 2003 public hearings on the delineation of the Target Areas by a representative of the Hillsborough County Sheriff's office for continued funding for a Weed & Seed program. See the testimony of ██████████ with the Hillsborough County Sheriff's Office from the 12/3/2003 public hearing captioning.

⁴ "...[W]hy I like using the CDBG areas [as impact fee-free zones] is objective. The data is the data, and . . . if you start targeting where you want it. . . there will be other motivations for calculating it. . . then we would be . . . pressured to do an impact-fee-free zone in an area . . . and whether or not it meets any objective criteria. . . . You measure [objective criteria] by census data, and then you do it just like we've always done it historically, and then you say all right are you in/are you out. If you're in the CDBG area, you're in. And if you're not, we're really sorry, but the objective criteria are the objective criteria." From the testimony of Commissioner ██████████ 12/17/03 public hearing.

⁵ See, e.g., testimony of Commissioner ██████████ at the December 17, 2003 public hearing: Commissioner ██████████ "Do we meet the [CDBG] criteria?" ██████████ Housing and Community Development Department: "Correct."

about considering these factors when drawing a Target/Service Area, and indeed, the OIG Report provides no actual evidence of any impropriety.

The County has expended CDBG funds to make many substantial improvements in the Target/Service Areas benefitting the LMI population. As a result of these improvements, the County has been able to improve community conditions with both infrastructure and recreation projects as well as preserve the overall housing stock in the community. These improvements include:

IDIS Act ID	Year	Activity Name	Location
3612	2013	RUSKIN SIDEWALK IMPROVEMENTS	RUSKIN TARGET AREA
3611	2013	RUSKIN STREET RESURFACING	RUSKIN TARGET AREA
3610	2013	RUSKIN WATER IMPROVEMENTS	RUSKIN TARGET AREA
3514	2012	PALM RIVER STREET IMPROVEMENTS	PALM RIVER CAUSEWAY TARGET AREA
3364	2011	FHP-INFRASTRUCTURE IMPROVEMENTS	RUSKIN TARGET AREA
3361	2011	STREET PAVING IN PROGRESS VILLAGE	CAUSEWAY TARGET AREA
3075	2010	14th AVE S.E. DRAINAGE IMPROVEMENT	RUSKIN TARGET AREA
2751	2007	MARY & MARTHA HOUSE RENOVATIONS	RUSKIN TARGET AREA
2136	2004	INFRASTRUCTURE- CENTRAL GIBSONTON WATER	GIBSONTON TARGET AREA
2135	2004	INFRASTRUCTURE- PROGRESS VILLAGE SIDEWALK	CAUSEWAY TARGET AREA
2138	2004	PARKS & REC-PROGRESS VILLAGE REC CTR	CAUSEWAY TARGET AREA
2134	2004	INFRASTRUCTURE- WIMAUMA SIDEWALK PROJECT	WIMAUMA
1939	2003	INFRASTRUCTURE CENTRAL GIBSONTON WATER	GIBSONTON TARGET AREA
1941	2003	INFRASTRUCTURE PROGRESS VILLAGE SIDEWALK	CAUSEWAY TARGET AREA
1944	2003	PROGRESS VILLAGE RECREATION CENTER	CAUSEWAY TARGET AREA
1942	2003	SE GIBSONTON WATER PHASE II	GIBSONTON TARGET AREA
1765	2002	WIMAUMA CIVIC CENTER ENHANCEMENT	WIMAUMA
1740	2002	PROGRESS VILLAGE RECREATION CENTER	CAUSEWAY TARGET AREA
1722	2002	INFRASTRUCTURE GIBSONTON WATER PROJECT	GIBSONTON TARGET AREA
1848	2002	REDLANDS -RUSKIN INFANT CARE CENTER	RUSKIN TARGET AREA

The County's Target/Service Areas, established based on census data, met the minimum LMI thresholds, and have served as the basis for funding many significant community projects, including the code enforcement activities at issue here. The OIG has failed to provide substantial evidence that these service areas were incorrectly established, or that the actual activities performed failed to serve the intended populations.

- iv. *The Photographs and Anecdotal Evidence the OIG Uses to Demonstrate that the Target/Service Areas Were Not Primarily Residential or LMI Are Biased and Not Reflective of Conditions at the Time the Census Data was Collected*

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Areas that are not “primarily residential” do not qualify under the LMI area benefit objective. See 24 CFR 570.208(a)(1). “Primarily” residential is not defined. The OIG attempts to show that this undefined standard has not been met and that CDBG funds were expended on non-LMI populations with photographs taken by the OIG auditors. These photographs, contained in Appendix E of the draft report and bearing labels such as “new construction of moderate-large house,” are apparently intended to serve as the OIG’s substantial evidence that the service area, which was established based on census data and meets the LMI threshold based on that data, did not actually qualify.

Comment 12

The County objects to the OIG’s use of present day photographs from recent site visits as reason to question the County’s CDBG Target/Service Areas. The Target Areas were established based on data from the 2000 census. The regulations require that the decennial census data be used “to the fullest extent feasible.” See 24 CFR 570.208(a)(1)(vi). For the review period, only 2000 Census data was available. It is reasonable to assume that conditions within the Target Areas will have changed since 2000. Indeed, the OIG should expect and look for changed conditions as the result of the targeted expenditures of CDBG funds. The County requests that pictures in the report of redeveloped areas within the Target Areas, such as the newly constructed residences and the post-2003 Little Harbor mixed-use development on page 24 of the OIG’s draft report, be removed as misleading. Such photos give the impression that CDBG funds were improperly used on high-income or commercial properties, when the OIG has provided no evidence that this is the case.

C. Response to Sub-Finding: “The County Did Not Properly Classify Cleanup Expenditures”

Comment 13

The County identified the inadvertent misclassification of the \$6,315 during a routine reconciliation and cleanup of CDBG expenditures. Staff was in the middle of the reconciliation and cleanup when the HUD OIG arrived on July 9, 2013 at Affordable Housing Services to commence the audit. During the visit, HUD OIG inquired about the expenditures and staff advised the HUD OIG Team of the County’s intent to make the necessary corrections through Journal Entries and in IDIS. The County did request to make the changes specifically related to this matter while the HUD OIG Team was onsite but was advised by HUD OIG not to make any changes related to this charge until the audit was complete. As it had previously intended to do, the County will make the corrective adjustments in the County Financial System and in IDIS. This Sub-Finding should be removed from the report as this was a correction that was already underway prior to the audit, and it was the OIG which prevented the County from making the correction thus enabling the OIG to list the Sub-Finding in its report.

D. Response to Sub-Finding: “The County Did Not Charge Allowable Salary Expenditures”

Comment 14

The OIG’s Sub-Finding that “the County did not charge allowable salary expenditures” is vague, unsubstantiated and conclusory. Specific detail needs to be provided by the OIG to substantiate

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Comment 14

such a Finding. It has been explained that some of the management and inspection staff of Code Enforcement were advised by the OIG Team that the full cost of their salary during the clean-up events was charged to the CDBG activity account. This is not a correct statement.

Documentation is available to demonstrate that not all of the inspectors' salaries were charged to the CDBG activities. The County has attempted to reconcile the numbers provided in the OIG report with its own documents and cannot determine where the amounts identified by the OIG originated.

As such, the County believes its records properly reflect the Code Enforcement accounting of time attributed to the clean-up events in the Target Areas.

E. Conclusion

The OIG's conclusion is a restatement of the previously stated Sub-Findings with the addition that due to these Sub-Findings, the OIG concludes that \$865,000 in Code Enforcement costs are unsupported. This finding is based largely on the OIG's determination that the County's Target/Service Areas, which were delineated more than 10 years ago, were improper. This contradicts HUD regulations as well as HUD's long-standing approval of the County's Target/Service Areas. The County disagrees with this determination as stated in our response, and therefore maintains the position that these expenditures are valid, can be supported with the documentation in County files, and therefore, do not need to be repaid to HUD.

Response to Finding Two: "The County Did Not Properly Administer Its Interim Assistance Activities"

The County's Interim Assistance activities were intended to remediate actual conditions of slum or blight in specific geographic locations identified by the Code Enforcement Department Director, as the County employee with the designated authority to enforce the County's codes and ordinances. Allowable staff costs were charged to the activities.

A. Response to Sub-Finding: "The County Did Not Support That Activities Met the Slum or Blight Area National Objective"

The Interim Assistance activities at issue were performed in areas designated by the County's Code Enforcement Official as blighted and met all Interim Assistance activity requirements. The national objective for the County's Interim Assistance activities 3385, 3433, 3434, 3501 and 3521 was the prevention of slums or blight in an area pursuant to 24 CFR 570.208(b). The OIG contends that the County cannot show that four of the five⁶ Interim Assistance activities were in

Comment 15

⁶ The OIG Report does not deny that the interim assistance activity in the clean up after Tropical Storm Debby (interim assistance activity 3434) met the national objective and interim assistance activity requirements. Note that Tropical Storm Debby (not "Thunder Storm" Debby, as in the OIG Report) was cause for a declared state of emergency by the Governor of Florida. See Office of the Governor Executive Order 12-140.

areas that met the definition of slum or blighted area. HUD does not define “slum” or “blighted”, leaving that to state or local definition.

Under Florida law, a “blighted area” is defined as:

[A]n area in which there are a substantial number of deteriorated, or deteriorating structures, in which conditions, as indicated by government-maintained statistics or other studies, are leading to economic distress or endanger life or property, and in which two or more of the following factors are present:

...

(d) Unsanitary or unsafe conditions;

(e) Deterioration of site or other improvements . . .

(l) A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality . . .

See Fla. Stat. 163.340(8).

HUD recognizes that a grantee may be hesitant to formally declare an area “blighted” or a “slum” out of sensitivity to the residents of the neighborhood. See Guide to National Objectives and Eligible Activities for Entitlement Communities, pg. 3-44. For that reason, a grantee is not required to formally designate an area as a “slum” or “blighted”. Id. In Hillsborough County’s case, rather than pejoratively labeling a neighborhood as blighted or a slum, certain areas were delineated by the County’s Code Enforcement Official as areas subject to a “Fight the Blight” campaign, and in one instance a “Paint the Town” campaign.

Determination of blighted areas is a job delegated to the Code Enforcement Official⁷ under the County’s Property Maintenance Code, Ord. 09-63, codified at County Code 8-105 et. seq. Specifically, the Code Enforcement Official is delegated the authority to administer and enforce the Property Maintenance Code, which contains the County’s minimum standards for maintenance of property within the unincorporated County. See County Code Sec. 8-107. Violations of the Property Maintenance Code are intended to address conditions resulting from “improper maintenance, inadequate sanitary facilities, overcrowded conditions in residential occupancies, buildings and premises and from general neighborhood neglect.” See recitals in Ord. 09-63, incorporated into County Code by Sec. 8-105(b). Thus, the conditions that the Property Maintenance Code is intended to address are conditions that constitute blight under state law.

When the County’s Code Enforcement Official designated areas for “Fight the Blight” and “Paint the Town” campaigns, it was to enforce the requirements of the Property Maintenance Code within these areas. These areas were all within the County’s established Target Areas.

⁷ Under Board Policy 07.10.00.00, the director of the County’s Code Enforcement department is a “code enforcement officer” pursuant to Florida Statute 162.21, authorized to enforce the County’s codes and ordinances.

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The boundaries of the “Fight the Blight” and “Paint the Town” campaigns were clearly delineated and have been provided to the OIG.

Comment 16

The County has extensive photographs of the condition of property within the blighted areas. HUD states that one of the best ways to document that slum/blight conditions exist is by photographs: “When the grantee elects to meet the Slums/Blight national objective, it is necessary to be able to show that blight exists (either for an area or with respect to the property being assisted). In either case, one way that this may be documented easily is through the use of pictures. As the saying goes, ‘a picture is worth a thousand words.’” See Guide to National Objectives and Eligible Activities for Entitlement Communities, pg. 3-44. Pictures documenting the code violations found during the “Fight the Blight” campaigns will be provided to OIG to confirm the existence of blighted conditions.

Comment 16

The OIG also contends that the County cannot meet the interim assistance activity requirements. Pursuant to 24 CFR 570.201(f)(1), interim assistance activities may be undertaken “in areas exhibiting objectively determinable signs of physical deterioration where the recipient has determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable”.

The County’s photographic record of the Property Maintenance Code violations provides ample support that the areas served showed “objectively determinable signs of physical deterioration.” As needed, these photographs can and will be provided to establish the existence of deteriorated conditions.

A list of the planned permanent public improvements in the Target Areas which will complement the Interim Assistance has previously been provided to the OIG. The following table summarizes the correlation of the planned permanent improvements in the Target areas to the completed Interim Assistance activities:

Activity Number	Activity Name	CDBG Target Area	Sidewalk Repair	Culvert Replacement	Roadway Resurfacing
3385	Orient Park-Fight the Blight	Orient Park	X		X
3433	Ruskin – Fight the Blight	Ruskin	X	X	X
3501	Palm River- Fight the Blight	Palm River	X	X	X
3434	USF-T.S. Debby	USF	X		X
3521	USF-Paint the Town				

Other improvements that are planned in the CDBG Target Areas as part of the County’s Adopted Capital Improvement Program (CIP) include but are not limited to the following:

- E. G. Simmons Park Improvements - \$1,009,416 (Ruskin)
- Ruskin Fire Station Relocation - \$719,026 (Ruskin)
- 1st SW and 18th Avenue SW Drainage Improvements - \$228,000 (Ruskin)
- South County RWTM Extension - \$3, 253,780 (Gibsonton)
- Causeway Blvd Water / Sewer Improvements - \$4.3 million (Causeway)
- Progress Village Sports Complex - \$5.4 million (Causeway)

In summary, the County's CDBG funded Interim Assistance activities were targeted at narrowly defined areas that the Code Enforcement Official effectively determined were blighted. But rather than calling out these areas as "slums" or "blighted", the campaigns were more sensitively labeled "Fight the Blight" or "Paint the Town". The photographic record demonstrates the deteriorated conditions that existed, and permanent improvements are planned in the larger Target Areas to continue to improve local conditions.

B. Response to Sub-Finding: The County Did Not Charge Allowable Salary Expenditures

Comment 17

The OIG Report contends that \$10,264 of staff costs associated with activity 3434 (USF-Tropical Storm Debby) are ineligible because the costs represent staff time expended on routine damage assessment. The staff records indicate that these costs were related to work over a one—month span for several employees. The County will provide HUD with documentation regarding the time spent on eligible clean up activities.

Comment 17

The OIG Report also cites \$4,223 in staff costs that were ineligible for activity 3385 (Orient Park – Fight the Blight). The Report states that interviews with management staff indicated that all their time was not spent on the activities in question. The supporting documentation provided to the OIG at the time of their visit showed that only a portion of managers' time was actually charged to the CDBG program in accordance with actual time worked on the activity. Employees report the actual time worked on a project in their timesheets which are certified by the employee and submitted to the manager for approval. All timesheets are reviewed to ensure that time worked is correctly charged to the appropriate funding source and activity performed. The primary responsibility of the individual employee is to accurately report time worked on their certified timesheet. Even management employees with CDBG funding associated with all or part of their salary/wage may not have knowledge of the financial procedures involved to ensure the proper allocation of CDBG funding to their time. Interviews with employees who are not aware of how their time is reported to or drawn from HUD should not be the OIG's only source of documentation.

Once again, we appreciate the opportunity to review and respond to the Findings of the HUD
OIG Report. On behalf of the Administrator of Hillsborough County, we request that you
consider these written responses and adjust the Findings accordingly. Additionally, we would
appreciate a notice in advance of the release date for the final report as you kindly provided to us
ahead of the draft report.

Sincerely,



Paula Harvey
Director
Hillsborough County Affordable Housing Services

cc: [REDACTED], Director, Community Planning & Development, Jacksonville Field Office, 4HD
[REDACTED] Assistant Regional Inspector General for Audit
[REDACTED] County Administrator, Hillsborough County
[REDACTED] Deputy County Administrator, Hillsborough County
[REDACTED] Chief Financial Administrator
[REDACTED] Assistant County Administrator
[REDACTED] Director, Hillsborough County Code Enforcement
[REDACTED] County Attorney, Hillsborough County
[REDACTED] Assistant County Attorney

OIG Evaluation of Auditee Comments

Comment 1 –The audit was initiated as part of the Office of Inspector General’s (OIG) annual audit plan and based on a complaint. Therefore, we reviewed the CDBG program in general as part of OIG’s annual audit plan as well as specific areas related to the complaint. In addition, our audit objective was stated in the audit notification letter and discussed with County officials during the audit.

Comment 2 – The County disagreed with our methodology in calculating the ineligible CDBG costs.

An estimate for the cost of each ineligible census tract block group was used to determine the ineligible costs because the County was not able to provide the exact time and cost spent by each CDBG-funded code officer for each case citation handled or work performed in the CDBG target areas. Basing the ineligible cost by block group is a reasonable representation of the amount of the costs that the CDBG-funded code enforcement activity incurred within each ineligible block group area.

Comment 3 – The County stated that neither HUD nor OIG defines “deterioration” or provides guidance as to what the County must document and, therefore, requested that we revise the finding.

It is not OIG’s responsibility to define “deterioration.” Regulations at 24 CFR 570.208(b)(1)(i) provide that the grantee (County) must delineate the deteriorated or deteriorating area as defined under either State or local law. This means that the County may choose to use the definition of deteriorated or deteriorating under the State or local law to meet the national objective requirement. While onsite, we asked County staff for documentation to support that all nine CDBG target areas, which the CDBG-funded code enforcement officers serviced, were in deteriorated or deteriorating condition. County staff stated that such a determination was never made and such documentation was not available because the staff assumed that deteriorated or deteriorating areas were synonymous with low- and moderate-income areas as stated in the report. Therefore, the County did not support that code enforcement activity service areas were in deteriorated condition as required, resulting in unsupported costs of \$645,517 (the County incorrectly referred to the questioned cost in recommendation 1A; it should be \$645,517 and not \$213,211 as cited by the County).

The County provided the code enforcement inspection information to support allocation of code enforcement costs, not as justification that an area was deteriorated. If the County has the determination documentation or alternative after-the-fact documentation to support that all nine CDBG target areas, which the CDBG-funded code enforcement officers serviced, were in deteriorated or deteriorating condition, the County will have further opportunity to provide the documentation to address recommendation 1A in the report to HUD’s staff, which will work with the County and our office to resolve the recommendation.

Comment 4 – The County stated that OIG contended that its target areas, which were regularly reported in its annual actions and consolidated plans, were improper and OIG’s contention conflicted with HUD’s longstanding approval of the target areas.

The County’s CDBG target areas are not prequalified or approved by HUD. HUD reviews and approves the general activities that may be conducted by the grantee but does not necessarily review all of the CDBG activities or the corresponding supporting documentation used to qualify the CDBG activities, including the designated CDBG target areas in the annual action plan or comprehensive plan that have met all eligibility requirements.

Therefore, HUD did not provide longstanding approval of the County’s target areas. We acknowledged during the exit conference that grantees are allowed to average in low- and moderate-income areas with those that are not if it can support the actual service area benefitting from the activity. Additionally, the area serviced must be primarily residential in character as required in 24 CFR 570.208(a)(1). The questioned areas (1) did not meet the low-and moderate-income threshold percentage, (2) were not the actual service areas benefitting from the activity, and (3) were not primarily residential in character and thus not in compliance with Federal regulations.

Comment 5 – The difference in citing six CDBG target areas as a finding on page 5 versus eight target areas on page 14 was due to our site visits as stated in the Scope and Methodology section of the report on page 14.

Comment 6 – This statement does not contend that the County’s low- and moderate-income data used to establish the CDBG target areas were complete, accurate, or reliable. The acknowledgement that the CDBG target area map was complete, accurate, and reliable was based on the County’s CDBG target area map’s having the labeling of the census tract and block group numbers consistent with the census tract and block group numbers used by the census. The County’s calculation did not include the low- and moderate-income percentage data for some of the block group areas shown on the CDBG target area map. Also, the County’s calculation included some incomplete low- and moderate-income percentage data because it used percentages that covered an entire block group area when the map showed the service area to be only a small fraction of the block group area.

Comment 7 – The County stated that it clearly stated in its amended action plan that it was adopting the target areas for the purpose of establishing service areas for area benefit activities and this had not changed in more than 10 years. This information was also reported to HUD so it is unreasonable for OIG to now claim that these delineations were improper.

It is the responsibility of the County to perform its due diligence in ensuring that activities funded by the CDBG program meet all requirements and have documentation to support eligibility. In designating the service area for a particular activity, the County should take into account (1) the nature of the activity, (2) the location of the activity, (3) accessibility (for example, geographic barriers, user fees, hours service is available), and (4) comparable facilities or services. Regulations require that the entire population in the service area be considered in determining whether such service provided benefits low- and moderate-income individuals.

In the case of the code enforcement activity for the County, this activity was not dependent on multiple block groups to provide the code enforcement service. The code enforcement activity services individual real estate properties, and, therefore, the actual area benefit was generally independent from one block group area to another. The County generally had most of its CDBG target areas covering an entire block group area and, therefore, should have qualified the code enforcement activity according to each individual block group service area as required under 24 CFR 570.208(a)(1)(v). The County also had a few service areas that did not cover an entire block group area in which the County should have conducted an independent survey, as stated under 24 CFR 208(a)(1)(vi), if the County chose to deviate from the boundary areas.

Comment 8 – We acknowledged during the exit conference that grantees are allowed to average in low- and moderate-income areas with those that are not if it can support the actual service area benefitting from the activity. Additionally, the areas must be primarily residential in character as required by 24 CFR 570.208(a)(1). The questioned areas (1) did not meet the low-and moderate-income threshold percentage, (2) were not the actual service areas benefitting from the activity, and (3) were not primarily residential in nature and, thus, not in compliance with Federal regulations. Therefore, approximately \$213,221 in CDBG funds was not used for its intended purpose of assisting low- and moderate-income areas with additional code enforcement efforts.

Comment 9 – The HUD Integrated Disbursement and Information System is a tool for grantees to use in qualifying low- and moderate-income area national objective-based activities. The County must properly identify the actual area benefiting from the activity. If the County entered incomplete or inaccurate information, the system would base the result on the incomplete or inaccurate information entered by the County. The County did not include all of the census block groups and also included full census block group areas when the entire areas were not being serviced. The system cannot determine whether the areas designated are primarily residential in character, which is also a part of the County’s responsibilities in properly identifying the service area. It is the responsibility of the County to perform its due diligence in ensuring that activities funded by the CDBG program meet all requirements and have documentation to support the eligibility.

Comment 10 –The County stated that HUD generally allows the grantee to determine the service area and the burden is on OIG to provide “serious doubts” showing that the County’s code enforcement activities did not benefit low- and moderate-income persons.

The County may determine its own service areas, but if it chooses to deviate from the census boundaries, the County may conduct an independent survey to support the low- and moderate-income percentage for that deviated area. Essentially, the County must provide support for those areas substantially deviating from the area, and an acceptable form of support would be a survey. The County did not have support for its deviation. The code enforcement activity service area is questioned because the block group areas did not meet the low- and moderate-income percentage threshold required as evidenced by (1) the County’s CDBG target area map, (2) the HUD decennial census data, and (3) the site visits with pictures showing that some of the areas were not primarily residential in character. See appendixes C, D, and E in the audit report.

Comment 11 – The County stated that its target areas met the minimum low- and moderate-income thresholds and the activities served the intended populations. In addition, its’ target areas were based on census data and planning advice from the local planning agency. The County excluded certain areas designated for private redevelopment, and this does not equate to gerrymandering. The County also included a footnote stating that our comment related to citizen complaints was unclear.

The County is required to determine the actual area benefit for each individual activity. County staff stated that the County’s board of commissioners made the final decision on which areas would be designated as the County’s CDBG target areas. In reviewing the board minutes, we determined that the County commissioners’ interests played a role in the final decision regarding which areas were designated as the County’s CDBG target areas.

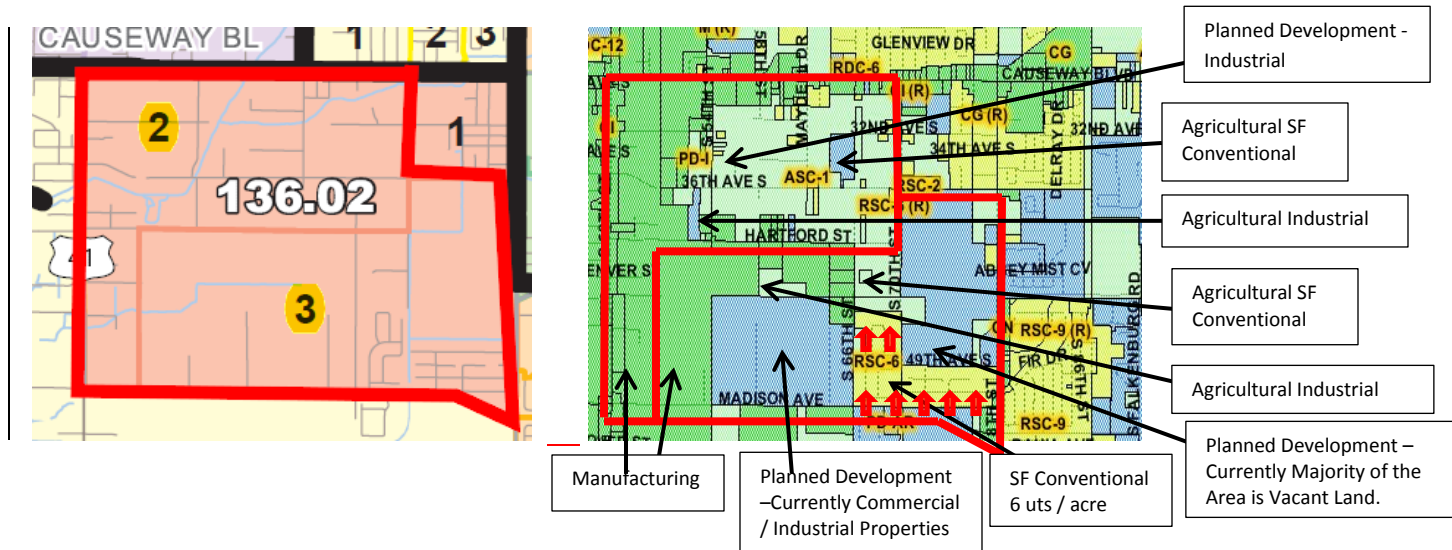
The citizen’s complaint regarding the need for increased code enforcement was for the County’s Town ‘n Country CDBG target area. A County employee disclosed to the County board that the only way to qualify the Town ‘n Country area would be to average in the census tract block groups. The Town ‘n Country CDBG target area was a newly created area based on the County’s calculation of the 2000 census data. More than half of the census block groups in this target area did not meet the County’s minimum required 48.21 low- and moderate-income percentage threshold. This area was mainly a moderate- to high-income area that the County used for more than 10 years. The County agreed in a written email that this area should not have been designated as a CDBG target area because the area did not qualify. The County discovered this error in January 2013 and removed the Town n’ Country CDBG target area at the end of April 2013.

Comment 12 – The County objects to our use of present-day photographs from recent visits as a reason to question its target areas.

As stated in the Scope and Methodology section of the audit report, all of the service areas questioned did not meet the low- and moderate-income area percentage threshold and, therefore, were already disqualified. After identifying the service areas that did not meet the first requirement, we conducted site visits to the areas that did not meet the low- to moderate-income threshold percentage to determine the characteristics of the properties in the areas. We asked the County for documentation to support that the CDBG target areas were in deteriorated conditions and primarily residential in nature and were told that the County generally did not consider these factors in determining the eligibility of its CDBG low- and moderate-income area national objective-based activities. The CDBG low- and moderate-income area national objective criteria require that the area also be primarily residential in character; otherwise the activity would not qualify.

If the types of properties and conditions in the County’s questioned CDBG target areas have changed in the past 3 years, the County should have had and provided us with documentation to show what had been there during the past 3 years as well as reflecting such changes in its annual action plan submitted to HUD.

According to community development memorandum, dated April 23, 1991, the purpose of the primarily residential requirement is to preclude activities that serve an area consisting primarily of businesses from qualifying on the basis of the income of those persons who happen to reside within the boundaries of that area. For example, the County's Causeway target area contained only a small section of residential areas, while the remaining majority of the target area consisted mainly of industrial and commercial properties, along with some vacant land and a few agricultural areas.



Comment 13 – We identified the \$6,315 in misclassified and ineligible costs and informed the County of this issue. The County originally categorized the costs as a code enforcement activity expense and later reclassified the costs as a clearance and demolition activity expense. This expense was associated with cleanup campaigns that were unrelated to the code enforcement or the clearance and demolition activities.

We found additional misclassified costs among the code enforcement, interim assistance, and clearance and demolition activities. In addition, the County charged ineligible code enforcement payroll costs as reported in finding 1 and other regular local government costs charged to the CDBG program as reported in finding 2 of the audit report.

This issue would have been reported as a finding regardless of whether the County fixed problems found during our review because the issue of misclassifying costs and charging ineligible costs appeared to be systemic problem and not an isolated incident.

Comment 14 – The County requested specific detail to substantiate the ineligible salary costs.

We reviewed a sample of timesheets from the code enforcement activity and found more than 300 cases in which CDBG-funded code officers' time was charged to the CDBG program for ineligible work or misclassified work without adjusting the officers' timesheets accordingly. Specifically, we found that CDBG-funded code officers performed (1) more than 30 cases of code inspection work occurring outside the County's CDBG target areas used as the County's

identifier of low- and moderate-income areas (based solely on the zip codes) and (2) more than 350 cases of abatement work specifically disallowed by the CDBG code enforcement activity requirements. As a result, the County did not charge allowable salary expenditures to the CDBG program. We discussed this issue with the County and provided examples of the deficiencies.

Comment 15 – Activity 3434 USF Tropical Storm Debby did not meet either the slum or blight area national objective or interim assistance requirements. This specific activity was not questioned with the national objective or interim assistance requirements because it was already questioned as an ineligible local government expense on page 11 of the audit report.

Comment 16 – The County stated that it could meet the interim assistance activity requirements and could also provide pictures documenting the code violations found during the “Fight the Blight” campaigns.

The County did not meet the interim assistance activity requirements, which were discussed with the County and with the local HUD Office of Community Development office that generally oversees the County. The County should refer to its correspondences with the local HUD office and our office when it was informed that the activities did not qualify under the interim assistance activity requirements. The correspondence included emails and meetings held in July, August, September, October and November of 2013.

Under the interim assistance activity (according to 24 CFR 201(f) and CDBG Program – Guide to National Objectives and Eligible Activities for Entitlement Communities), certain activities may qualify if they meet all requirements under one of the two subcategories described. This activity type is seldom used because it has very specific requirements.

The first subcategory covers limited improvements to a deteriorating area as a prelude to permanent improvements. The second subcategory covers activities to alleviate an emergency condition. The County designated all five interim assistance activities as qualifying under the first subcategory of the interim assistance requirement and then attempted to reclassify the activities under the second subcategory when it could not meet the conditions for the first subcategory. The local HUD office informed the County that the activities would not qualify under either of the interim assistance activity subcategories if they did not meet all of the requirements.

For the unsupported interim assistance activities (3385, 3433, 3501, and 3521), the County must select a definition for deterioration. The actions must be a prelude to the permanent improvements, which means that the actions were needed before the permanent improvements could be made, and there must be specific documentation to show that the actions were necessary and the permanent improvements related for those necessary actions, as well as those permanent improvements to be made that were intended to address the deterioration identified. The activities are limited to those specifically allowed, such as repairs of streets, sidewalks, etc.

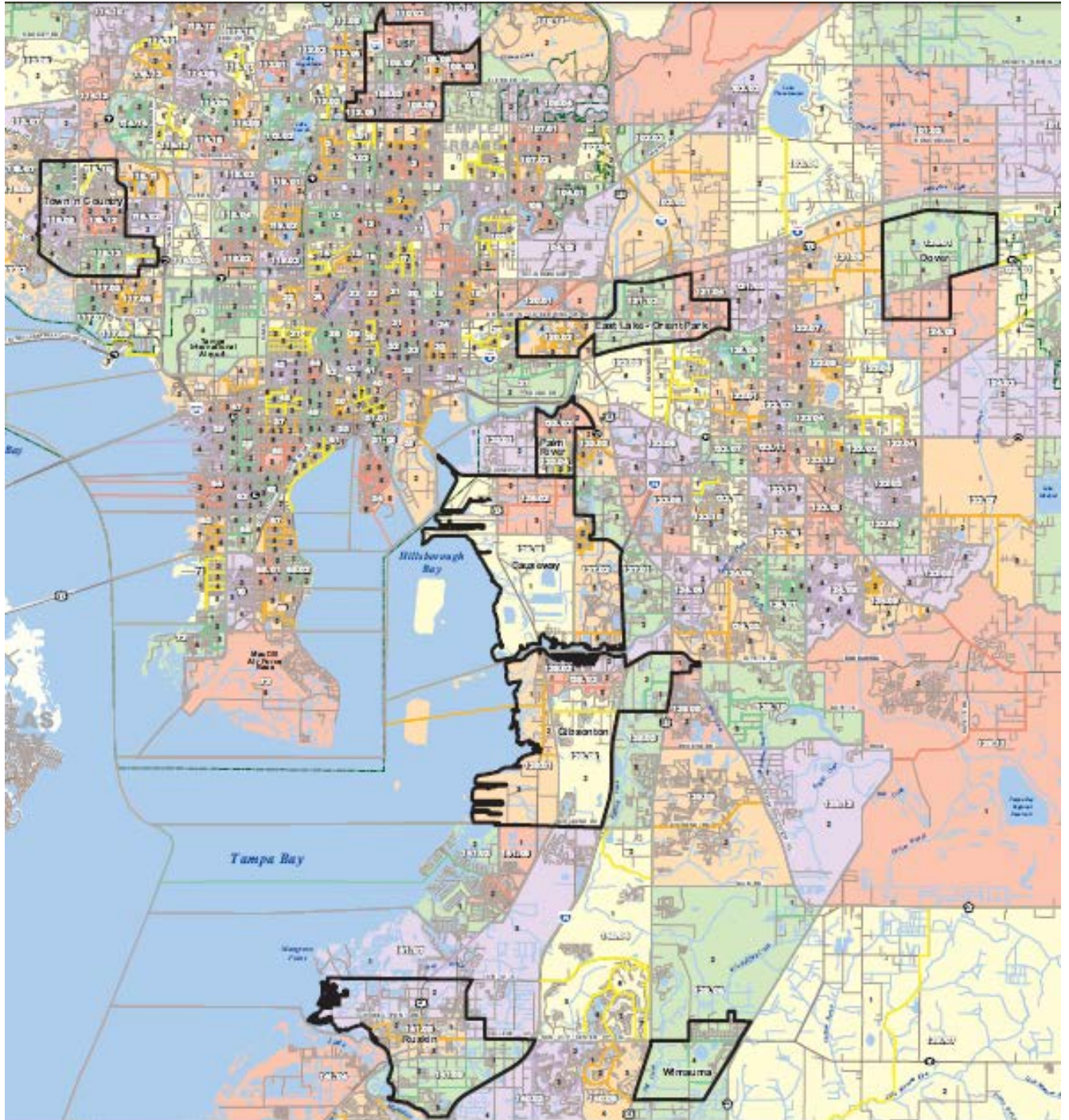
Between 1 and 2 years have passed since the cleanup events occurred, and there was no evidence of specific plans for permanent improvements that correlated to the cleanup events in the cleanup area boundary areas.

Comment 17 – Salary costs totaling \$10,264 were ineligible because they were local government expenses. Regulations at 24 CFR 570.207(a)(2) state that expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance. The records show that the costs generally covered five management staff members' salaries for about 1 week. We met with all five management staff members to discuss (1) the type of work performed during this event, (2) their actual time spent on this event, (3) their job descriptions, and (4) the areas where they performed such work. Management staff members stated that they performed damage assessment and monitored water levels at river and bay areas for potential flooding, which was a part of their regular job function as outlined in their job descriptions. The management staff members also did not know that their time was being charged to the CDBG program and stated that such charges were incorrect. In addition, the activity did not qualify under the interim assistance activity because it did not meet any of the requirements listed under 24 CFR 570.201(f).

Salary costs totaling \$4,223 were ineligible because management staff stated they did not participate or spend their entire time at the clean-up event, as required by 24 CFR Part 225.



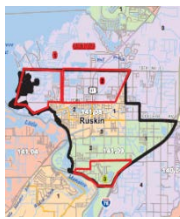
Appendix C

MAP OF THE COUNTY'S NINE CDBG LOW- AND MODERATE-INCOME TARGET AREAS


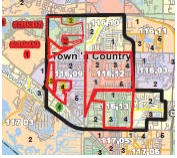



Appendix D

TABLE OF INELIGIBLE CDBG BLOCK GROUPS AND PERCENTAGES

No.	Target area	Low- and moderate-income area percentages	2000 census data	Ineligible cost ⁶	Types of properties	Map of CDBG target area
1	Causeway	28%	Census tract 136.02, block group 2	\$21,203	Consists mainly of commercial and industrial properties.	
		47%	Census tract 136.02, block group 3			
2	Gibsonton	45%	Census tract 138.01, block group 3	\$14,679	Consists mainly of solid waste facilities, commercial businesses, and vacant land.	
		46%	Census tract 138.04, block group 2		Consists mainly of new construction and existing moderate to large residential properties and vacant land.	
3	Ruskin	36-46%	Census tract 141.07, block groups 1 and 2	\$31,805	Consists mainly of a marina, a resort hotel and homes, some new construction of moderate to large residential properties, vacant land, some commercial businesses, and a few small residential properties.	
		44%	Census tract 141.09, block group 3		Consists mainly of new construction of moderate to large single-family houses, existing large houses, vacant land, and a cemetery.	

⁶ Refer to “Scope and Methodology” section for more details on how ineligible costs were computed.

No.	Target area	Low- and moderate-income area percentages	2000 Census data	Ineligible cost	Types of properties	Map of CDBG target area
4	Wimauma	9%	Census tract 139.06, block group 4	\$68,154	A majority of the area consists of vacant land and large farm land.	
5	Town 'n Country	34 - 44%	Census tracts 116.07, 116.09, 116.12 & 116.13	\$53,526	A majority of the area consists of moderate to high-end residential houses.	
6	Dover	40%	Census tract 124.01, block group 2	\$23,854	A majority of the area is vacant land, some very large farm fields, and a few moderate to large houses.	
Total				<u>\$213,221</u>		

Appendix E

PICTURES OF INELIGIBLE CDBG BLOCK GROUP AREAS



Census tract 138.04, block group 2, consists mainly of new construction and existing moderate to large residential properties and vacant land.

Census tract 138.01, block group 3, consists mainly of solid waste facilities, commercial businesses, and vacant land.

New Construction of Moderate-Large House

Moderate-Large House under Construction

Existing Large House

New CDBG Target Area created in 12/2003.

Census tract 141.07, portion of block group 1, consists mainly of a marina, a resort hotel, marina homes, some new construction of moderate to large residential properties, and vacant land.

Census tract 141.07, block group 2, consists mainly of vacant land, some commercial businesses, and a few small residential properties.

Census tract 141.09, block group 3, consists mainly of new construction of moderate to large single-family houses, existing large houses, vacant land, and a cemetery.

Hotel/Resort

Vacant Land

New Moderate-Large Houses under Construction

Census tract 139.06, portion of block group 2, consists mainly of small to moderate residential housing.

Census tract 139.06, block group 4, a majority of the area consists of vacant land and large farm land.

Census tract 139.06, portion of block group 3 (newly expanded area created in 12/2003), also is mainly of vacant land and large farm land.

Mobile Home

Large Farm Land of Palm Trees

Vacant Land

A majority of the area consists of moderate to high-end residential houses (census tracts and block groups noted below):

- 116.07, portion of block group 1 and all of block group 3
- 116.09, block groups 3 (includes vacant county lot) and 4
- 116.12, block groups 1-5

116.12

116.09

116.13

116.07

New CDBG Target Area created in 12/2003.



Census tract 124.01, block group 2, a majority of the area is vacant land, some very large farm fields, and a few moderate to large houses. (newly expanded area created in 12/2005).



Large Farm Field



Plant Nursery



Vacant Land