



Community Planning
and Development

U.S. Department of Housing and Urban Development
Milwaukee Field Office
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Milwaukee, WI 53203-2289
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July 10, 2018

David Phillips, Director
Dane County Office of Economic
and Workforce Development
City-County Building, Room 421
210 Martin Luther King, Jr. Blvd.
Madison, WI 53703

Dear Mr. Phillips:

SUBJECT: CDBG Program Monitoring
Grant Nos. B16UC550003 and B17UC550003
Owner-Occupied Housing Rehabilitation Program, Lead-Based Paint Compliance,
and Limited Civil Rights

From June 4-7, 2018, the Milwaukee Field Office conducted an onsite monitoring of Dane County's CDBG Owner-Occupied Housing Rehabilitation Program, and Limited Civil Rights management in order to assess your organization's performance and compliance with applicable Federal program regulations and requirements. Program performance was assessed through a review of operations, file documentation, and interviews. HUD's review focused on the County's Major Home Repair Program compliance for its 2016 and 2017 CDBG grants.

This letter transmits the results of the monitoring review and contains zero (0) findings and two (2) concerns. A finding is identified as a deficiency in program performance based on a statutory, regulatory or program requirement for which sanctions or other corrective actions are authorized. A concern is an observation that, if not addressed, has the potential to lead to a finding. HUD recommends that the County consider implementing minor changes to address these concerns; however, these changes are not mandated, since no violation of a Federal Regulation or Statute was observed during our review.

I. OVERVIEW

Monitoring is the principal means by which HUD ensures that programs and technical areas are carried out efficiently, effectively, and that the programs comply with applicable laws and regulations. It assists grantees in improving their performance, developing or increasing capacity and augmenting their management and technical skills. Also, it provides a method for staying abreast of the efficacy of CPD-administered programs and technical areas within the communities HUD programs serve. Monitoring is not limited to a one-time review but is meant to be an ongoing process that assesses the quality of a grantee's performance over a period of time involving continuous communication and evaluation. In determining which grantees will be monitored, the Department uses a risk-based approach to rate grantees, programs and functions, including assessing the Department's exposure to fraud, waste and mismanagement. This process not only assists the Department in determining which grantees to monitor, but also identifies which

programs and functions will be reviewed. Dane County's risk analysis score was 38 and the County's program was not monitored during the last three years. HUD's selection of the Major Rehabilitation Program (MRP) program for monitoring was due to the complexity of the program and relatively large dollars allocated to the projects. Areas reviewed may result in the identification of findings, concerns or exemplary practices. Specifics relating to this review are as follows:

HUD Reviewer(s):

Garry Werra, Senior CPD Representative
Mike Martin, Senior CPD Representative

Grantee Staff:

Office of Economic and Workforce Development

Dave Phillips, Director
Jenna Wuthrich, CDBG/HOME Program Specialist
Pedro Ruiz, CDBG Program Specialist
Peter Ouchakof, CDBG/RLF Administrative Specialist

Entrance Conference:

Date: June 4, 2018

HUD Staff:

Garry Werra, Senior CPD Representative

Grantee Staff:

Office of Economic and Workforce Development

Dave Phillips, Director
Jenna Wuthrich, CDBG/HOME Program Specialist
Pedro Ruiz, CDBG Program Specialist
Peter Ouchakof, CDBG/RLF Administrative Specialist

This review was based on six (6) different exhibits from the CPD Monitoring Handbook 6509.2 Rev. 7 and focused on the following area: CDBG-Funded Rehabilitation Program Management (3-10), Individual CDBG-Funded Rehabilitation Activities (Exhibit 3-11), Lead-Based Paint (Exhibit 24-1) and Limited Civil Rights (Exhibits 22-1, 22-6, and 22-7).

The handbook can be viewed or downloaded via the following link:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/cpd/6509.2

II. BACKGROUND

Dane County (the County) awards CDBG funds to a local subrecipient to assist low- and moderate-income (LMI) households to complete major home repairs to their property. The Dane County MRP is a non-interest bearing, deferred-payment loan program that is administered by Project Home, a subrecipient of the County. No loan repayment is required unless the beneficiary sells the property, or the property is no longer used as the beneficiary's primary residence.

The MRP is only available to LMI persons that own and occupy a single-family residence in Dane County (excluding the City of Madison). The program provides assistance to complete major repairs that may include roofing, siding, HVAC, plumbing, electrical, safety items, and accessibility modifications. The maximum assistance available through the program is \$24,999 per property. HUD's review confirmed that

the buildings, improvements, and form of assistance provided by the County are eligible under 24 CFR 570.202(a) and (b).

III. REHABILITATION PROGRAM MANAGEMENT (Exhibit 3-10)

The overall programmatic administration and management of the MRP was assessed based on a review of policies and procedures, staff interviews, and file reviews. HUD found the duties and responsibilities of County staff to be clearly defined and understood by both management and staff. Information is readily available to the staff enabling them to complete tasks in accordance with the CDBG Program regulations. County staff has several years of experience with the CDBG Program and demonstrates a high degree of knowledge of CDBG regulations, housing rehabilitation, and real estate issues.

The County maintains a program manual that establishes written operating policies and procedures for the Program. The manual clearly describes the terms of assistance and administrative processes. These processes are conducive to ensuring compliance with the CDBG Regulations and locally established policies.

HUD's evaluation is based on a review of five (5) randomly selected MRP beneficiary files, County policies and procedures, and staff interviews. This represents a 50 percent sampling of MRP projects identified by the County as completed during the review period. Based on HUD's review, the County's process for eligibility determination resulted in eligible activities being funded and properly classified. The project files HUD reviewed confirmed that the properties rehabilitated were single-family, owner-occupied homes located in Dane County (excluding the City of Madison).

The County maintains documentation to show that it cleared all contractors (general and subcontractors) through the HUD listing for debarred and suspended participants. County staff expressed familiarity with the process and indicated that they regularly review for suspended and debarred contractors.

Project files were consistently well-organized and contained appropriate records to document program compliance. Specifically, the files contained application forms, income verification documents, mortgages, promissory notes, inspection records, contractor payment records, lien waivers, lead-based paint notifications, property information, and loan documents.

PROPERTY STANDARDS

The County has adopted a property standard that is based on HUD's Section 8 Housing Quality Standards (HQS) and inspects all properties to create a scope of work that addresses the identified HQS deficiencies. The County provides applicants with a report summarizing the items that must be corrected as part of the project. Progress inspections are performed in conjunction with contractor payment requests to confirm that the necessary repairs were completed. However, the documentation of progress inspections is limited, and in some instances unclear, and could be improved. As such, HUD is issuing the following concern and recommending that the County improve its documentation of progress inspections:

Concern No. 1 – Documentation of Progress Inspections

Condition: The County's documentation of progress inspections is primarily limited to staff travel records and photos of the work completed. While photographs can serve as evidence of work completed, they are generally used to supplement an inspector's written inspection report. It is important to note that HUD's reviewer did find evidence of routine progress inspections consistent with the requirements of 24 CFR 570.502; 2 CFR 200.328(a) & (c). In addition, the project staff signed off on all payment requests certifying that the work was inspected and complete. However, documentation of this process and the work completed was not consistently clear and could be improved.

Cause: The design of the scope of work form used by the County does not allow for program staff to record dates, observations, or progress notes.

Effect: The current form and documentation process makes it difficult to track progress against the scope of work, particularly for a third-party. This could lead an outside reviewer or auditor to believe that progress inspections were not performed. HUD recommends that the County revise its scope of work form to include dedicated space for program staff to indicate inspection dates, observations, and progress notes next to each work item to clearly show progress and completion of each work component. In addition, HUD recommends that the inspector certify the status of the work item(s) being inspected by either signing or initialing their observations/progress notes.

Dane County's CDBG Program operates in 55 municipalities, each with differing permit requirements; however, the County does not require its subrecipients to document that permits were obtained for MRP work. As a result, HUD is issuing the following concern and recommending that the County require its subrecipients to document that permits were obtained (whenever required) for all MRP activities:

Concern No. 2 – Building Permits

Condition: No building permits were observed in the MRP project files.

Cause: County staff indicates that its subrecipient ensures that building permits are being obtained by contractors, when required, but they are not retained in the file. As evidence, County staff obtained a copy of the permit issued by the City of Stoughton for project HUD-01.

Effect: A building permit is an essential part of ensuring that rehabilitation work is being performed in manner consistent with local codes and ordinances. HUD recommends that the County requires its subrecipients to retain copies of all building permits obtained for its CDBG assisted housing rehabilitation projects in the project file.

On June 6, 2018 HUD and City staff viewed the properties identified as HUD-01, HUD-02, and HUD-03 to confirm that the work items identified in the scope of work were completed and that no obvious code violations remained. Due to a last-minute change in the owner's work schedule, HUD was unable to view the interior of project HUD-01. However, a majority of the work items (new roof and window paint stabilization) were exterior, and HUD was able to confirm that the exterior work items were completed. During HUD's visits at projects HUD-02 and HUD-03, staff confirmed that all interior and exterior work items were completed. In addition, no obvious code violations were noted at these properties.

assessments for lead-paint hazards are being performed. Homeowners sign off on a standard form indicating their receipt of the lead notification.

The County presumes the presence of lead-based paint in all pre-1978 housing and documents this presumption in the project files. All homeowners are provided a notice of presumption letter which also indicates that work will be done by State certified contractors and must pass clearance at completion. Project files that included work which disturbed painted surfaces in pre-1978 housing, also contained evidence of lead clearance.

IV. CIVIL RIGHTS REQUIREMENTS (Exhibits 22-1, 22-6, and 22-7)

HUD's Limited Civil Rights Review is designed to evaluate Dane County's compliance with requirements to collect and maintain records on the following civil rights related requirements for the CDBG Program, Section 504 and Section 3:

REVIEW OF CIVIL RIGHTS REQUIREMENTS FOR THE CDBG ENTITLEMENT PROGRAM – Exhibit 22-1

Dane County currently has an Analysis of Impediments (AI) on file from 2011 and a Regional Fair Housing and Equity Assessment (FHEA) that was approved by the Dane County CDBG Commission in 2016. There was evidence that the AI was developed by Maxfield Research in December 2010 and submitted in 2011 and the FHEA was developed by the Capital Area Regional Planning Commission. The current AI lists 11 different impediments to fair housing with 8 different recommendations as it relates to addressing AI impediments. The Dane County FHEA has limited information in terms of highlighting impediments so it needs to be updated to ensure that efforts to ameliorate impediments to fair housing choice are as clear as possible.

Dane County had evidence on file to document the actions taken, based on the 2011 AI, to ameliorate impediments to fair housing in their pursuit of affirmatively furthering fair housing. These efforts were described in Appendix 2 of the 2017 CAPER as: A contract with Milwaukee Metropolitan Fair Housing Council (MMFHC)/Fair Housing Center of Greater Madison (FHCGM) to provide intake of fair housing complaints investigation services and referrals to attorneys and government services which included: Eight (8) Training and Technical Assistance incidences; Eleven (11) Education and Outreach Services; Intake of nine (9) separate fair housing complaints; and one (1) technical assistance session to a local housing provider.

It has been determined based on a review of IDIS data that Dane County does collect data on program participants by protected classes. Area data is also collected when needed. This statement is supported by area and beneficiary IDIS data supplied by IDIS report PR03 and the CDBG LMH monitoring that included direct beneficiary data. While the Milwaukee CPD Office has no record of the County submitting HUD Form 27061, the information contained in HUD Form 27061 is being submitted in IDIS.

Based on the limited nature of this review and the previously mentioned file review, it is difficult to assess whether Dane County's efforts to collect information on beneficiaries by protected class are complete or if their overall process is acceptable. It is obvious that that systems are in place to collect data

and that data is being reported in IDIS. All of the housing files reviewed for this monitoring had beneficiary data properly collected and reported on in IDIS.

Milwaukee CPD's review included a review of the Equal Employment Opportunity Commission (EEOC)-4 form. For PY 2017, Dane County documented that it maintained data on employment for all applicable operating units within Dane County. It is noted that all Dane County sub-recipient contracts have legal provisions to ensure that all sub-recipients assure equal employment opportunity to all persons regardless of race, color, national origin, sex or disability for all of its CDBG-funded sub-recipients.

Milwaukee CPD's monitoring included a review of the Policy and Procedures Dane County has in place to assure proper data collection as it relates to race and ethnicity, gender of single heads of households and location of housing units that are displaced by CDBG funded activities. During PY2017, Dane County did not report any displaced households that received assistance under Uniform Relocation Act (URA) standards.

A review of Dane County's Relocation Assistance program verified that the County does not have a Policy and Procedures Manual. In order to ensure that Dane County maintains proper records, Dane County has a provision in its sub-recipient contract that requires that all relocation activities must be done in accordance with URA standards. In the future, should the County have a project that may involve relocation, please contact Maureen Thurman at (312) 913-8718 or maureen.thurman@hud.gov.

Milwaukee CPD's monitoring included a review of MBE/WBE information. For the most recent reporting year, fiscal year (FY) 2017, Dane County properly submitted the CDBG forms for MBE and WBE reporting.

As of 6-7-2018, neither the courts nor HUD have found any evidence that Dane County or its sub-grantees, previously discriminated against anyone on the grounds of race, color, national origin or sex in administering the CDBG program.

REVIEW OF CIVIL RIGHTS RELATED PROGRAM REQUIREMENTS FOR SECTION 504 - Exhibit 22-6

Milwaukee CPD's limited civil rights monitoring of the CDBG program included a review of Dane County's policies and procedures related to Section 504. Dane County has a reasonable accommodation policy for persons with disabilities and an administrative policy for any person that believes that have been discriminated against. In addition, the County funds the Milwaukee Fair Housing Council to provide outreach information about Dane County housing programs and fair housing rights to housing consumers, social service agency staff, neighborhood organizations, community centers, and other groups. All outreach materials are distributed, presented, and posted at locations that are accessible to those residing in the 56 jurisdictions participating in the Dane County Urban County Consortium or at agencies/organizations that provide services to participating jurisdictions. Lastly, the Dane County sub-recipient contract includes legal language to ensure compliance with the Americans with Disabilities Act.

Dane County makes reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities and does not charge a particular individual for the cost of providing auxiliary aids/services or reasonable modifications of policy.

CDBG Coordinator, Peter Ouchakof, states that the following procedures are implemented to ensure effective communication with persons with disabilities: WI Relay Service 711 is available to all residents, in addition to dialing "7-1-1", residents may use alternative toll-free numbers to make these specific types of calls: TTY; Voice; Voice Carry-Over; Hearing Carry-Over; Speech-to-Speech; Extensive outreach list includes service providers, current and past sub-recipients, and other partner organizations. Noted on all meeting agendas is the name and phone number of the person to contact if anyone from the public needs an interpreter, translator, materials in alternate formats, or other accommodations to access the meeting, service, activity, or program. The County's ADA Coordinator is available for any questions and assistance with accessing information.

Dane County does maintain data for compliance purposes showing the extent to which persons with disabilities are beneficiaries of the housing program that was reviewed. The Dane County's Beneficiary Report forms ask whether the beneficiary is or is not disabled.

REVIEW OF SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968 - Exhibit 22-7

Milwaukee CPD's limited civil rights monitoring of the CDBG program included a review of Dane County's policies and procedures related to Section 3 of the Housing and Urban Development Act of 1968.

All CDBG Program participants must have written procedures governing notification to Section 3 residents, businesses, and potential contractors. Dane County has a Section 3 guidebook that covers how Section 3 residents and businesses are notified of employment, training and job opportunities. The process for recruitment and determination of Section 3 persons and businesses are highlighted in the guidebook.

A review of the HUD Section 3 Summary Report for the CDBG program for program year covering 1/1/2017 to 12/31/2017 was performed for this monitoring. This report indicates that zero (0) new hires and/or trainees were covered by Section 3. Of the \$756,710 construction contracts awarded in PY 2017, 0% went to Section 3 businesses and of the \$793,148 non-construction contracts awarded 0% went to Section 3 businesses.

In addition, the HUD Section 3 PY2017 report states that Dane County attempted to recruit Section 3 residents through the local advertising media, signs at work sites contacts with community organizations and public and private agencies in Dane County. Dane County also reports that they continue to recruit Section 3 residents and businesses in coordination with the City of Madison, local Public Housing Authorities and with eligible individuals who participate in the FoodShare Employment and Training program and Wisconsin Works (W2) program.

Dane County's Section 3 Guidebook (Part 2) covers the topics of contractor responsibilities, contractor compliance, penalties for non-compliance, evaluation of bids and proposals and information regarding the Section 3 clause found at 24 CFR 135.38.

VIII. CONCLUSION

On June 7, 2018 Senior CPD Representative Garry Werra facilitated an exit conference with the following County staff:

Grantee Staff:**Office of Economic and Workforce Development**

Dave Phillips, Director

Jenna Wuthrich, CDBG/HOME Program Specialist

Pedro Ruiz, CDBG Program Specialist

Peter Ouchakof, CDBG/RLF Administrative Specialist

HUD has confirmed that the activities reviewed during its visit comply with the requirements of the CDBG Program. HUD's program monitoring resulted in zero (0) findings and two (2) concerns which were discussed at the exit conference. HUD recommends that the County consider implementing minor changes to address these concerns; however, these changes are not mandated, since no violation of a Federal Regulation or Statute was observed during our review. Please note that this letter will be shared with the Office of Lead Hazard Control and Healthy Homes as well as the Office of Fair Housing and Equal Opportunity.

If you disagree with any of HUD's determinations or conclusions in this monitoring letter, please address these issues in writing to the Department within 30-days. Your written communication should explain your reasons why you disagree along with supporting evidence and documentation.

I would like to thank Dane County and its subrecipient partner Project Home for their professionalism and cooperation during the review. If you have any questions or need further information or assistance on program issues, please contact Senior Community Planning and Development Representative Garry Werra at (414) 935-6644.

Sincerely,



Charlotte John-Gomez, Director
Office of Community Planning
and Development, 51D

cc: ✓ Peter Ouchakof
Jenna Wuthrich
Elva Lewis, HUD FHEO
Shanon Steinbauer, HUD OLHCHH