



45

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

March 3, 1981

CITY MANAGER'S OFFICE
RECEIVED
MAR 4 1981

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: HUD Monitoring Report on City
Rehabilitation Programs

SUMMARY

Attached is a copy of the results of an in-depth monitoring of the City's Section 312 and CDBG funded rehabilitation programs recently conducted by the Department of Housing and Urban Development (HUD).

BACKGROUND

During the period of January 5 through 13, 1981, the Department of Housing and Urban Development conducted an in-depth monitoring visit to the Sacramento Housing and Redevelopment Agency to review the City's general performance in implementing the Section 312 and CDBG funded rehabilitation programs. The four major areas covered during the monitoring visit were: (1) overall administration, (2) case file review, (3) loan escrow account management, and (4) on-site property visits for review of construction quality. This is a new type of comprehensive review that HUD plans to do on a routine basis.

The report states that the overall administration of the rehabilitation programs was good and without any major problems.

FILED
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Date 3/10/81

3-10-81

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

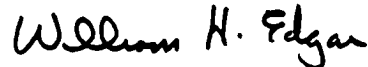
Redevelopment Agency of the
City of Sacramento
March 3, 1981
Page Two

The report also contains eight recommendations that HUD has requested the City to respond to within 30 days. Agency staff is currently reviewing these recommendations and is preparing responses for submission to HUD. When this report has been completed, it will be presented to the Rehabilitation Policy Committee and the Commission for review.

RECOMMENDATIONS

This report is for information only and no specific action is necessary.

Respectfully submitted,



WILLIAM H. EDGAR
Interim Executive Director

TRANSMITTAL TO COUNCIL:



WALTER J. SLIPE
City Manager

Contact Person: Michael Hanamura



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SAN FRANCISCO AREA OFFICE
ONE EMBARCADERO CENTER, SUITE 1600
SAN FRANCISCO, CALIFORNIA 94111

REGION IX

FEB 03 1981

IN REPLY REFER TO:
9.3CM-A

Mr. Walter Slipe
City Manager
City of Sacramento
915 "I" Street
Sacramento, California 95814

CITY MANAGER'S OFFICE
RECEIVED
FEB 5 1981

Dear Mr. Slipe:

Subject: In-Depth Monitoring
Section 312 and Rehabilitation Programs
City of Sacramento

Attached to this letter is a report of a monitoring visit to the Sacramento Housing and Redevelopment Agency to review the City's general performance in rehabilitation. This is a new kind of review which will be routine. While it is extensive and detailed, it should provide technical assistance to improve the Rehabilitation Program.

The report contains eight recommendations that require corrective action. It is requested that you provide our office with the action you have taken or will take in response to these recommendations so as to arrive within 30 days of your receipt of this correspondence.

Sincerely,

Elizabeth M. Tapscott
Elizabeth M. Tapscott
Program Manager
Area A

Attachment

cc: Tom Lee, Planning Department
725 "J" Street
Sacramento, California 95814

William Edgar
Interim Executive Director
Sacramento Housing and Redevelopment Agency
630 "J" Street
Sacramento, California 95814

To: Elizabeth Tapscott
Program Manager
Area A

From: William Macabe
Rehabilitation Management Specialist

Subject: In-Depth Monitoring
of the City of Sacramento
Section 312 and CDBG
Rehabilitation Program

A monitoring visit was made to the Sacramento Housing and Redevelopment Agency by Ms. Gala H. Constancio of the San Francisco HUD Area Office during the period of January 5-13, 1981. The purpose of the visit was to review the County and City of Sacramento's general performance in implementing the Section 312 and CDBG Rehabilitation Programs.

Following are the comments, findings and recommendations for the City of Sacramento.

The four major areas covered during the visit were (1) overall administration, (2) file review, (3) loan escrow account management, and (4) on-site property inspections.

Overall Administration - Comments

- The LPA appears to have an adequate administrative organization to carry out the rehabilitation activities.
- The LPA has established written operating procedures. The procedures are explicit and provide step by step instructions.
- Each staff members maintains an individual workload log. The logs were current and provided at a glance the processing stage of the various applications.
- Supervision over the loan counselors is considered adequate. Supervision is provided by the Section Chief (Loan Officer) and senior counselor.

- The administrative system of checks and balances is adequate to prevent potential fraud, in that all applications are approved by the Loan Approving Officer, Sacramento Redevelopment Agency and a Loan Committee. The Loan Committee is composed of the Approving Officer, Chief Counsel, and three members of the Housing and Redevelopment Commission.
- The LPA has established in writing the geographical areas for the overall program and the income limits to principally benefit low and moderate income persons.
- Although budget restrictions do not permit more employees to attend training courses, such as those offered by CRTC, it is felt that the staff are well informed and trained in the various aspects of loan processing. The Loan Officer will be attending the Multifamily course offered by CRTC and will in turn train the other staff members.
- The Rehab. Director and some of the inspectors have also attended courses offered by CRTC.
- The LPA has established a mechanism for informing the public of the availability of property rehabilitation programs (newspaper, TV and PAC meetings).
- The LPA has an adequate system for recording pertinent information on program participants. The system provides the number and types of owners and properties. The system also indicates data concerning the various stages the application is in.

Finding No. 1- Overall Administration

- a. Review of staff workload logs indicates an extremely heavy caseload per loan counselor. Counselors are handling over fifty cases at one time.
- b. Inspectors were also found to have a large case load.
- c. The length of time it takes to process a case is too long. Review of files and workload logs indicates that in some instances it takes over fifteen days from the date the initial application is received for processing to begin. After verifications are received; the loan is packaged and sent to inspection, it does not get assigned to an inspector for as long as sixty or ninety days.
- d. Delay in inspections require that verifications on income, title, mortgage payments and credit be updated. Approximately another seven to ten working days.

CDBG Rehabilitation Program Administration - Comments

- The rehabilitation assistance provided is in line with the objectives stated in the Block Grant application.
- Compensation received by third party contractors appears reasonable in relation to the work performed.
- Interviews with applicants indicates adequate financial counselling was provided.
- The LPA has a system for tracking CDBG loan repayments. The Bank provides the LPA with a computer print-out showing the status of each loan. The LPA contacts those owners who are paying late. Contact is made through a series of letters and counselling.

Section 312 Loan Administration - Comments

- The LPA has established in writing the rehabilitation standards for its Section 312 rehab. program.
- The LPA has established a set of rehab. specifications; the specifications are provided to the applicant and contractor prior to commencement of work.
- Individual cost estimates are prepared for each work write-up.
- The LPA has established guidelines for qualifying contractors. The guidelines include verifying licenses and recent customer references.
- Written procedures for soliciting bids and awarding contracts have been established.

Finding No. 2 - Section 312 Loan Administration

- a. The number of bids received on some jobs appears excessive in comparison to the total contract amount.
- b. Review of the files indicates that some problems with contractors were the result of the contractor having more jobs than he could handle.
- c. Although a form was initiated to record the name of the contractor jobs awarded and the construction progress of each job; the form is not complete - the final column of the form (Date) COMPLETED is not being filled out. The LPA was not able to determine how many jobs a contractor had and at what stage they were in.

5.

e. Clark, Beatrice
1060 N. Avenue
Sacramento, CA

Application No. F-73-3-C

- Homeowner dissatisfied with solid core door in kitchen.
- Owner requested a door with window and screen. She was told that she could not have one -- that it was safer to have a solid door.

f. Jerkabek, M & P.
1100 "V" Street
Sacramento, CA 95818

Application No. 06/-09MC-0003/146/1

- Window in kitchen does not open.
- Concrete patio wall is separating.

Recommendations

1. That the LPA review its follow-up procedures involved in processing loans due to the length of processing. That it consider using telephone as a means to update outdated verifications.
2. That the LPA review staff workloads and either hire more counselors and inspectors or accept less applications.
3. Develop a system for cutting down on the number of bids received such as rotating contractors and limiting the number of contracts a contractor may have at any given time.
4. Develop a system which will enable the LPA to know how many jobs each contractor has and at what stage they are.
5. That loan files be screened and duplicate copies of documents be discarded.
6. Future work write-ups should indicate compliance with cost-effective energy standards per Title 24 CFR, Part 39 dated May 10, 1979.
7. That appraisals be prepared in ink rather than pencil.
8. Specific findings noted under specific loan files and site inspections be reviewed and corrected.

Conclusion

The overall administration of the City's CDBG Rehabilitation and Section 312 program is considered good.

The following item, however, is brought to your attention with reference to the approval of Section 312 loans. As you are aware, the City has self-approval authority for Section 312. Under the self-approval guidelines it is not necessary to have loans approved by a loan committee. The Loan Approving Officer has this authority. It appears that sending Section 312 loans through your loan committee could cause problems in meeting your

6.

quarterly use schedule. Further, we call to your attention to the fact that a locality's failure to meet quarterly schedule may result in a reduction of the target amount, and that future annual allocations are made based on past performance.

Please notify this Office within thirty (30) days from receipt of this letter that the City has complied with our recommendations.

We appreciate the cooperation extended by Mr. Michael Hanamura, Rehabilitation Director and Ms. Charlotta Kirby, Loan Officer in helping us perform our monitoring effort.

A handwritten signature in cursive script, appearing to read "W. L. ...".

Enclosure: List of Files Reviewed and Inspected.

CITY OF SACRAMENTO

CDBG

Conner, Casey E & Pearl
1055 Rivera Drive
Sacramento, CA
(Application No. F-50-3-A)

Clark, Beatrier
1060 N. Avenue
Sacramento, CA
(Application No. F-73-3-C)

Louie, Harold & Angelita
1510-26th Street
Sacramento, CA 95816
(Application No. F/85/3/A
SB 966/1/6)

Silva, Jose & Herlinda
540 Claire Avenue
Sacramento, CA
(Application No. F-64-3-A)
(Not inspected)

Schultz, Kern M. & Violet
2332 Piercy Way
Sacramento, CA
(Application No. F-67-3-A)
(Not inspected)

Section 312

Jerabek, M & P.
1100 "V" Street
Sacramento, CA 95818
(Application No. 06-9MC-0003-146/1)

Klutz, Pearlle
1107 "F" Street (1107-1109)
Sacramento, CA 95814
(Application No. 06-9MC-0003/159/2)

Alpha, Bryant
4049 Third Avenue
Sacramento, CA
(Application No. 06/9MC-0003/151/1)