



COUNTY OF LEXINGTON

212 South Lake Drive, Ste. 401, Lexington SC 29072 Phone: (803)785-8121 Fax: (803)785-8188

DISASTER RECOVERY PROGRAM

February 25, 2019

Bradley Evatt, Director, CPD,
Department of Housing and Urban Development
Columbia, South Carolina Office
Strom Thurmond Federal Building
1835 Assembly Street, 13th Floor
Columbia, SC 29201

RE: Community Development Block Grant-Disaster Recovery (CDBG-DR) Program
Grant number: B-16-UH-45-0001
Fiscal Year 2018 Monitoring
Dates: February 26 – March 2, 2018

Dear Mr. Evatt:

Thank you for your October 4, 2018 letter in response to the County's August 30, 2018 response letter regarding the deficiencies identified by HUD in Lexington County's CDBG-DR program. Please be assured the County is continuing to work diligently to improve all areas of our program administration and management. Furthermore, we appreciate your continued patience in allowing us to demonstrate our capacity to efficiently and effectively administer CDBG-DR funds in full compliance with federal regulations. The County's CDBG-DR program provides essential services for our low-income residents and we are committed to ensuring these services are not interrupted.

Please find below a list of completed and planned corrective actions to each of the remaining open *Findings and Concerns* identified in your October 4th letter.

Finding 1: Lexington County Failed to Maintain its Public Website in Accordance with Federal Requirements.

HUD – Recommended Corrective Action: Inform HUD upon completion of the update to add the County's CDBG-DR executed contracts to its web site. This Finding will remain open until the requested update is completed.

County Response:

Since the date of the initial monitoring the County has undergone a complete restructuring of its

entire website. All required DR information, including contracts, has been submitted to the County's webmaster. The website overhaul is still underway and as such the CDBG-DR contracts are not yet uploaded. The County will notify HUD immediately when this corrective action is complete and the required DR content is online.

Finding 2: Lexington County Did Not Comply with Federal Procurement Standards

HUD – Recommended Corrective Action: Lexington County failed to comply with the required corrective action to prepare a form of contract to serve as a “model” for each level of procurement (micro, small, or in excess of small purchase) which provides the applicable Federal procurement contract provisions in Appendix II to CFR part 200. The County also failed to identify existing CDBG-DR contracts and perform a compliance review of each utilizing Exhibit 6-8. Please complete these tasks and forward the results to HUD within 30 days of this letter. This finding will remain open until HUD has received, reviewed and accepted the requested documentation and evidence provided that the County has reimbursed its line of credit, from non-Federal sources, in the amount of CDBG-DR funds expended for procurements identified as P1702668, P1704467, and P1704496. The County's financial staff may contact Denise White at 202-402-2714 or Denise.K.White@hud.gov for instructions on completing the line of credit reimbursement.

County Response:

Model contract templates with federal provisions for all levels of procurement the County has utilized or anticipates utilizing for the remainder of the DR program period are attached for review. Additionally, completed Exhibit 6-8 attached for review.

Finding 3: Lexington County Did Not Comply with Full and Open Competition Federal Procurement Requirements in its Request for Proposal 2017-RFP-12

HUD – Recommended Corrective Action: Lexington County failed to comply with the required corrective action to reimburse its line of credit, from non-Federal sources, in the amount of CDBG-DR funds expended for contract P1801984 for its failure to comply with Full and Open Competition Federal Procurement Requirements. The County also failed to terminate the referenced contract and issue another Request for Proposal for this work with a more detailed scope of work without provisions that are restrictive of competition. The new Request for Proposal shall comply with all requirements of 2 CFR 200.317 through 200.326, as applicable. This finding will remain open until HUD has received evidence that the County has completed these actions. The County's finance staff may contact Denise White at 202-402-2714 or Denise.K.White@hud.gov for instructions on completing the line of credit reimbursement.

County Response:

The County executed a reimbursement of \$144,000 on February 11, 2019. The breakdown of the reimbursement total is as follows:

- PO P1801984 \$87,500
- PO P1702668 \$24,000
- PO P1704467 \$18,000
- PO P1704496 \$14,500

A copy of the revised voucher from DRGR is attached.

The County has reimbursed its line of credit for DR funds expended towards the referenced contracts. The County decided to not use any DR funding in filling these functions so there was no need for the issuance of a new RFP as these services are being paid out of general funds.

Finding 4: Lexington County Failed to Undertake Efforts to Locate and Qualify Former Tenants Displaced by the Disaster to Determine Eligibility for Assistance Under the URA.

HUD – Recommended Corrective Action: Lexington County’s Rebound Comprehensive Policies and Procedures failed to include its methodology of tracing efforts to be used, its process for determining benefits and the timing of any payments due. HUD also recommended that the County develop a comprehensive application checklist, a checklist for both applicant and grant manager reviews, to ensure that all required documentation is included. For instance, the County’s CDBG-DR application checklist identifies individuals that currently live at the property, but it fails to capture information of any tenant(s) who may have occupied the home prior to the storm. Further, this information was not reflected in the Rehab Program Management and Buyout Program Case Management Checklists. This Finding will remain open until HUD has received, reviewed and accepted the requested documentation.

County Response:

Lexington County confirmed with Regina Montgomery (HUD Regional Relocation Specialist IV) the items that HUD recommended be specified in the County’s Rebound Comprehensive P&P for tracing efforts methodology, benefits determination and timing of payments due. All items outlined by Ms. Montgomery have been specified in the revised Comprehensive P&P. A comprehensive application checklist has been included in the Rebound Comprehensive P&P. The application checklist specifies the Occupancy Form, which clarifies tenants displaced by the 2015 storm event and current tenants.

Finding 5: Lexington County's Written Appeal Process Provides Incorrect Information to its Participants.

HUD – Recommended Corrective Action: The actions taken by Lexington County to resolve this Finding are sufficient; therefore, this finding is closed.

County Response: N/A

Finding 6: Lexington County's Policies and Procedures Regarding Lump Sum Payments

for Relocation is Incorrect.

HUD - Recommended Corrective Action: Lexington County's Rebound Comprehensive Policies and Procedures failed to include its correct lump sum payment and installation policy as referenced in its response. This Finding will remain open until the County provides evidence this policy has been included in its Rebound Comprehensive Policies and Procedures.

County Response:

Lexington County's revised Rebound Comprehensive P&P includes the correct lump sum payment and installation policy. A copy of the revised P&P is attached.

Finding 7: Lexington County's Residential Anti-displacement and Relocation Assistance Policy (RARAP) does not meet the Requirements of Section 104(d) of the Housing and Community Development Act of 1974, as Amended.

HUD – Recommended Corrective Action: At the time of the monitoring, the County's Rebound Comprehensive Policies and Procedures did indicate that the CDBG-DR Buyout Program is subject to the Anti-Displacement Plan; however, the County's existing plan (included in the 2012-2016 5-Year Consolidated Plan) did not meet the standards in accordance with the Housing and Community Development Act of 1974, as amended and HUD regulations at 24 CFR 42.325. This Finding will remain open until HUD has received, reviewed and accepted the County's Residential Anti-Displacement and Relocation Assistance Policy that complies with applicable regulations.

County Response:

The County has adopted a Residential Anti-Displacement and Relocation Assistance Plan in compliance with at 24 CFR 42.325. Furthermore, the County's CDBG-DR Policy and Procedures Manual has been updated accordingly with the Anti-Displacement Policy. The RARAP is included with this response.

Concern 3: Lexington County's Written Policies and Procedures - Rebound Program.

HUD - Recommended Corrective Action: HUD continues to identify URA technical errors in the rental assistance and length of occupancy requirements. Failing to correct these errors will result in tenants and homeowners not being compensated accurately. Page 36 of the County's Rebound Comprehensive Policies and Procedures states that the rental assistance is capped at \$5,250 for 90-day tenant occupants. Rental assistance is capped at \$22,500 for 180-day tenant occupants. Effective October 1, 2014, the rental assistance payment for 90-day tenant occupants increased to \$7,200 and the maximum replacement housing payment for the homeowner occupant increased to \$31,000. The length of occupancy requirements to receive replacement housing payments for homeowner-occupants is reduced from 180 to 90 days.

HUD further recommends that County staff utilize the URA training materials on the HUD Exchange website at <https://www.hudexchange.info/programs/relocation/> . In addition, County staff may contact the Regional Relocation Specialist, Regina Montgomery, at 678-732-2701 or Regina.M.Montgomery@hud.gov for questions regarding URA.

County Response:

Lexington County's revised Rebound Comprehensive P&P has corrected language regarding the rental assistance cap, replacement housing payment cap, and the tenant occupancy requirement for URA. Lexington County and their subrecipients will continue to follow up with Regina Montgomery for URA regulation questions and clarifications for the CDBG DR Program.

Concern 5: Lexington County's Internal Controls, Training and Recordkeeping

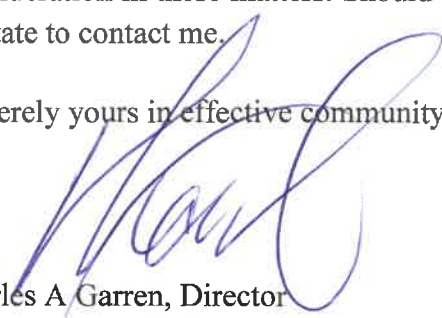
HUD - Recommended Corrective Action: The County failed to submit to HUD the four tenant files requested. Please send to HUD a list of tenants that were relocated and the records for review. If these tenant files are not available for review by HUD as part of this monitoring, this Concern may be elevated to a Finding for inadequate recordkeeping and access to records. In addition, the Rehab and Buyout Program Case Management Checklists failed to include specific records regarding acquisition/relocation actions, such as all URA notices, advisory services, comparable replacement dwellings, moving costs, etc. For additional guidance, see Chapter 6 of the Handbook 1378.

County Response:

At the time of the February 2018 HUD audit, no tenants had been relocated. Although tenants had been located in properties involved in the buyout program, none of these properties had closed at the time of the monitoring and therefore no tenants had been relocated. This circumstance has been acknowledged by the HUD URA representatives. A Rehab and Buyout Program Case Management Checklist has been revised to include the necessary records.

The County appreciates HUD's efforts in assisting us to proactively identify and remediate program deficiencies so that we can continue to provide essential services without funding interruptions for the residents of Lexington County. We thank you in advance for your time and consideration in these matters. Should you have any further questions or concerns, please do not hesitate to contact me.

Sincerely yours in effective community service,



Charles A. Garren, Director
County of Lexington SC
Community Development Department