

**COMMUNICATION TO THE COMMON COUNCIL**

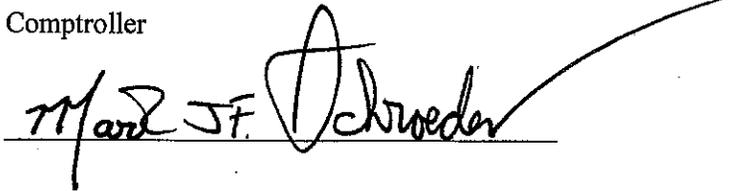
TO: The Common Council                      DATE: September 4, 2014  
FROM: The Department of Audit & Control      SUBJECT: Report on CDBG

Attached is an informational report on the status of Community Development Block Grant disbursement as of July 31, 2014

DEPARTMENT HEAD: Mark J. F. Schroeder

TITLE: Comptroller

SIGNATURE:

A handwritten signature in black ink, reading "Mark J. F. Schroeder", is written over a horizontal line. The signature is stylized, with a large loop for the letter 'S' and a long, sweeping tail that extends to the right.

CITY OF BUFFALO  
DEPARTMENT OF AUDIT AND CONTROL

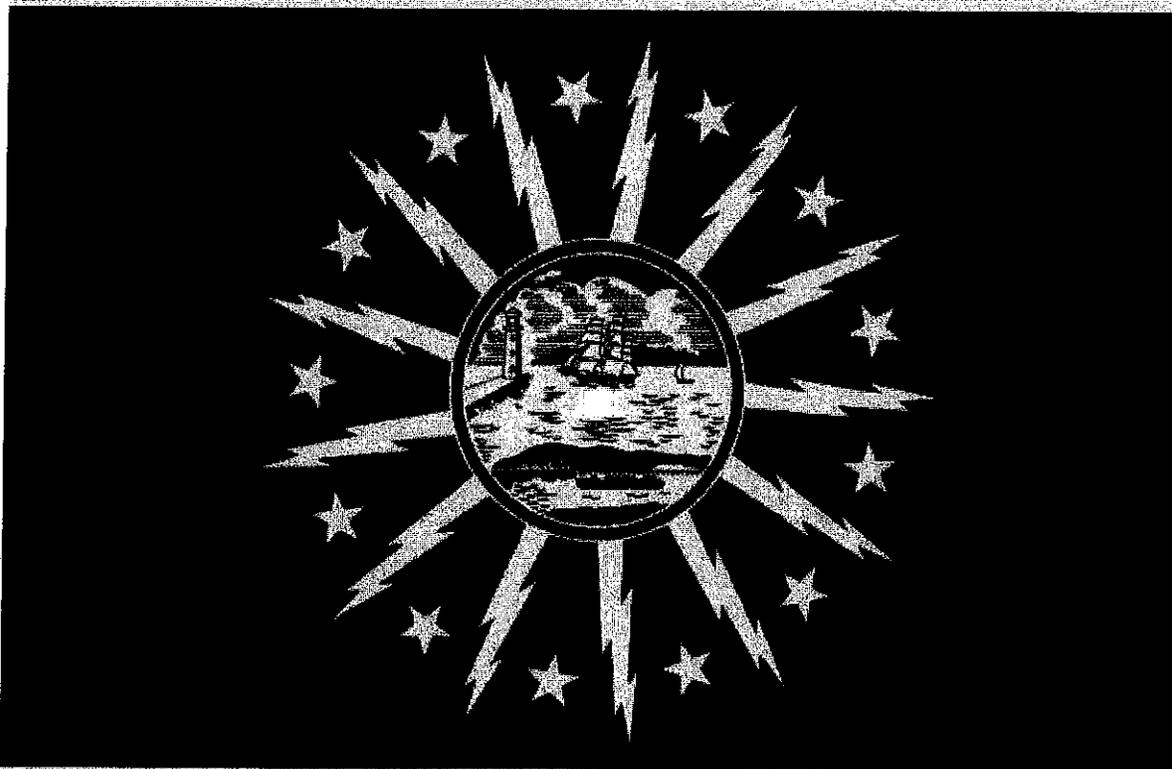
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**INFORMATIONAL REPORT**

**STATUS OF COMMUNITY DEVELOPMENT BLOCK  
GRANT AS OF JULY 31, 2014**

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**MARK J.F. SCHROEDER  
COMPTROLLER**



**ANNE FORTI-SCIARRINO  
FIRST DEPUTY COMPTROLLER**

**KEVIN J. KAUFMAN, CPA  
CITY AUDITOR**

**AUGUST 2014**

**Overview**

This is a brief follow-up to our April and June 2014 reports detailing progress made on expending funds received from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant Program (CDBG). Please review the prior report for further background information on the program and the City of Buffalo's (the City) participation in the program.

The following is a financial summary of the CDBG Program from January 2013 through July 2014:

Description of Program	Budget	Expenditures	Unspent	Percent of Budget Expended
Public Works Projects - streets, sidewalks, community center renovations	\$ 16,394,533	\$ 9,833,244	\$ 6,561,289	60%
Business Loans - including repayment of Section 108 Loans	7,568,715	5,156,747	2,411,968	68%
Administration - BURA and City payroll and overhead expenses	5,659,287	4,026,540	1,632,746	71%
Community Services - including senior and youth service programs	5,110,124	4,088,171	1,021,953	80%
Emergency Rehabilitation Housing Loans - assistance for emergency housing repairs	5,040,675	1,704,351	3,336,324	34%
Demolitions	4,735,656	4,199,055	536,601	89%
Program Delivery Costs - including salaries, benefits and overhead costs	3,481,628	1,138,526	2,343,102	33%
Housing - Other housing programs including construction and rehab	2,014,971	99,980	1,914,991	5%
	<u>\$ 50,005,587</u>	<u>\$ 30,246,614</u>	<u>\$ 19,758,974</u>	

### **Timely Expenditure of Community Development Block Grant Funds**

The CDBG regulations for timeliness (24 CFR 570.902) state that the grantee cannot have more than 1.5 times their annual grant allocation on their line of credit at the U.S. Treasury. This analysis is calculated 60 days prior to the end of the grantee's program year. If the grantee chronically has more than 1.5 times their allocation on their line of credit, HUD can withhold future grants until the grantee effectively spends their existing resources.

The City of Buffalo's CDBG expenditure's timeliness was evaluated by HUD on August 2, 2014. HUD evaluates the grantee's timeliness using two different formulas; one formula does not consider the City's receipt of program income, and the other formula accounts for program income. Using the formula that does not consider program income Buffalo passes the test with a ratio of 1.44. Using the formula that does account for program income the City has a ratio of 1.54, missing the timeliness requirement by \$516,703. During the prior year the City failed both tests with timeliness ratios of 2.25 and 2.34.

### **CDBG Emergency Rehabilitation Housing Loan Program**

One of the CDBG expenditures with the lowest percentage of expended funds is the Emergency Rehabilitation Housing Loan Program. Only 34% of its \$5 million budget has been expended. The program provides emergency loans to lower income individuals to complete emergency housing repairs, such as replacements of a roofs, furnaces or hot water tanks. The following statistics show how the funds are being used and the length of time it takes to complete an emergency loan:

	<b>All Loans Processed Since January 2013</b>	<b>Loan Applications received in 2014</b>
<b>Completed Loan Statistics</b>		
Number of Emergency Rehab loans completed (final invoice received by Audit)	125	10
Average number of days from loan application to project completion	733	133
Maximum number of days from loan application to project completion	1,946	173
Minimum number of days from loan application to project completion	101	101
<b>In Process Loan Statistics</b>		
Number of loans packages received by Audit where work is incomplete	94	38
Average number of days loan in process	608	151
Maximum number of days loan in process	1,546	214
Minimum number of days loan in process	103	103